

# Financial Statements: Discussion and Analysis

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes for School District No. 42 (Maple Ridge – Pitt Meadows) for the year ended June 30, 2023.

The purpose of the Financial Statement Discussion and Analysis is to highlight information and provide explanations, that enhance the reader's understanding of the school district's financial statements and the factors that influenced the financial results presented in these statements.

While the preparation and presentation of the Financial Statement Discussion and Analysis is not a legislative requirement, the Financial Statement Discussion and Analysis is recommended by the Province of British Columbia's Ministry of Education and Child Care.

The preparation of the Financial Statement Discussion and Analysis is the responsibility of school district management.

## ACCOUNTING POLICIES

The financial statements of School District No. 42 (Maple Ridge – Pitt Meadows) have been prepared in accordance with the Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

Significant accounting and reporting practices are summarized in Note 2 of the financial statements. These include the following:

- operating expenses are recorded in the year the good or service is received;
- operating grants are not restricted in use and are recorded as revenue when received or receivable;
- restricted contributions are recorded as deferred contributions until the funds are expended;
- contributions for capital projects are recorded as deferred capital contributions once they are invested in capital assets;
- capital assets and deferred capital contributions are amortized over the estimated useful life of the assets.

To meet reporting requirements, the following funds are utilized:

**Operating fund** - The operating fund includes operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance, and transportation. In 2022/23, 92.77% of operating fund revenue came from the Ministry of Education and Child Care (MECC) and these grants are, for the most part, calculated on reported student enrolment.

**Special purpose funds** - The special purpose fund is comprised of separate funds established to track revenue and expenditures received from the MECC and other sources that have restrictions on how they may be spent. Pursuant to Sections 156(4) and (5) of the School Act, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund.

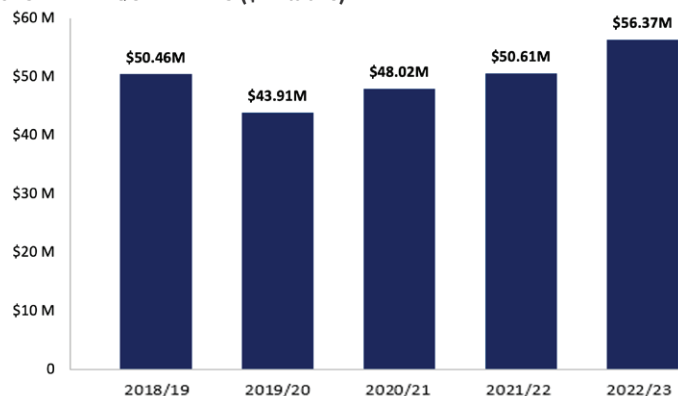
**Capital funds** - The capital fund includes capital expenditures related to equipment and facility purchases and enhancements. The funding source of these purchases and enhancements determines to which capital fund the expenditures will be charged. Funding sources include MECC Bylaw Capital, MECC Restricted Capital, Other Provincially Restricted Capital, Land Capital, and Local Capital.

## FINANCIAL ANALYSIS — ALL FUNDS

### FIVE-YEAR TREND – STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents have fluctuated over the last five years in conjunction with changes in accounts receivable, prepaid expenses, accounts payable, unearned revenue, and deferred revenue. At June 30, 2023, the school district reported \$56.37M in cash and equivalents.

#### CASH AND EQUIVALENTS (\$ millions)

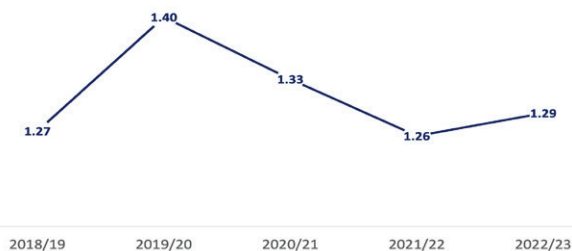


Cash and cash equivalents does not represent funds available for new initiatives. The only available funds are the \$0.14M of \$1.32M balance in the MECC restricted capital fund, which can be used to fund new capital projects with the approval of the minister.

### LIQUIDITY

Liquidity, or the current ratio, is calculated as current assets divided by current liabilities. If the current ratio is greater than or equal to 1, then sufficient current assets are on hand to meet current liabilities. On the June 30, 2023 statement of financial position, the school district reported a current ratio of 1.29.

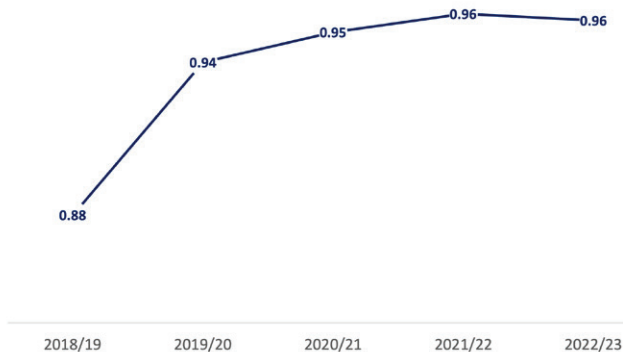
#### LIQUIDITY — CURRENT RATIO



### CASH ASSET RATIO

The cash asset ratio is another tool to assess the ability of the district to meet its current obligations. The cash asset ratio equals cash and cash equivalents divided by current obligations to determine how quickly obligations can be met. At June 30, 2023, the school district had 96% of the cash and cash equivalents required to meet current obligations.

#### CASH ASSET RATIO



The following is a detailed analysis of cash balances at June 30, 2023.

#### CASH BALANCES

##### Sources of Cash and Nature of Commitment

Ministry of Education and Child Care Restricted Capital

Balance as at June 30, 2023 from financial statements	\$1,324,422
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<b>Total Available Ministry Restricted Capital</b>	<b>\$1,324,422</b>
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Local Capital

Balance as at June 30, 2023 from financial statements	\$8,988,117
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Restricted for specific capital purchases	(6,967,105)
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Contingency reserve for local capital	(2,021,012)
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<b>Total Available Local Capital</b>	<b>\$0</b>
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Accumulated Operating Surplus

Balance as at June 30, 2023 from financial statements	\$4,234,184
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Surplus used to fund expenditures in future years	(4,234,184)
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<b>Total Available Accumulated Operating Surplus</b>	<b>\$0</b>
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CASH ALLOCATION SUMMARY	
Total Cash and Investments	\$56,555,448
Net Working Capital Requirements	(21,225,487)
External restrictions (external contributions for a specific use)	
Deferred operating contributions – restricted for specific program delivery	(8,876,825)
Land capital – restricted for land purchases	(2,531,885)
Other provincial capital – restricted for specific capital projects	(166,057)
Long Term Liabilities - Employee Future Benefits	(9,193,506)
Accumulated remeasurement gain	(14,965)
Ministry of Education and Child Care restricted capital	(1,324,422)
Local Capital restricted for specific purposes	(8,988,117)
Internally restricted accumulated operating surplus	(4,234,184)
<b>Total cash and investments potentially available for cost sharing</b>	<b>\$0</b>

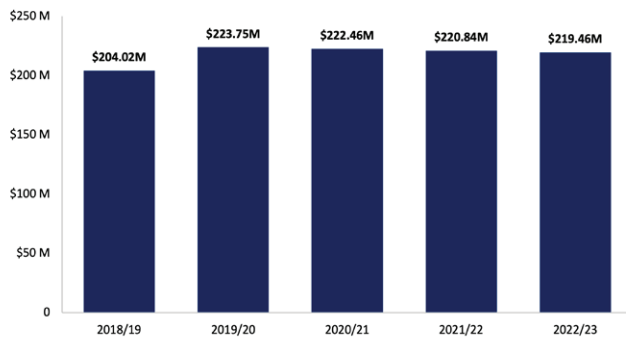
LOCAL CAPITAL RESTRICTED FOR SPECIFIC PURPOSES	
Parent portal	\$21,831
Emergency preparedness	11,636
New classroom setup	3,233,468
Childcare capital	148,050
Capital planning	294,332
HVAC upgrades	519,613
Other sustainability upgrades	390,179
Elementary school capital contribution	700,000
Virtual boardroom	11,225
Information technology capital plan	898,113
Renewal of other facilities	738,658
Contingency reserve for local capital	2,021,012
<b>Total Local Capital Restricted for Specific Purposes</b>	<b>\$8,988,117</b>

Internally Restricted Operating Fund Surplus At June 30, 2023	
Indigenous education (targeted funding)	\$350,905
School budget balances	442,871
Contractual professional development	294,588
Financial provisions	100,000
Multi-year grants and projects in progress	
Early Career Mentorship grant	334,429
Integrated Child and Youth grant	667,626
Other grants	26,084
Other district initiatives	61,447
Purchase order commitments	329,100
Support for school growth plans	
Literacy	148,428
Numeracy	20,708
Educational leadership - mentorship	7,103
Safe and caring schools	60,493
Fine arts	0
Social emotional learning	7,762
School Teams	5,000
Support for operational plans	
Business systems implementation and upgrades	63,312
Human resources	28,830
Indigenous education	59,228
Ridge Meadows College program development	20,711
Strategic facilities plan	121,735
Succession planning	33,977
Learning services - instructional bank	649,348
Facilities renovations and new classroom set-up	158,055
Student Transportation	242,444
<b>Total internally restricted operating fund surplus</b>	<b>\$4,234,184</b>

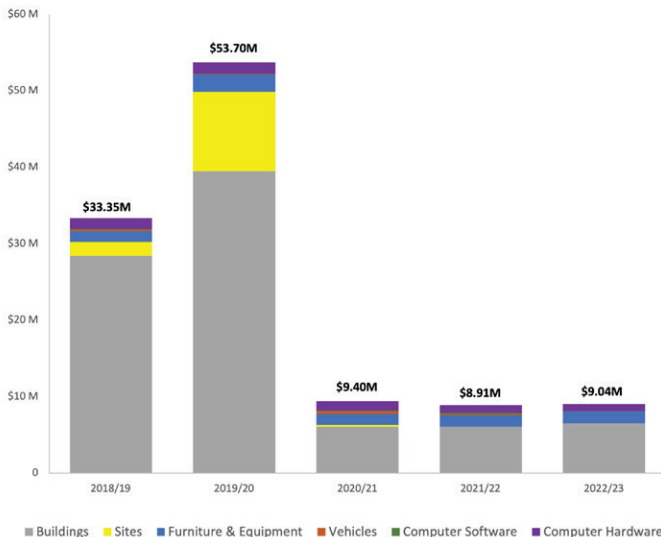
## TANGIBLE CAPITAL ASSETS

In addition to current assets and current liabilities, the statement of financial position reports the total tangible capital assets of the district.

### TANGIBLE CAPITAL ASSETS



The following chart shows capital asset additions by type; building additions are the most significant tangible capital asset addition in 2022/23.



Capital asset additions fluctuate from year to year based on the capital funding provided by the MECC as well as board approval of projects funded from local capital.

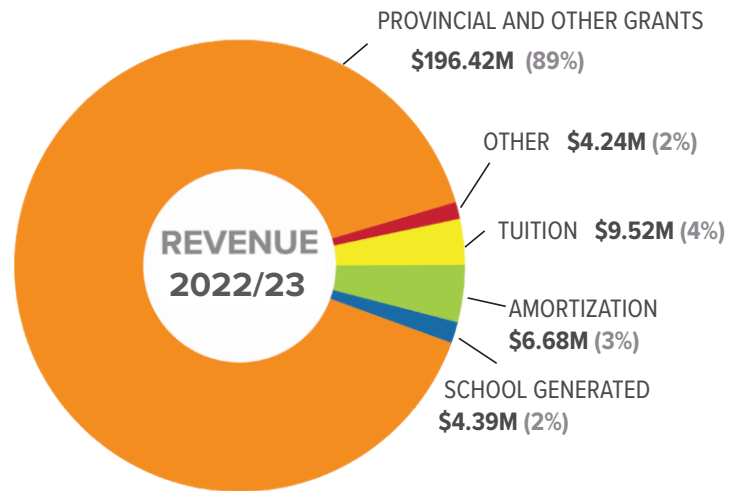
## LIABILITIES

Accounts payable and accrued liabilities as at June 30, 2023 have increased from the prior year by \$3.82M primarily due to the increase in accrued salaries, capital project invoices, and accrued remedies under the Classroom Enhancement Fund. Other liabilities include unearned revenue collected for tuition and other fees (down \$0.11M), deferred revenue for special purpose funds (up \$0.22M), deferred capital revenue on capital projects being amortized at the same rate as the related capital assets (up \$3.12M), and employee future benefits (up \$0.09M). and asset retirement obligations. A new asset retirement obligation liability of \$11.31M has been recognized this year on adoption of a new accounting standard, along with a prior period adjustment.

## FIVE-YEAR TREND – STATEMENT OF OPERATIONS

### REVENUE

While the school district receives revenue from many sources, the majority of revenue reported on the statement of operations comes from the MECC.

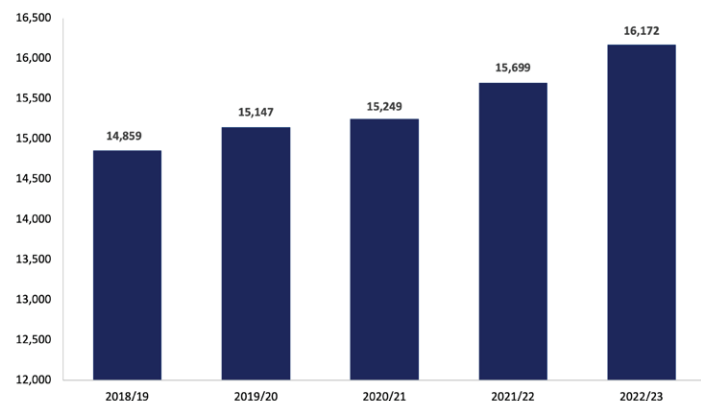


Tuition revenue is from non-resident students attending schools in the district. School generated revenue is raised at the school level through fundraising, school cafeteria and store sales, and various other activities. Amortization of deferred capital contributions is the accounting recognition of funding received from the provincial government for capital projects.

### CORRELATION BETWEEN STUDENT ENROLMENT AND REVENUE

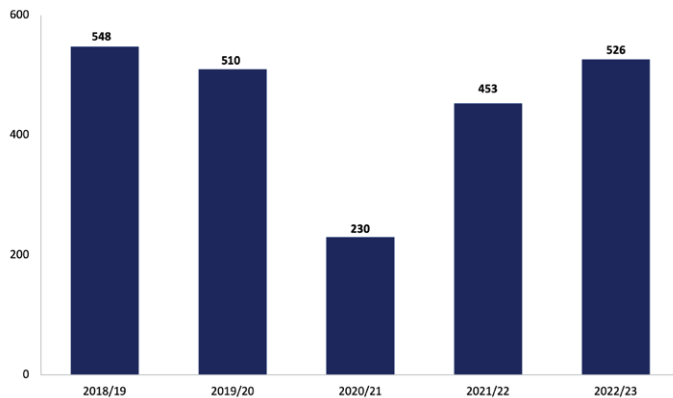
The most significant source of revenue for the school district is grants from the MECC followed by tuition from non-resident students. Both revenue sources are directly correlated to the number of students enrolled in the school district

### RESIDENT STUDENT ENROLMENT



The enrolment history for non-resident students is presented in the following chart. Compared to 2018/19, non-resident student enrolment has decreased by 22 FTE. The 296 FTE increase since 2020/21 is a result of the easing of the COVID-19 pandemic travel restrictions.

#### NON-RESIDENT STUDENT ENROLMENT



As MECC funded enrolment increases and school utilization reaches 100% across the school district, space available for non-resident students is reduced, which limits the increase in non-resident student enrolment.

#### REVENUE BY TYPE

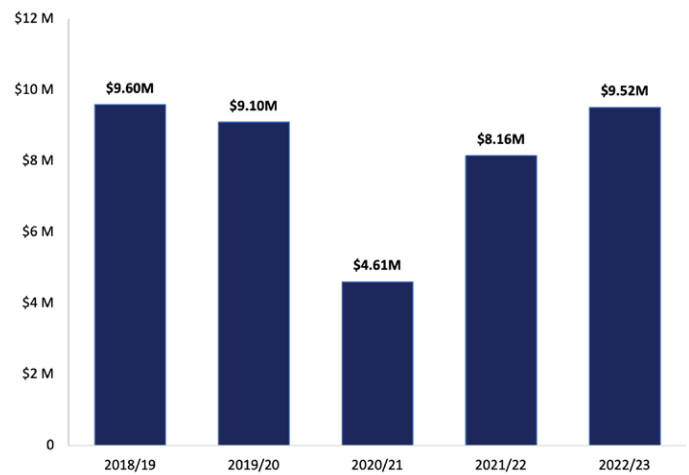
The following charts demonstrate the five-year trend of revenues reported on the statement of operations. All locally generated revenue streams negatively impacted by the COVID-19 pandemic restrictions have improved in 2022/23.

#### MINISTRY OF EDUCATION AND CHILD CARE OPERATING GRANTS (\$ millions)



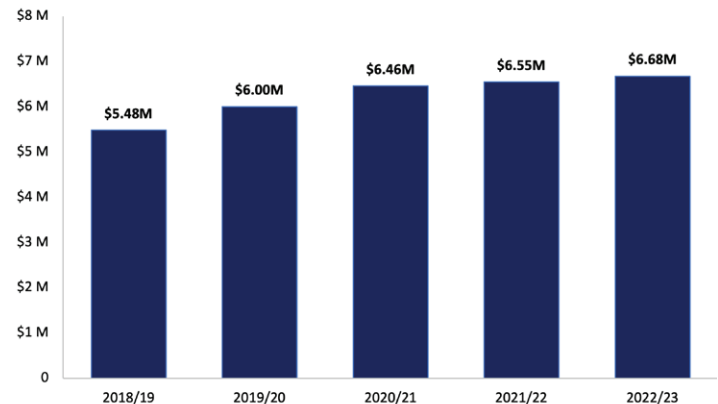
MECC grants are increasing as funded enrolment increases.

#### TUITION (\$ millions)



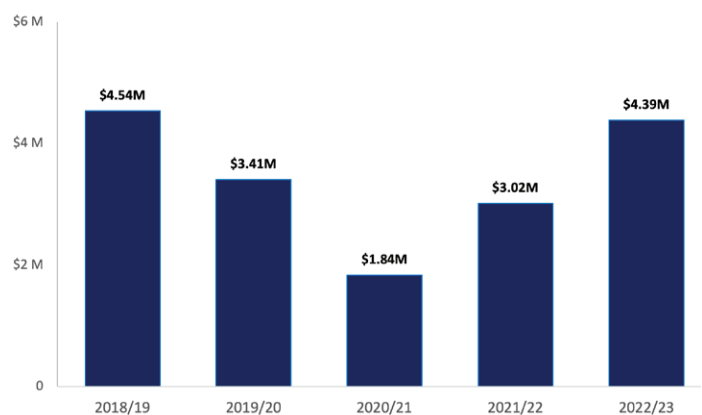
Tuition revenue increases as international student enrolment and tuition rates increase.

#### AMORTIZATION OF DEFERRED CAPITAL REVENUE (\$ millions)



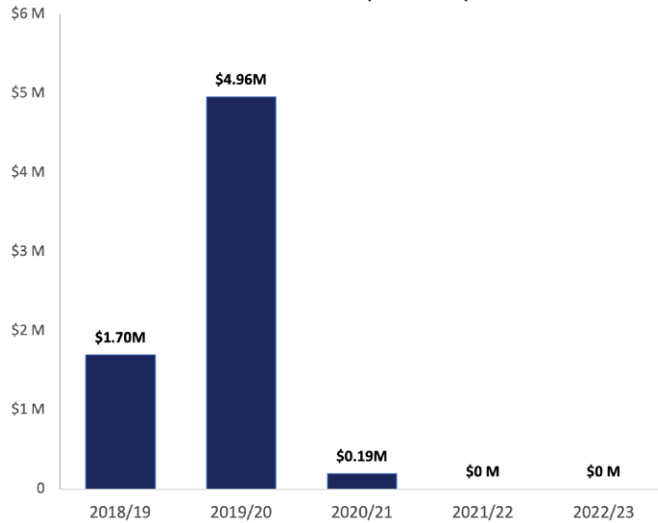
Amortization is non-cash revenue and is accounted for in accordance with the Restricted Contributions Regulation 197/2011 issued by the Treasury Board.

#### SCHOOL GENERATED FUNDS (\$ millions)



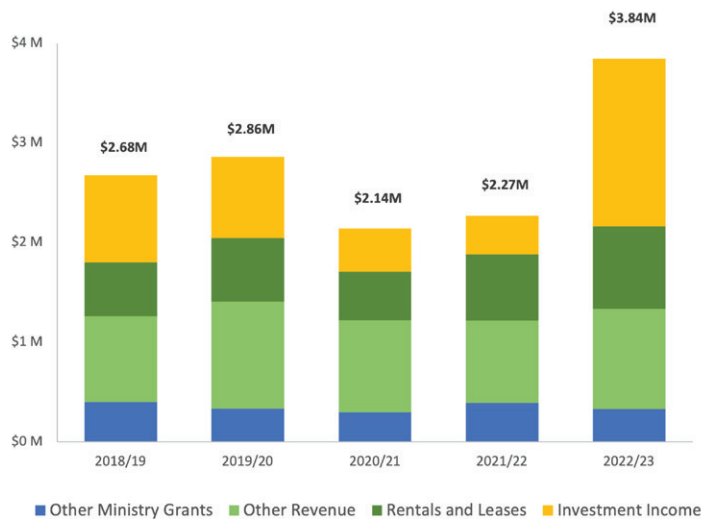
School generated funds are funds raised at the school level through fundraising, cafeteria sales, school store sales, and various other activities.

### SCHOOL SITE ACQUISITION REVENUE (\$ millions)



School site acquisition charges are received as housing development occurs in our community and recognized as revenue when spent on site acquisitions. No new sites were acquired in 2022/23.

### OTHER REVENUES (\$ millions)



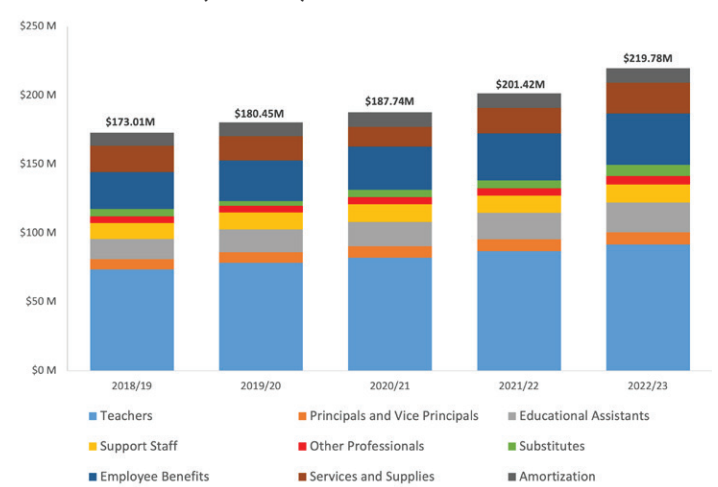
The increase in investment income since 2021/22 is due to the increase in interest rates earned on deposits with the Central Deposit System. Rental income is higher due to increased use of facilities by rental groups. Other grants and revenue are project specific.

### EXPENSE

Expenses are reported in two formats: by object and by function. Expenses by object report the following categories: salaries and benefits, supplies and services, and amortization.

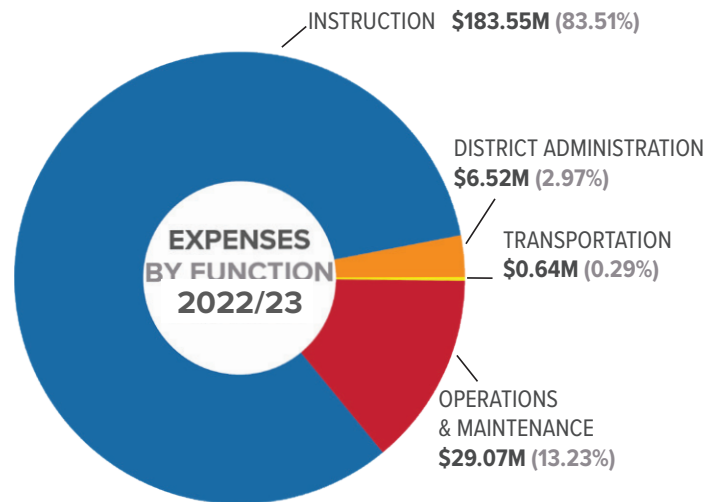
As demonstrated in the following chart, the most significant expense reported on the statement of operations is teacher salaries, followed by employee benefits for all employee groups.

### EXPENSES BY TYPE (\$ millions)



All salaries have increased due to salary rate increases. Teacher and Educational Assistant salaries are the most significant of all employee salary types, and have increased further due to increased student enrolment.

### EXPENSES BY FUNCTION 2022/23



Expenses by function report the total amount spent in four major categories. Instruction comprises 83.51% of total expenses followed by operations and maintenance at 13.23%, district administration at 2.97%, and transportation and housing at 0.29% (it should be noted that, although this function is titled “transportation and housing” to meet MECC reporting standards, the school district does not incur any housing costs).

Instruction is the only function that has increased in each of the last five years and has the highest rate of increase since 2018/19 at 28.70%. This is due to increased enrolment, as well as board decisions to direct available resources to instruction.

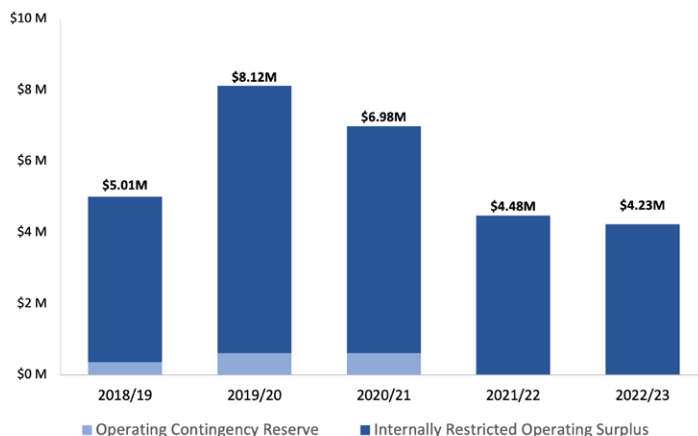
### FIVE YEAR TREND — FUND BALANCES

In addition to current liabilities shown on the statement of financial position, the school district has made budget allocation commitments, which are included in the appropriated operating surplus on the schedule of operating operations (Schedule 2)



and local capital surplus on the schedule of capital operations (Schedule 4). The following charts demonstrate the trend of these appropriations over the last five years.

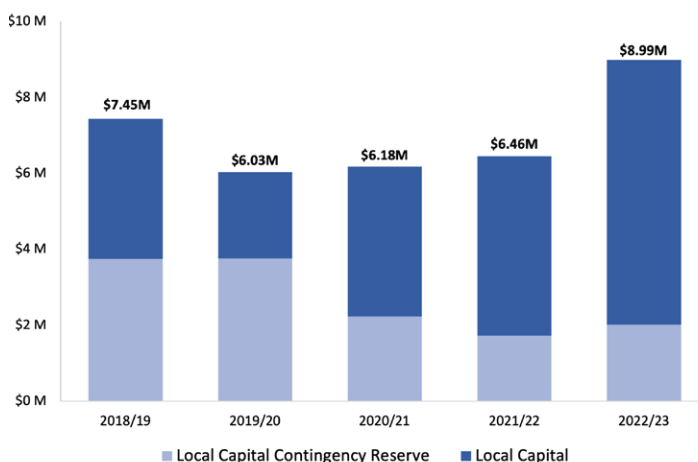
#### INTERNALLY RESTRICTED OPERATING SURPLUS (\$ millions)



The most significant component of internally restricted operating surplus is surplus carried forward to fund initiatives that support the achievement of strategic goals in 2023/24 (\$1.63M). The remainder consists of restricted grants (\$1.38M) and other future year commitments (\$1.22M).

The local capital balance contains amounts approved by the board for capital items, as well as the district's contingency reserve for local capital. Major local capital projects identified for future year spending include the new classroom setup (\$3.23M), elementary school capital contribution (\$0.70M), and information technology capital plan (\$0.90M).

#### LOCAL CAPITAL SURPLUS (\$ millions)



### OPERATING FUND ANALYSIS

At June 30, 2023, there is \$4.23M of restricted operating surplus and there is no unrestricted operating surplus. Details of this restricted surplus are outlined in the following table and Note 16 of the financial statements:

Internally Restricted Operating Fund Surplus At June 30, 2023	
Indigenous education (targeted funding)	\$350,905
School budget balances	442,871
Contractual professional development	294,588
Financial provisions	100,000
Multi-year grants and projects in progress	
Early Career Mentorship grant	334,429
Integrated Child and Youth grant	667,626
Other grants	26,084
Other district initiatives	61,447
Purchase order commitments	329,100
Support for school growth plans	
Literacy	148,428
Numeracy	20,708
Educational leadership - mentorship	7,103
Safe and caring schools	60,493
Fine arts	0
Social emotional learning	7,762
School Teams	5,000
Support for operational plans	
Business systems implementation and upgrades	63,312
Human resources	28,830
Indigenous education	59,228
Ridge Meadows College program development	20,711
Strategic facilities plan	121,735
Succession planning	33,977
Learning services - instructional bank	649,348
Facilities renovations and new classroom set-up	158,055
Student Transportation	242,444
<b>Total internally restricted operating fund surplus</b>	<b>\$4,234,184</b>

In accordance with policy 4204 Accumulated Surplus, the Board may set aside a portion of operating surplus for items that are linked to multi-year strategic objectives and future operational needs. Restrictions are made only for defined operational needs with defined timelines, including services or purchases that are directly related to a boards' strategic plan, operational needs and enhanced educational outcomes for students.

Specific uses of appropriated surplus have been approved by the Board as part of the 2023/24 Preliminary Budget. Details on the 2023/24 Approved Preliminary Budget can be found at <https://www.sd42.ca/assets/media/202324-Approved-Preliminary-Budget.pdf>.

## OPERATING FUND REVENUE

Operating fund revenue is \$0.60M higher than estimated in the amended budget. The MECC's operating grant is \$0.06M higher than budget due to higher than budgeted enrolment count in May 2023 for continuing education. Funding for graduated adults is \$0.07M lower than budget and Federal grants are \$0.05M lower than budget.

Labour settlement funding is \$0.15M higher than budget due to enhanced maternity supplemental employment benefits, teacher experience recognition transition and enhanced teacher extended health benefits. The Integrated Child and Youth (ICY) grant is \$0.39M higher than budget due to the 2022/23 receipt of the MECC preliminary ICY grant for 2023/24.

Tuition revenue is lower than budget by \$0.09M, rentals and leases revenue is \$0.08M higher than budget, and investment income is \$0.13M higher than budget.

## OPERATING FUND EXPENDITURES

Operating fund expenses overall are \$5.37M lower than budget.

Teacher salaries are \$1.97M lower than budget due to vacancies (\$0.53M), lower average salary (\$0.18M), the transfer of 6.547 FTE to the Classroom Enhancement Fund (\$0.56M) and leaves (\$0.70M).

Educational assistant salaries are \$0.90M lower than budget due to the delayed start of new ICY team coordinators (\$0.12M) and vacancies for other positions (\$0.78M).

Support staff salaries are \$0.48 M lower than budget due to lower than anticipated use of support banks and leaves (\$0.08M), vacancies (\$0.40M).

Other professional and principal/vice principal salaries are \$0.03M lower than budget due to vacancies.

Substitute salaries are \$0.08M higher than budget primarily due to higher than anticipated costs for teacher contractual replacements (\$0.63M) offset by lower than anticipated expenses for Employment Standards Act sick leave provisions (\$0.07M), departmental training (\$0.29M), and casual salaries (\$0.19M).

Employee benefits are \$1.07M lower than budget due to the above-mentioned salary variances, lower than anticipated costs associated with benefit enrolments, and a reduction in the 2023 WorkSafeBC premium rate from 1.63% to 1.57%.

Services and supplies are \$1.00M lower than budget due to unspent budget allocations in services (\$0.70M), professional development and travel (\$0.47M), insurance (\$0.09M) and other (\$0.08M), offset by increased utilities (\$0.34M) primarily attributable to additional hours of ventilation.

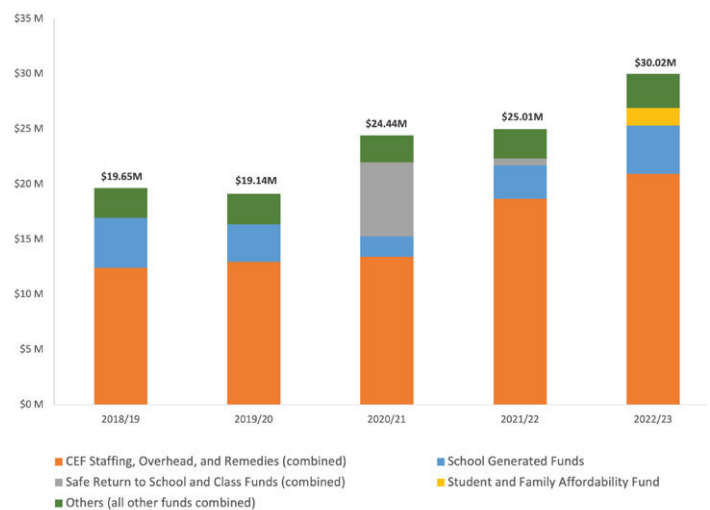
The available operating surplus as at June 30, 2023 was approved by the Board to top up the contingency reserve for local capital (an increase of \$0.17M to \$2.02M), top up new classroom setup (an increase of \$1.40M for a total of \$4.11M), top up sustainability upgrades (an increase of \$0.03M for a total of \$0.61M), and set up an allocation for renewal of other facilities (\$0.74M).

## SPECIAL PURPOSE FUNDS ANALYSIS

Special purpose funds include funds received from the MECC or other sources that have been designated for specific purposes. During 2022/23, \$30.24M in special purpose fund contributions were received and \$30.02M was spent (see Schedule 3A).

As at June 30, 2023, \$1.98M in special purpose funds remain available for expenditures in future years for designated purposes. Major special purpose funds include the Classroom Enhancement Fund (CEF), School Generated Funds, Student and Family Affordability Fund, CommunityLINK, Official Languages in Education Protocol, Learning Improvement Fund, and Annual Facilities Grant.

### SPECIAL PURPOSE FUNDS ANALYSIS (\$ millions)



Special purpose fund expenses are contingent on the amount of revenue received for the purpose of providing a specific service or program. The chart above shows the special purpose fund expenditures of the school district and how they have changed in the last five years. The most significant changes are related to the continued increase of CEF teacher staffing costs related to the restored teachers' collective agreement language and the one-time 2022/23 Student and Family Affordability Fund to support vulnerable students and their families.

## CAPITAL FUND ANALYSIS

The net value of capital assets (historical cost less accumulated amortization) is \$219.46M as at June 30, 2023 (see Schedule 4A). Of this amount, \$41.55M represents net investment in sites, \$165.94M in buildings, and \$11.96M in furniture, equipment, vehicles, computer software, and computer hardware.

These net values represent the historical cost less accumulated amortization of all School District 42 capital assets; they do not reflect current market value.

During 2022/23, grants from the MECC for bylaw capital projects totaled \$5.29M (see Schedule 4D).



At June 30, 2023, \$1.87M has been spent on capital building projects in progress (see Schedule 4B) as follows:

- Eric Langton Elementary seismic replacement and expansion (\$1.20M)
- Pitt Meadows Secondary project definition report (\$0.20M)
- Whonnock Elementary HVAC upgrade (\$0.20M)
- Maple Ridge Secondary Annex capital project fact sheet (\$0.18M)
- New classrooms setup for Golden Ears Elementary and Harry Hooe Elementary (\$0.04M)
- Energy management HVAC study (\$0.02M)
- Annual Facility Grant funded projects (\$0.02M)
- ċ əsqənelə Elementary house pole (\$0.01M)

During 2022/23, \$5.87M was spent on completed capital building projects (see Schedule 4A) as follows:

- New classroom setup at Golden Ears Elementary (\$0.36M), Harry Hooe Elementary (\$0.25M), and other sites (\$0.02M)
- Roofing upgrades at Alouette Elementary (\$1.28M), Edith McDermott Elementary (\$0.44M), Samuel Robertson Technical Secondary (\$0.06 M), Westview Secondary (\$0.72M)
- ċ əsqənelə Elementary (\$0.27M)
- Gender neutral washroom at Glenwood Elementary (\$0.52M)
- Boiler upgrades at Webster's Corners Elementary (\$0.39M)
- HVAC upgrades at Garibaldi Secondary (\$0.24M), district education office (\$0.43M), Maple Ridge Secondary (\$0.16M), various schools (\$0.18M)
- Concrete sidewalk and stairs replacement at the District Education Office (\$0.23M)
- Pavement projects at various sites (\$0.10M)
- Other minor projects (\$0.22M)

The MECC Restricted Capital Fund balance is \$1.32M at June 30, 2023 (see Schedule 4D) of which \$1.18M is allocated for the Eric Langton Elementary seismic upgrade and expansion project.

The Other Provincial Capital Fund totals \$0.16M at June 30, 2023, (see Schedule 4D) and represents accumulated interest allocations to this fund in previous years, which is restricted to child care capital projects.

The Land Capital Restricted Fund (school site acquisition charges) received contributions and interest in 2022/23 of \$0.41M. The fund ended the year with a balance of \$2.53M (see Schedule 4D).

## LOCAL CAPITAL

The board's Local Capital Fund is comprised of previous years' available operating surpluses transferred to local capital with board approval and proceeds from the disposal of land.

Capital asset additions funded locally are reported in the local capital fund. Balances as at June 30, 2023 of Board approved uses of local capital for future years are presented in the following table and include new classroom setup (\$3.23M), HVAC and other sustainability upgrades (\$0.91M), information technology capital plan (\$0.90M), and renewal of other facilities (\$0.74M).

BOARD APPROVED USES OF LOCAL CAPITAL (\$ millions)	
New classroom setup	\$3.23
Information technology capital plan	0.90
Renewal of other facilities	0.74
Elementary school capital contribution	0.70
HVAC upgrades	0.52
Other sustainability upgrades	0.39
Capital planning	0.29
Childcare capital	0.15
Parent portal	0.02
Emergency preparedness	0.01
Virtual boardroom	0.01
<b>Total</b>	<b>\$6.96</b>

The Local Capital Fund also contains the contingency reserve.

## CONTINGENCY RESERVE

The Board of Education is responsible for ensuring the district is protected financially from extraordinary circumstances that would negatively impact school district operations and the education of students. To discharge this responsibility, the board has established a contingency reserve from available operating surplus, which will be used to mitigate any negative impact such circumstances might cause.

Board policy 4204 Contingency Reserve requires that the district maintain a reserve of at least 1% and not exceeding 3% of operating expenditures. At June 30, 2023, the contingency reserve of \$1.85M represents 1% of 2022/23 budget operating expenditures.

## RISKS AND UNCERTAINTIES

### IMPLEMENTATION OF RESTORED COLLECTIVE AGREEMENT LANGUAGE

On November 10, 2016, the Supreme Court of Canada (SCC) issued its decision in the longstanding litigation between the BCTF and the B.C. government regarding the deletion of certain BCPSEA – BCTF collective agreement provisions.

On January 11, 2017, the Ministry of Education, the BC Public Schools Employers Association and the BC Teachers Federation signed a Memorandum of Agreement re: Letter of Understanding (LoU) No. 17: Education Fund and Impact of the Court Cases – Priority Measures as the first step in responding to the decision of the Supreme Court of Canada.

On March 10, 2017, the Ministry of Education, the BC Public Schools Employers Association and the BC Teachers Federation ratified a Memorandum of Agreement pursuant to Letter of Understanding (LoU) No. 17 ("the MoA"), to the 2013- 2019 BCPSEA–BCTF Provincial Collective Agreement.

The Memorandum of Agreement fully and finally resolves all matters related to the implementation of the Supreme Court of Canada decision from the fall of 2016. Since March 2017, steps have been taken by School District No. 42 to ensure the terms agreed to in the Memorandum of Agreement pursuant to Letter of Understanding (LoU) No. 17 (“the MoA”) are implemented for the 2017/18 through to the 2022/23 school year. For 2023/24, additional funding of \$18.97M has been approved by the MECC to offset the costs related to the implementation of the MoA. This will result in additional teacher salaries and benefits (\$18.17M) and related overhead costs (\$0.80M) for the upcoming year. It is anticipated that this additional revenue will not cover all costs related to implementation (e.g. remedy costs could be over \$2M and are not included in the funding announced), which is a significant risk to the financial position of the school district. Stringent oversight and analysis will be implemented to understand, communicate, and mitigate the financial risks associated with this continued implementation.

### ***ENROLMENT AND STAFFING GROWTH***

With the implementation of the MoA resulting in smaller class sizes, a greater number of teacher FTE will need to be added than would previously have been required. As the district grows, additional classroom space will need to be created. This growth brings with it a financial risk in how to provide these additional resources under the current MECC funding envelope.

### ***CAPITAL PROJECTS***

Due to their magnitude, capital projects have the potential to significantly impact the financial position of the district. There is no process in place to assess the risk of the entire capital program; individual project risk assessments must be done on a continuous basis. Project agreements with the MECC contain contingencies to mitigate financial risk.

Smaller projects consider contingency requirements when building the overall project budget and are managed internally. Finally, the contingency reserve for local capital of \$1.85M is available to mitigate risk for capital projects.

### ***OTHER ASSETS***

Existing school district budget allocations are not enough to support the procurement, maintenance, or timely replacement of school district assets. This means that IT hardware is not refreshed on a regular basis, the deferred maintenance for school district facilities continues to grow and the facility condition index for school district facilities continues to deteriorate. Any major equipment failures during 2023/24 must be funded from the contingency reserve for local capital.

### ***COVID-19***

While it is likely that some of the existing health and safety measures will continue into the 2023/24 school year, their financial impact cannot be estimated at this time. The 2023/24 preliminary budget does not contain any specific allocations related to this risk, the contingency for local capital of \$1.85M is available to mitigate this risk.