



Financial Statement Discussion and Analysis

For the Year Ended June 30, 2020

September 14, 2020

Introduction

The following is a discussion and analysis of the

Financial Highlights

The School District's revenue is heavily reliant on funding from the Provincial Government. 84.8% of the School District's revenue comes from the Ministry of Education. Of this, 79.6% is in the form of an Operating Grant which is based on enrolment levels and other student and geographical factors. 7.4% of revenue is generated from International Education, Continuing Education and Summer School programs, 3.1% associated with the recognition of deferred capital revenue, and the balance through other revenue programs such as special purpose funding, federal grants, rental and lease income, investment income and Continuing Education and summer school programs.

91.3% of the School District's operating expenditures are associated with salaries and benefits. The balance of expenditures is related to supplies and services including professional development, rentals and leases, dues and fees, insurance and utilities (Statement 2, Schedules 2, 3 and 4 and Note 21 of the Audited Financial Statements).

Statement of Financial Position

The Statement of Financial Position presents the financial position of an entity by reporting the amounts of assets, liabilities, net assets and accumulated surplus as of a specified date (Statement 1 of the Audited Financial Statements).

The following table provides an analysis of the School District's Net Financial Position for the fiscal years ended June 30, 2020 and 2019.

	June 30, 2020	June 30, 2019	Variance	
			\$	%
Financial Assets				
Cash and Cash Equivalents	149,904,492	139,347,804	10,556,688	7.58%
Accounts Receivable				
Due from Province - Ministry of Education	92,598	93,946	(1,348)	-1.43%
Due from Province - Other	-	541	(541)	-100.00%
Other	3,273,839	2,892,614	381,225	13.18%
Portfolio Investments	759,793	815,229	(55,436)	-6.80%
Total Financial Assets	154,030,722	143,150,134	10,880,588	7.60%

Cash assets at June 30 are categorized as follows (Statement 1 and Note 3 of the Audited Financial Statements):

Cash increased \$10.6 million over the prior year due to decreased accounts receivable and prepaid expenses, decreased deferred revenues, increased accounts payable, decreased in unearned revenues flowing from International Education payments received in advance for the 2020/21 school year, and the current year surplus. Cash, held in the bank for current operational needs totals \$37.4 million.

Statement of Operations

The Statement of Operations summarizes an entity's revenues, expenses and surplus/(deficit) over the entire reporting period. The School District's Statement of Operations is reported as a consolidation of

Expenses (Schedules 2B and 2C and Note 18 of the Audited Financial Statements)

Salaries and Benefits

School District #38 (Richmond)
 Operating Fund - Salaries and Benefits
 as at June 30, 2020

	2019/20	2019/20	2018/19	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	\$	%	\$	%
Teachers	88,406,649	88,265,994	82,818,767	140,655	0.2%	(\$1,171,900)	0.7%
Principals and Vice Principals	13,005,265	12,896,891	12,342,301	108,374	0.8%	662,964	5.4%

Teacher Salaries were \$0.14 million higher than budgeted due to higher than anticipated expenses for paid medical leaves, long service leaves and maternity top up.

Principal and Vice Principal Salaries were \$0.11 million higher than budgeted amount due to higher than anticipated expenses for paid medical leaves.

Education Assistants Salaries were \$0.07 million lower than budgeted due to shortages of Education Assistants.

Support Staff Salaries were \$0.87 million lower than budgeted due to unfilled positions in technology services, maintenance, and finance and timing delays in filling available positions.

Other Professionals Salaries were within budgeted amount.

Substitute Salaries were \$1.59 million lower than budgeted due to direction of the Provincial Health Officer to suspend in-class instruction caused by the COVID-19 pandemic on March 17, 2020 and TTOC and casual staff shortages during the school year.

Employee Benefits were \$0.20 million lower than budgeted due to overall lower salaries than budgeted.

Services and Supplies

Positive variances in services and supplies were offset by capital asset purchases (\$0.81 million), savings due to suspension of in-class instruction and restrictions on travel caused by the COVID-19 pandemic and carried forward as an appropriated surplus per board approval or contractual obligations.

Accumulated Surplus (Schedule 2 and Note 19 of the Audited Financial Statements)

School District #38 (Richmond)
Operating Fund - Accumulated Surplus

The 2020/21 Annual Budget was approved and adopted by the Board on June 10, 2020 which included a budget appropriation of \$7,707,769 from 2019/20. With respect to the funding for specific expenditures [School/Staff Account Balances (\$5.39 million), Outstanding Purchase Orders (\$0.27 million) and School Generated Funds (\$2.27 million)], in most cases these expenditures were planned to be incurred in 2019/20; however, mainly due to the COVID-19 pandemic, the timing of the expenditures was extended to 2020/21. The unrestricted surplus of \$3.36 million is available to be used or restricted in the future with Board approval.

Statement of Operations – Special Purpose Funds (Schedule 3A and Note 8 of the Audited Financial Statements)

Special Purpose Funds are utilized to capture funding designated for specific purposes and balances can be deferred to subsequent years for the intended use. Grant revenues are only recognized as expenses are incurred. Any unused grants or funds remaining at the end of the year are treated as deferred revenue.

Statement of Operations – Capital Funds (Schedule 4 and 4D and Note 19 of the Audited Financial Statements)

Capital Fund Balances are as follows:

Ministry of Education Restricted Funds: These funds are on behalf of the Ministry of Education. The available Bylaw balance of \$5.49 million is funding balances committed for the completion of various projects remainders, including seismic upgrade and building envelope2 Tc[(is] TJET@.00000912 0 612 792 reW*BT/F1 1

Potential Future Financial Impact on the District

International Education

The School District is reliant on International Education programs to provide a source of revenue funding to supplement the operating grant funding. In addition, a significant percentage of international students come from China (70%). The uncertainty caused by COVID-19, travel restrictions and geopolitical events and relations could potentially impact the number of international students who comes to Canada from China.

Technology Requirements

The demand for technology hardware, software and system utilization continues at a rapid pace. Providing the required services and ensuring that information and data are secure and protected necessitates increased financial resources. Technology, in support of education, will allow us to implement the paradigm shift and transformational education required to be at the forefront and on the cutting-edge in the 21st century. Technology, in support of the framework for enhancing student learning and more real-time reporting on student progress, is a crucial undertaking. MyEdBC student administration system requires enhancements in order to meet the ongoing needs for improved data and reporting.

Long Range Facilities Plan

The District's Long Range Facilities Plan is a comprehensive plan including strategic recommendations to ensure that facilities are being used and managed in the most efficient and effective manner. The Plan was approved and adopted in June 2019 and the District will begin review and implementation of strategy recommendations in the Fall of 2019. There could be potential capital and operating financial implications that the District will need to consider.

District Strategic Plan

The Board is working on a District Strategic Plan for 2021-2025. The Strategic Plan will identify the School District's priorities a

Contacting Management

This financial report is designed to provide the School District's stakeholders with a general but more detailed overview of the School District's finances and to demonstrate increased accountability for the public funds received by the School District.

If you have any questions about this financial report, please contact the Office of the Secretary Treasurer.



School District No. 38 (Richmond)
7811 Granville Avenue
Richmond, British Columbia
V6Y 3E3