



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 School District's financial performance for the fiscal year ending June 30, 2020. This report is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the budget. This report should be read in conjunction with the School District's financial statements for this same period.

The novel coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant health, social and economic impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instructions in March 2020 with a voluntary restart of in-class instruction in June 2020. Throughout this period, the District remained open and continued to support students and families in a variety of ways. Parents were given the choice to send their children back to school on a gradual and part-time basis beginning June 1 with new health and safety guidelines while continuing remote learning.

The ongoing impact of the pandemic presents uncertainty over the School District budget, government funding and future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the District cannot be accurately projected. The School District will need to continue assessing and mitigating risks associated with the pandemic and plan for contingencies.

Overview

The Board of Education recognizes the power of the Vision, Mission and Values Statements in transforming learning, leading and teaching in the Richmond School District. The implementation of our shared Vision, Mission, and Values Statements shall be the joint responsibility of the Board, students and staff in collaboration with parents and our community.

Vision: The Richmond School District is the best place to learn and lead.

Mission: The Richmond School District's mission is to cultivate a safe, accepting and engaging community that inspires a passion for lifelong learning.

Values: The values that will guide our work together to achieve our vision and mission are: collaboration, creativity, curiosity, resilience, respect and equity, for all.

Accounting Policies

The financial statements 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 *Regulation 198/2011* issued by the Province of British Columbia Treasury Board. The Section requires that the

financial statements be prepared in accordance with Canadian public sector accounting standards with some exceptions as reported in Note 2 of the financial statements.

The financial statements are reported as a consolidation of three funds: Operating, Special Purpose and Capital.

- 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.
- Special Purpose Funds - Special purpose funds consist of targeted funding provided to the school district for a specific purpose. 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. *Treasury Board Restricted Contribution Regulation 198/2011*, issued in November 2011, defines a restricted contribution as “a contribution that is subject to a legislative or contractual stipulation or restriction as to its use other than a contribution or part of a contribution that is of, or for the purpose of acquiring land”.
- Capital Funds - Capital funds include capital expenditures relating to equipment and facilities purchases and betterments. The funding source of these purchases and betterments determines which capital fund the expenditures relate to. Funding sources are Ministry of Education Bylaw Capital, Ministry of Education Restricted Capital, Other Provincially Restricted Capital, Land Capital and Local Capital.

Enrolment and Funding

The operations of the Richmond School District are dependent on continued operating grant funding from the Ministry of Education primarily based on student enrolment, students identified with special needs and other demographic and geographic factors. Ministry operating grant represents 85% of the total operating revenues. Expenditures are primarily associated with staffing and related compensation and benefits.

Richmond School District student enrolment is as follows:

	2019/20	2019/20	2018/19	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	FTE	%	FTE	%
School Aged	19,781.469	19,842.875	19,538.500	(61.406)	-0.309%	242.969	1.244%
Adult	173.250	140.875	236.875	32.375	22.981%	(63.625)	-26.860%
Total FTE	19,954.719	19,983.750	19,775.375	(29.031)	-0.145%	179.344	0.907%

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).

	Operating Fund	Special Purpose Funds	Capital Fund	Total
	\$	\$	\$	\$
Revenues				
Provincial Grants				
Ministry of Education	188,491,472	38,951,235	-	227,442,707
Other	86,758	-	-	86,758
Federal Grants	-	1,490,069	-	1,490,069
Tuition	19,954,804	-	-	19,954,804
Other Revenue	1,391,311	5,675,531	-	7,066,842
Rentals and Leases	1,137,768	-	-	1,137,768
Investment Income	1,411,380	42,326	1,346,018	2,799,724
Loss (Gain) on Disposal of Tangible Capital Assets	-	-	(81,910)	(81,910)
Amortization of Deferred Capital Revenue	-	-	8,354,229	8,354,229
Total Revenue	212,473,493	46,159,161	9,618,337	268,250,991
Expenses				
Instruction	167,020,112	43,721,161	-	210,741,273
District Administration	5,960,387	785,920	-	6,746,307
Operations and Maintenance	26,208,119	703,549	15,199,708	42,111,376
Transportation and Housing	1,385,769	-	365,204	1,750,973
Debt Services	-	-	193,618	193,618
Total Expense	200,574,387	45,210,630	15,758,530	261,543,547
Surplus (Deficit) for the year	11,899,106	948,531	(6,140,193)	6,707,444
Accumulated Surplus (Deficit) from Operations, beginning of year	18,234,014	-	169,398,504	187,632,518
Interfund Transfers	(11,137,434)	(948,531)	12,085,965	-
Accumulated Surplus (Deficit) from Operations, end of year	18,995,686	-	175,344,276	194,339,962

Operating Fund

Our actual financial outcome for the 2019/20 fiscal year is consistent with our previous reporting for the period to April 30, 2020. The 2019/20 current year unrestricted surplus is \$3.36 million and the anticipated unrestricted surplus projected at April 30, 2020 was \$3.12 million (Schedule 2 and Note 21 of the Audited Financial Statements).

School District #38 (Richmond)					
Operating Fund - Net Change					
as at June 30, 2020					
	2019/20 Actual	2019/20 Budget	2018/19 Actual	Variance from Budget	Variance from Prior Year
Total Revenue	212,473,493	210,438,096	202,852,139	2,035,397	9,621,354
Total Expenses	200,574,387	206,607,119	193,489,135	(6,032,732)	7,085,252
Net Change	11,899,106	3,830,977	9,363,004	8,068,129	2,536,102
Total Net Transfers	11,137,434	9,344,500	7,532,033	1,792,934	3,605,401
Total Net Change	761,672	(5,513,523)	1,830,971	6,275,195	(1,069,299)
Accumulated Surplus, Opening Balance	18,234,014	18,234,014	16,403,043	-	1,830,971
Accumulated Surplus, Ending Balance	18,995,686	12,720,491	18,234,014	6,275,195	761,672
Internally Restricted Surplus	15,637,768	10,961,934	11,633,903	4,675,834	4,003,865
Unrestricted Surplus	3,357,918	1,758,557	6,600,111	1,599,361	(3,242,193)
	18,995,686	12,720,491	18,234,014	6,275,195	761,672

Special Purpose Funds

Special Purpose Fund schedules (Schedules 3 and 3A and Note 8 of the Audited Financial Statements) provide information on “restricted contributions” where the term “restricted contributions” is defined as legislative or contractual stipulations, or restrictions, as to the use of the funds. This, among other funds, includes funds that are designated to be Special Purpose Funds by the Ministry of Education.

At the beginning of the year, the District’s Special Purpose Funds had a combined opening balance of \$7.69 million. Revenue of \$45.94 million and spending of \$46.16 million resulted in a balance to be carried forward of \$7.47 million.

Capital Funds

Funding of capital expenditures is sourced primarily through the Ministry of Education with incremental funding provided through locally generated capital funds.

There were nine schools either in design or under construction during the year:

- Boyd Secondary - seismic upgrade and partial replacement
- Cook Elementary - seismic upgrade, partial replacement and addition
- Ferris Elementary - seismic upgrade
- Maple Lane Elementary - seismic upgrade
- McKinney Elementary - seismic upgrade
- Mitchell Elementary - seismic upgrade and partial replacement
- Steves Elementary - seismic upgrade and partial replacement
- Tait Elementary - seismic upgrade
- Tomsett Elementary - seismic upgrade and addition

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%
Liabilities				
Accounts Payable and Accrued Liabilities				
Due to Province - Ministry of Education	160,056	106,000	54,056	51.00%
Other	27,180,525	24,573,106	2,607,419	10.61%
Unearned Revenue	13,018,907	15,992,335	(2,973,428)	-18.59%
Deferred Revenue	7,468,261	7,690,098	(221,837)	-2.88%
Deferred Capital Revenue	220,098,761	195,623,135	24,475,626	12.51%
Employee Future Benefits	12,249,605	11,346,552	903,053	7.96%
Capital Lease Obligations	5,048,794	4,071,590	977,204	24.00%
Total Liabilities	285,224,909	259,402,816	25,822,093	9.95%
Net Financial Assets (Debt)	(131,194,187)	(116,252,682)	(14,941,505)	12.85%
Non-Financial Assets				
Tangible Capital Assets	325,064,351	302,874,847	22,189,504	7.33%
Prepaid Expenses	469,798	1,010,353	(540,555)	-53.50%
Total Non-Financial Assets	325,534,149	303,885,200	21,648,949	7.12%
Accumulated Surplus (Deficit)	194,339,962	187,632,518	6,707,444	3.57%
Accumulated Surplus - Capital	175,344,276	169,398,504	5,945,772	3.51%
Accumulated Surplus - Operations	18,995,686	18,234,014	761,672	4.18%
Total Accumulated Surplus	194,339,962	187,632,518	6,707,444	3.57%

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

	June 30, 2020	June 30, 2019	Variance
Cash in Bank	37,371,431	29,623,912	7,747,519
Cash Equivalent - Special Purpose Funds	1,120	1,198	(78)
Central Deposit Program - Ministry of Finance	112,438,395	109,639,246	2,799,149
Investment held by Richmond Community Foundation	93,546	83,448	10,098
	149,904,492	139,347,804	10,556,688

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. \$112.4 million is held on deposit, under the Central Deposit Program, with the Ministry of Finance and is available within 3 days if required. These deposits attract interest at 1.45% (as of June 30, 2020).

Cash and investments are required to fulfill the payment and liability obligations as follows:

	June 30, 2020	June 30, 2019	Variance
Obligations			
Accounts Payable - Ministry of Education	160,056	106,000	54,056
Trade Payables	5,858,028	5,382,217	475,811
Salaries and Benefits Payables	17,410,663	15,985,553	1,425,110
Accrued Vacation Pay	3,523,636	2,931,385	592,251
Other Payable	388,198	273,951	114,247
Unearned Revenue - International Student Programs	12,256,646	15,019,620	(2,762,974)
Unearned Revenue - Other	762,261	972,712	(210,451)
Deferred Revenue - Special Purpose Funds	7,468,261	7,690,098	(221,837)
Deferred Capital Revenue	17,413,948	11,683,953	5,729,995
Local Capital	58,013,532	54,534,432	3,479,100
Employee Future Benefits	12,249,605	11,346,552	903,053
	135,504,834	125,926,473	9,578,361
Assets			
Accounts Receivable - Ministry of Education	(92,598)	(93,946)	1,348
Accounts Receivable - Other	(3,273,839)	(2,893,155)	(380,684)
Prepaid Expenses	(469,798)	(1,010,353)	540,555
Portfolio Investments	(759,793)	(815,229)	55,436
	(4,596,028)	(4,812,683)	216,655
Accumulated Surplus - Operations	18,995,686	18,234,014	761,672
	149,904,492	139,347,804	10,556,688

The difference between cash assets and the liabilities is reflected as the accumulated surplus.

(For purposes of simplification, tangible capital assets and the related deferred revenues are removed from the comparison table above.)

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 the three funds: Operating, Special Purpose and Capital. Each fund is reviewed separately.

Statement of Operations – Operating Fund

Revenue (Schedules 2 and 2A of the Audited Financial Statements)

School District #38 (Richmond)							
Operating Fund - Revenue							
as at June 30, 2020							
	2019/20	2019/20	2018/19	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	\$	%	\$	%
Ministry of Education Grants	188,491,472	185,466,964	179,356,362	3,024,508	1.6%	9,135,110	5.1%
Other Provincial Grants	86,758	90,000	108,098	(3,242)	-3.6%	(21,340)	-19.7%
Tuition	19,954,804	20,960,234	19,992,817	(1,005,430)	-4.8%	(38,013)	-0.2%
Other Revenue	1,391,311	849,954	854,150	541,357	63.7%	537,161	62.9%
Rentals and Leases	1,137,768	1,380,721	1,048,311	(242,953)	-17.6%	89,457	8.5%
Investment Income	1,411,380	1,690,223	1,492,401	(278,843)	-16.5%	(81,021)	-5.4%
Total Operating Revenue	212,473,493	210,438,096	202,852,139	2,035,397	1.0%	9,621,354	4.7%

Ministry of Education Grants were \$3.0 million higher than budgeted. This is due to the funding of the Teachers and Support Staff Labour Settlement.

Tuition was \$1.0 million lower than budgeted. This is due to the COVID-19 pandemic which resulted in the cancellation of some of our Shenzhen and International Short-Term programs because of travel restrictions.

Other Revenue was \$0.54 million higher than budgeted. This is due to the net impact of the recognition of the unrestricted portion of the School Generated Funds of \$0.67 million and a loss in cafeteria revenue of \$0.13 million due to direction of the Provincial Health Officer to suspend in-class instruction caused by the COVID-19 pandemic on March 17, 2020.

Rentals and Leases were \$0.24 million lower than budgeted. This is due to the direction of the Provincial Health Officer to suspend public use of school district's facilities caused by the COVID-19 pandemic on March 17, 2020.

Investment Income was \$0.28 million lower than budgeted. This is due to the decrease in interest rates resulting from the negative economic impact of the COVID-19 pandemic.

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%	5,587,882	6.7%
Principals and Vice Principals	13,005,265	12,896,891	12,342,301	108,374	0.8%	662,964	5.4%
Education Assistants	13,131,962	13,203,968	11,373,278	(72,006)	-0.5%	1,758,684	15.5%
Support Staff	20,882,164	21,748,242	19,849,728	(866,078)	-4.0%	1,032,436	5.2%
Other Professionals	5,860,488	5,879,318	5,318,183	(18,830)	-0.3%	542,305	10.2%
Substitutes	6,858,177	8,448,579	6,839,107	(1,590,402)	-18.8%	19,070	0.3%
Total Salaries	148,144,705	150,442,992	138,541,364	(2,298,287)	-1.5%	9,603,341	6.9%
Employee Benefits	34,905,797	35,104,425	34,969,676	(198,628)	-0.6%	(63,879)	-0.2%
Total Salaries and Benefits	183,050,502	185,547,417	173,511,040	(2,496,915)	-1.3%	9,539,462	5.5%

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

School District #38 (Richmond)							
Operating Fund - Services and Supplies							
as at June 30, 2020							
	2019/20	2019/20	2018/19	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	\$	%	\$	%
Services	7,253,347	8,404,776	9,598,469	(1,151,429)	-13.7%	(2,345,122)	-24.4%
Student Transportation	8,022	15,300	5,300	(7,278)	-47.6%	2,722	51.4%
Professional Dev and Travel	796,603	1,008,089	1,028,190	(211,486)	-21.0%	(231,587)	-22.5%
Rentals and Leases	260,793	255,144	252,427	5,649	2.2%	8,366	3.3%
Dues and Fees	93,662	121,040	108,824	(27,378)	-22.6%	(15,162)	-13.9%
Insurance	481,567	532,776	444,774	(51,209)	-9.6%	36,793	8.3%
Supplies	5,642,641	7,286,033	4,930,553	(1,643,392)	-22.6%	712,088	14.4%
Utilities	2,987,250	3,436,544	3,609,558	(449,294)	-13.1%	(622,308)	-17.2%
Total Services and Supplies	17,523,885	21,059,702	19,978,095	(3,535,817)	-16.8%	(2,454,210)	-12.3%

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				
as at June 30, 2020				
	2019/20	2018/19	Variance from Prior Year	
	Actual	Actual	\$	%
Internally Restricted Surplus				
2020/21 Budget Appropriation	7,707,769	5,513,523	2,194,246	39.8%
School/Staff Account Balances	5,390,399	4,273,398	1,117,001	26.1%
Outstanding Purchase Orders	269,600	246,982	22,618	9.2%
School Generated Funds	2,270,000	1,600,000	670,000	41.9%
	15,637,768	11,633,903	4,003,865	34.4%
Unrestricted Surplus	3,357,918	6,600,111	(3,242,193)	-49.1%
Total Operating Accumulated Surplus	18,995,686	18,234,014	761,672	4.2%

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.

School District #38 (Richmond)						
Special Purpose Funds						
as at June 30, 2020						
	Opening Balance	Revenue	Expenses	Ending Balance	Variance	Comment
<u>Ministry of Education Funded</u>						
Annual Facility Grant (AFG)	-	829,133	829,133	-	-	
Learning Improvement Fund (LIF)	426,952	672,110	811,767	287,295	(139,657)	
Strong Start	18,316	237,018	209,034	46,300	27,984	
Ready, Set, Learn	183,853	93,781	159,665	117,969	(65,884)	
French Language (OLEP)	27,815	280,845	288,215	20,445	(7,370)	
Community LINK	9,665	752,652	684,271	78,046	68,381	
Classroom Enhancement - Staffing	-	29,147,353	29,147,353	-	-	
Classroom Enhancement - Remedy	5,423	337,909	267,520	75,812	70,389	
Classroom Enhancement - Overhead	-	5,431,002	5,431,002	-	-	
Mental Health in Schools	-	24,500	24,500	-	-	New grant
Changing Results for Young Children	-	12,106	12,106	-	-	New grant
Provincial Resource Program	47,446	702,475	662,789	87,132	39,686	
Provincial Early Intervention	-	438,954	435,792	3,162	3,162	
<u>Federal Funded</u>						
LINC/SWIS	98,869	1,512,970	1,490,069	121,770	22,901	
<u>Other</u>						
Scholarships and Bursaries	1,050,537	68,641	40,703	1,078,475	27,938	
School Generated Funds	5,730,400	5,006,187	5,380,856	5,355,731	(374,669)	
Community Literacy	10,000	-	-	10,000	-	
Educational Trust Fund	80,822	389,688	284,386	186,124	105,302	
Total Special Purpose Funds	7,690,098	45,937,324	46,159,161	7,468,261	(221,837)	

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

Capital Fund Balances are as follows:

School District #38 (Richmond)			
Capital Funds			
as at June 30, 2020			
	June 30, 2020	June 30, 2019	Variance
Ministry of Education Restricted Funds			
Bylaw	5,491,529	941,342	4,550,187
Other	104,613	102,012	2,601
Other Provincial Restricted Funds	29,994	91,084	(61,090)
Land Capital	11,787,812	10,549,515	1,238,297
Capital Funds Balance	17,413,948	11,683,953	5,729,995

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 envelope completions.

Other Provincial Restricted Funds: These funds are Industrial Trade Authority funding received for the Youth Trades Capital Equipment Program (YTCEP).

Land Capital: These funds are collected by the school district from the municipality as part of the school site acquisition charge which is used for future school site land purchase as identified in a capital plan.

Funds Restricted in Local Capital:

Local Capital fund has been restricted for the following purposes:

School District #38 (Richmond)			
Local Capital Fund			
as at June 30, 2020			
	June 30, 2020	June 30, 2019	Variance
Restricted			
Capital Lease Obligation	7,604,152	4,071,590	3,532,562
Current Capital Projects	6,996,719	9,090,445	(2,093,726)
Future Capital Projects	32,857,158	32,857,158	-
Board Approved Budget Additions	5,089,000	4,192,000	897,000
Under Review by Board	3,466,506	2,323,239	1,143,267
Contingency Reserves	2,000,000	2,000,000	-
Local Capital Fund Balance	58,013,535	54,534,432	3,479,103

The June 30, 2020 local capital balance of \$58.01 million incorporates \$54.54 million of restricted funds and \$3.47 million under review by the Board. Additional funds could be restricted in the future with Board approval for identified projects requiring local capital funding.

Potential Future Financial Impact on the District

There are several factors that could impact the District's stable and healthy financial situation during the 2020/21 school year and beyond.

Novel Coronavirus (COVID-19)

On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic.

On March 17, 2020, the Ministry of Education, under the direction of the Provincial Health Officer, directed all schools to immediately suspend in-class instruction until further notice to prevent the spread of COVID-19.

School districts began providing remote and online learning strategies for most students and also provided in-class support to students of ESWs and vulnerable students needing additional support.

On May 15, 2020, the provincial government announced plans to re-open schools in British Columbia beginning June 1, 2020. The re-opening of schools is part of a gradual return to in-class instruction (Stage 3).

On July 29, 2020 the Ministry of Education announced that enhanced safety measures and additional resources will enable most students in grades K-12 to return to school on September 8, 2020, with full-time in-class learning as the province moves to Stage 2 of B.C.'s Education Restart Plan. Careful planning will be required to ensure the District maintains the high level of education being delivered to our students and to ensure our operations are not impacted.

Funding Model Review

The Ministry of Education has implemented a new funding model for B.C.'s K-12 public education sector for the 2020/2021 school year. Based on the 2020/2021 Estimated Operating Grant Funding Model, our District will have a significant negative impact as compared to the current levels of Ministry funding. This may impact the level of services the District is able to provide. Careful planning will be required to ensure that the District's operations are not impacted.

Enrolment and Staffing Growth

In 2017, the Ministry of Education, the BC Public Schools Employers Association and the BC Teachers Federation ratified a Memorandum of Agreement (MoA) pursuant to Letter of Understanding (LoU) No. 17, to the 2013-2019 BCPSEA-BCTF Provincial Collective Agreement. The MoA fully and finally resolves all matters related to the implementation of the Supreme Court of Canada decision from the Fall 2016.

The implementation of the MoA resulted in smaller class sizes and composition and a greater number of teacher FTE needed to be added than would previously have been required. As the enrolment in the school district grows, additional classroom spaces and resources will be needed. This growth brings with it challenges in providing the additional resources within the current Ministry of Education funding envelope. It also has resulted in challenges in recruitment and retention of specialist teachers, and compliance with class size and composition requirements.

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 geo-political 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 and goals for the next 5 years. It is scheduled to be completed and released to the public in the Fall of 2020.

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