



Financial Statement Discussion and Analysis

For the Year Ended June 30, 2022

September 12, 2022

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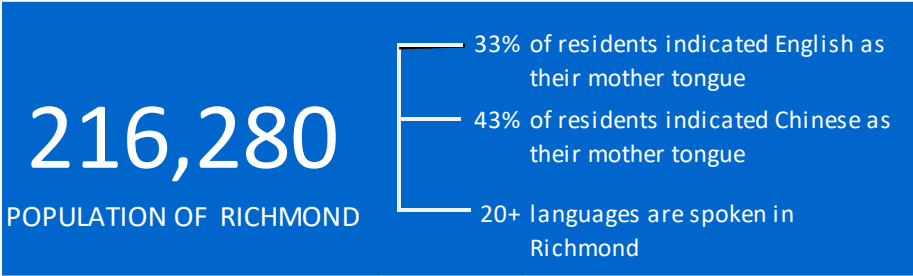
Introduction

The following is a discussion and analysis of the School District’s financial performance for the fiscal year ending June 30, 2022. 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 audited financial statements for this same period.

Overview

The Richmond School District is a vibrant learning community that fosters student engagement, creativity and well-being in inclusive and caring learning environments. Our district is committed to providing opportunities for all students to help them develop the attitudes, skills and knowledge that will prepare them for an exciting and productive future.

Richmond is located on the traditional and unceded territories of the hən̓q̓əmiñəḥ language group and is a community of over 200,000 people from all over the world who have chosen to live here. Our district celebrates and embraces diversity and continues to develop positive awareness of and respect for all members of our community.



The Richmond School District’s annual school-aged enrolment is approximately 20,400 students from Kindergarten to Grade 12 and approximately 3,400 dedicated employees. We operate 37 elementary schools and 10 secondary schools plus a wide range of district programs.

The Richmond Board of Education is comprised of seven trustees who are elected to a four-year term during civic elections. The Board is responsible for governing the District in a progressive and educationally sound manner, and is accountable to the public and the Ministry of Education.

Vision, Mission and Values

The Board of Education of School District No, 38 (Richmond) recognizes the power of the Vision, Mission and Values Statements in transforming learning, leading and teaching in the Richmond School District. As a result of our shared commitment, implementation of the vision, mission and values shall be the joint responsibility of the board, students and staff.

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.

- **Collaboration** - We work collaboratively not only within our schools, but with the whole community.
- **Creativity** - We are innovative in our approaches, and value and encourage all to challenge and trust their imaginations and to be resourceful and inventive.
- **Curiosity** - We provide an environment where questions and self-expression are encouraged and are received without judgement.
- **Resilience** - We encourage and support our students and staff to persevere through setbacks, rise to challenges and take risks.
- **Respect** - We believe respect is the foundation of a safe, accepting and engaged environment.
- **Equity** - We understand and appreciate the tremendous diversity of our learning community, and the value and richness this diversity affords us.

Strategic Plan 2020-2025

Through comprehensive community and stakeholder engagement and consultation, five priorities were identified as requiring the attention of the Board and the District over the next five years. All goals, objectives and actions articulated in the plan address these strategic priorities. Budget and financial planning are aligned to the strategic priorities and goals.



COVID-19 Pandemic

The novel coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instructions in March 2020 and the District remained open to continue 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, 2020 and full-time beginning September 1, 2020 with new health and safety guidelines.

The ongoing impact of the pandemic presents uncertainty over the School District budget, government funding and future cash flows, and 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 is not practicable at this time. The School District will need to continue assessing and mitigating risks associated with the pandemic and plan for contingencies.

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 and Child Care Bylaw Capital, Ministry of Education and Child Care Restricted Capital, Other Provincially Restricted Capital, Land Capital and Local Capital.

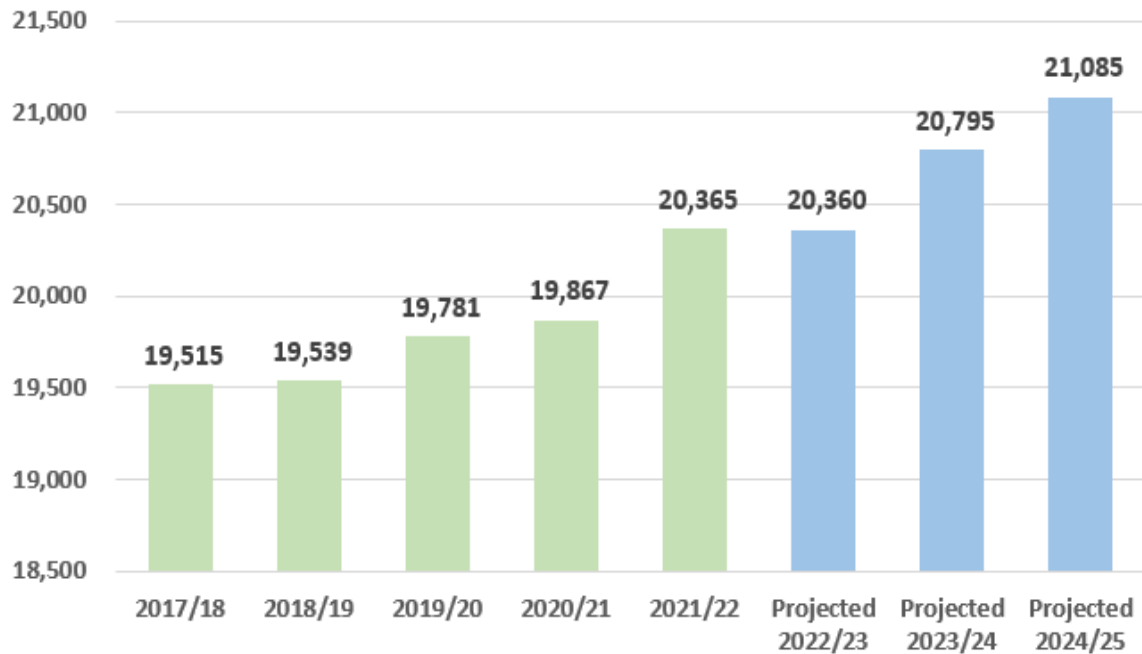
Student Enrolment

The operations of the Richmond School District are dependent on continued operating grant funding from the Ministry of Education and Child Care primarily based on student enrolment, students identified with special needs and other demographic and geographic factors. Ministry grants represent 87% of the total operating revenues. Expenditures are primarily associated with staffing and related compensation and benefits.

Richmond School District student enrolment is as follows:

	2021/22		2020/21	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	FTE	%	FTE	%
	School Aged	20,364.950	20,365.638	19,866.688	(0.688)	-0.003%	498.263
Adult	60.813	62.063	74.375	(1.251)	-2.015%	(13.563)	-18.235%
Total FTE	20,425.763	20,427.701	19,941.063	(1.938)	-0.009%	484.700	2.431%

Funded Student Enrolment (School Aged FTE) Regular K-12



Over the past 4 years, the District has experienced significant growth in our regular K-12 student enrolment. This trend is projected to continue for the next three years.

Financial Highlights

The School District's revenue is heavily reliant on funding from the Provincial Government. 87.0% of the School District's revenue comes from the Ministry of Education and Child Care. Of this, 81.2% is in the form of an Operating Grant which is based on enrolment levels and other student and geographical factors. 5.7% of revenue is generated from International Education, Continuing Education and Summer School programs, 3.6% 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.

91.1% 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 Financial Statement Presentation-By Fund (Unaudited)).

	Operating Fund	Special Purpose Funds	Capital Fund	Total
	\$	\$	\$	\$
Revenues				
Provincial Grants				
Ministry of Education and Child Care	200,177,778	42,208,520	-	242,386,298
Other	262,614	-	-	262,614
Federal Grants	-	1,629,732	-	1,629,732
Tuition	15,989,604	-	-	15,989,604
Other Revenue	774,024	4,576,302	36,637	5,386,963
Rentals and Leases	1,223,337	-	-	1,223,337
Investment Income	786,256	12,315	572,257	1,370,828
Amortization of Deferred Capital Revenue	-	-	9,874,622	9,874,622
Total Revenue	219,213,613	48,426,869	10,483,516	278,123,998
Expenses				
Instruction	181,452,034	45,032,657	-	226,484,691
District Administration	6,316,581	978,443	-	7,295,024
Operations and Maintenance	28,345,883	1,095,425	17,320,342	46,761,650
Transportation and Housing	1,385,038	-	359,559	1,744,597
Debt Services	-	-	172,187	172,187
Total Expense	217,499,536	47,106,525	17,852,088	282,458,149
Surplus (Deficit) for the year	1,714,077	1,320,344	(7,368,572)	(4,334,151)
Accumulated Surplus (Deficit) from Operations, beginning of year	14,944,287	-	175,868,932	190,813,219
Interfund Transfers	(3,543,999)	(1,320,344)	4,864,343	-
Accumulated Surplus (Deficit) from Operations, end of year	13,114,365	-	173,364,703	186,479,068

Operating Fund

Our actual financial outcome for the 2021/22 fiscal year is consistent with our previous reporting for the period to April 30, 2022. The 2021/22 current year unrestricted surplus is \$1.7 million and the anticipated unrestricted surplus, projected as at April 30, 2022, was \$1.7 million (Schedule 2 and Financial Statement Presentation-By Fund (Unaudited)).

School District #38 (Richmond)					
Operating Fund - Net Change					
as at June 30, 2022					
	2021/22 Actual	2021/22 Budget	2020/21 Actual	Variance from Budget	Variance from Prior Year
Total Revenue	219,213,613	217,528,038	208,556,529	1,685,575	10,657,084
Total Expenses	217,499,536	218,771,672	206,464,701	(1,272,136)	11,034,835
Net Change	1,714,077	(1,243,634)	2,091,828	2,957,711	(377,751)
Total Net Transfers	3,543,999	2,356,500	6,143,227	1,187,499	(2,599,228)
Total Net Change	(1,829,922)	(3,600,134)	(4,051,399)	1,770,212	2,221,477
Accumulated Surplus, Opening Balance	14,944,287	14,944,287	18,995,686	-	(4,051,399)
Accumulated Surplus, Ending Balance	13,114,365	11,344,153	14,944,287	1,770,212	(1,829,922)
Internally Restricted Surplus	11,427,002	11,344,153	13,646,222	82,849	(2,219,220)
Unrestricted Surplus	1,687,363	-	1,298,065	1,687,363	389,298
	13,114,365	11,344,153	14,944,287	1,770,212	(1,829,922)

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 and Child Care.

At the beginning of the year, the District’s Special Purpose Funds had a combined opening balance of \$7.34 million. Revenue of \$48.90 million and spending of \$48.43 million resulted in a balance to be carried forward of \$7.81 million.

Capital Funds

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

There were eleven schools under construction during the year:

- Boyd Secondary - seismic upgrade and partial replacement
- Bridge Elementary – seismic upgrade
- 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
- Whiteside Elementary – seismic upgrade

Financial Analysis of the School District

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, 2022 and 2021.

	June 30, 2022	June 30, 2021	Variance	
			\$	%
Financial Assets				
Cash and Cash Equivalents	140,484,877	145,873,456	(5,388,579)	-3.69%
Accounts Receivable				
Due from Province - Ministry of Education and Child Care	540,767	88,433	452,334	511.50%
Other	3,849,534	3,643,861	205,673	5.64%
Portfolio Investments	737,078	771,478	(34,400)	-4.46%
Total Financial Assets	145,612,256	150,377,228	(4,764,972)	-3.17%
Liabilities				
Accounts Payable and Accrued Liabilities				
Due to Province - Other	-	82,425	(82,425)	
Other	26,969,613	28,767,431	(1,797,818)	-6.25%
Unearned Revenue	12,941,430	11,874,003	1,067,427	8.99%
Deferred Revenue	7,807,115	7,337,491	469,624	6.40%
Deferred Capital Revenue	266,748,724	246,761,487	19,987,237	8.10%
Employee Future Benefits	13,162,661	12,842,605	320,056	2.49%
Capital Lease Obligations	4,273,973	3,418,684	855,289	25.02%
Total Liabilities	331,903,516	311,084,126	20,819,390	6.69%
Net Financial Assets (Debt)	(186,291,260)	(160,706,898)	(25,584,362)	15.92%
Non-Financial Assets				
Tangible Capital Assets	372,020,921	350,996,360	21,024,561	5.99%
Prepaid Expenses	749,407	523,757	225,650	43.08%
Total Non-Financial Assets	372,770,328	351,520,117	21,250,211	6.05%
Accumulated Surplus (Deficit)	186,479,068	190,813,219	(4,334,151)	-2.27%
Accumulated Surplus - Capital	173,364,703	175,868,932	(2,504,229)	-1.42%
Accumulated Surplus - Operations	13,114,365	14,944,287	(1,829,922)	-12.24%
Total Accumulated Surplus	186,479,068	190,813,219	(4,334,151)	-2.27%

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

	June 30, 2022	June 30, 2021	Variance
Cash in Bank	19,935,570	31,702,117	(11,766,547)
Cash Equivalent - Special Purpose Funds	1,189	1,178	11
Central Deposit Program - Ministry of Finance	120,446,230	114,079,628	6,366,602
Investment held by Richmond Community Foundation	101,888	90,533	11,355
	140,484,877	145,873,456	(5,388,579)

Cash decreased \$5.4 million over the prior year due to increased accounts receivable and prepaid expenses, increased deferred revenues, decreased accounts payable, increased in unearned revenues flowing from International Education payments received in advance for the 2022/23 school year, and the current year surplus.

Cash, held in the bank for current operational needs, totals \$19.9 million. \$120.4 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 2.2% (as of June 30, 2022).

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

	June 30, 2022	June 30, 2021	Variance
Obligations			
Accounts Payable - Other Ministry	0	82,425	(82,425)
Trade Payables	6,532,871	6,249,832	283,039
Salaries and Benefits Payables	16,781,772	18,514,101	(1,732,329)
Accrued Vacation Pay	3,186,255	3,479,513	(293,258)
Other Payable	468,712	523,985	(55,273)
Unearned Revenue - International Student Programs	12,231,414	11,287,139	944,275
Unearned Revenue - Other	710,016	586,864	123,152
Deferred Revenue - Special Purpose Funds	7,807,115	7,337,491	469,624
Deferred Capital Revenue	19,637,016	17,700,350	1,936,666
Local Capital	52,729,466	57,352,393	(4,622,927)
Employee Future Benefits	13,162,661	12,842,605	320,056
	133,247,298	135,956,698	(2,709,400)
Assets			
Accounts Receivable - Ministry of Education and Child Care	(540,767)	(88,433)	(452,334)
Accounts Receivable - Other	(3,849,534)	(3,643,861)	(205,673)
Prepaid Expenses	(749,407)	(523,757)	(225,650)
Portfolio Investments	(737,078)	(771,478)	34,400
	(5,876,786)	(5,027,529)	(849,257)
Accumulated Surplus - Operations	13,114,365	14,944,287	(1,829,922)
	140,484,877	145,873,456	(5,388,579)

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, 2022							
	2021/22	2021/22	2020/21	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	\$	%	\$	%
Ministry of Education and Child Care Grants	200,177,778	199,884,423	192,862,941	293,355	0.1%	7,314,837	3.8%
Other Provincial Grants	262,614	27,670	48,986	234,944	849.1%	213,628	436.1%
Tuition	15,989,604	15,152,958	13,133,152	836,646	5.5%	2,856,452	21.7%
Other Revenue	774,024	763,278	661,227	10,746	1.4%	112,797	17.1%
Rentals and Leases	1,223,337	1,147,183	977,455	76,154	6.6%	245,882	25.2%
Investment Income	786,256	552,526	872,768	233,730	42.3%	(86,512)	-9.9%
Total Operating Revenue	219,213,613	217,528,038	208,556,529	1,685,575	0.8%	10,657,084	5.1%

Ministry of Education and Child Care Grants were \$0.29 million higher than budgeted. This is due to the increase in enrolment in graduated adults.

Other Provincial Grants were \$0.23 million higher than budgeted. This is due to the upcoming change in the apprenticeship program funding model effective July 1, 2022 and resulted in a Youth Train in Trades Transition Grant (\$0.07 million) and funding received from Vancouver Coastal Health Authority, under a new collaboration agreement, to implement an Integrated Child and Youth Initiative (\$0.16 million).

Tuition was \$0.84 million higher than budgeted. This is due to the higher than expected fees from international student application, higher demand for homestay placement and better than expected return of the short term international programs.

Other Revenue was within the budgeted amount.

Rentals and Leases were \$0.08 million higher than budgeted. This is due to higher daycare rental revenue than anticipated.

Investment Income was \$0.23 million higher than budgeted. This is due to the increase in interest rates resulting from inflation.

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, 2022							
	2021/22	2021/22	2020/21	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	\$	%	\$	%
Teachers	92,250,310	93,164,185	90,983,264	(913,875)	-1.0%	1,267,046	1.4%
Principals and Vice Principals	13,701,742	13,319,147	13,277,993	382,595	2.9%	423,749	3.2%
Education Assistants	16,201,765	16,555,650	14,505,185	(353,885)	-2.1%	1,696,580	11.7%
Support Staff	21,621,492	22,009,096	20,242,524	(387,604)	-1.8%	1,378,968	6.8%
Other Professionals	5,963,090	5,953,736	6,493,908	9,354	0.2%	(530,818)	-8.2%
Substitutes	9,134,873	8,800,118	7,203,406	334,755	3.8%	1,931,467	26.8%
Total Salaries	158,873,272	159,801,932	152,706,280	(928,660)	-0.6%	6,166,992	4.0%
Employee Benefits	39,212,925	39,868,898	38,424,555	(655,973)	-1.6%	788,370	2.1%
Total Salaries and Benefits	198,086,197	199,670,830	191,130,835	(1,584,633)	-0.8%	6,955,362	3.6%

Teacher Salaries were \$0.91 million lower than budgeted due to unfilled professional positions associated with the new Integrated Child and Youth Clinical program and timing delays resulted from recruitment challenges in hiring non-enrolling teaching positions.

Principal and Vice Principal Salaries were \$0.38 million higher than budgeted amount due to higher than anticipated expenses for paid medical and other leaves.

Education Assistants Salaries were \$0.35 million lower than budgeted due to shortages of Education Assistants.

Support Staff Salaries were \$0.39 million lower than budgeted due to timing delays in filling available positions.

Other Professionals Salaries were within budgeted amounts.

Substitute Salaries were \$0.33 million higher than budgeted due to increase demand for TTOC and casual staff resulting from the COVID-19 pandemic variants.

Employee Benefits were \$0.66 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, 2022							
	2021/22	2021/22	2020/21	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	\$	%	\$	%
Services	7,070,381	6,638,375	5,873,115	432,006	6.5%	1,197,266	20.4%
Student Transportation	4,088	12,155	-	(8,067)	-66.4%	4,088	
Professional Dev and Travel	569,890	825,128	516,516	(255,238)	-30.9%	53,374	10.3%
Rentals and Leases	254,137	279,466	227,225	(25,329)	-9.1%	26,912	11.8%
Dues and Fees	126,444	136,743	115,993	(10,299)	-7.5%	10,451	9.0%
Insurance	476,883	522,749	495,023	(45,866)	-8.8%	(18,140)	-3.7%
Supplies	6,764,518	6,423,814	4,978,976	340,704	5.3%	1,785,542	35.9%
Utilities	4,146,998	4,262,412	3,127,018	(115,414)	-2.7%	1,019,980	32.6%
Total Services and Supplies	19,413,339	19,100,842	15,333,866	312,497	1.6%	4,079,473	26.6%

Services and supplies were \$0.31 million higher than budgeted due to the increase cost of goods and services caused by the COVID-19 pandemic, inflation, global supply chain disruptions and supply shortages and offset by capital asset purchases.

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

School District #38 (Richmond)				
Operating Fund - Accumulated Surplus				
as at June 30, 2022				
	2021/22	2020/21	Variance from Prior Year	
	Actual	Actual	\$	%
Internally Restricted Surplus				
2022/23 Budget Appropriation	1,896,023	3,600,134	(1,704,111)	-47.3%
2021/22 Online Learning K-9	-	597,050	(597,050)	
School/Department Account Balances	6,998,016	6,840,291	157,725	2.3%
Outstanding Purchase Orders	262,963	338,747	(75,784)	-22.4%
School Generated Funds	2,270,000	2,270,000	-	0.0%
	11,427,002	13,646,222	(2,219,220)	-16.3%
Unrestricted Surplus	1,687,363	1,298,065	389,298	30.0%
Total Operating Accumulated Surplus	13,114,365	14,944,287	(1,829,922)	-12.2%

The 2022/23 Annual Budget was approved and adopted by the Board on May 25, 2022, which included a budget appropriation of \$1,896,023 from 2021/22. With respect to the funding for specific expenditures [School/Department Account Balances (\$7.00 million), Outstanding Purchase Orders (\$0.26 million) and School Generated Funds (\$2.27 million)], in most cases these expenditures were planned to be incurred in 2021/22; however, mainly due to the COVID-19 pandemic, the timing of the expenditures was extended to 2022/23. The unrestricted surplus of \$1.69 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, 2022						
	Opening Balance	Revenue	Expenses	Ending Balance	Variance	Comment
Ministry of Education and Child Care Funded						
Annual Facility Grant (AFG)	-	811,645	811,645	-	-	
Learning Improvement Fund (LIF)	289,249	670,460	730,670	229,039	(60,210)	
Strong Start	67,324	233,519	235,453	65,390	(1,934)	
Ready, Set, Learn	97,946	93,100	118,771	72,275	(25,671)	
Official Languages in Education French Programs (OLEP)	53,718	336,842	327,420	63,140	9,422	
Community LINK	28,021	785,631	766,673	46,979	18,958	
Classroom Enhancement - Staffing	-	32,344,010	32,344,010	-	-	
Classroom Enhancement - Remedy	-	178,164	178,164	-	-	
Classroom Enhancement - Overhead	-	4,841,324	4,841,324	-	-	
Mental Health in Schools	24,359	113,395	34,002	103,752	79,393	
Changing Results for Young Children	-	6,000	400	5,600	5,600	
Restart:Health and Safety Grant	-	465,970	465,970	-	-	one-time grant
Ventilation Fund (Federal)	-	408,318	341,986	66,332	66,332	one-time grant
Just B4 Program	-	25,000	7,520	17,480	17,480	new grant
Provincial Resource Program	208,173	737,086	710,593	234,666	26,493	
Provincial Early Youth	185,787	367,577	303,438	249,926	64,139	
Federal Funded						
LINC/SWIS	54,398	1,634,094	1,629,732	58,760	4,362	
Other						
Scholarships and Bursaries	1,025,095	31,693	15,605	1,041,183	16,088	
School Generated Funds	5,119,733	4,354,328	4,158,072	5,315,989	196,256	
Educational Trust Fund	183,688	458,337	405,421	236,604	52,916	
Total Special Purpose Funds	7,337,491	48,896,493	48,426,869	7,807,115	469,624	

Special Purpose Fund	Designated Use
Annual Facility Grant (AFG)	Routine maintenance of school facilities, including roofing.
Learning Improvement Fund (LIF)	Supplementary funding to school districts for additional education assistants.
Strong Start	Early learning program for preschool children (birth to age five), located in schools, accompanied by parent, other adult family member or caregiver.
Ready, Set, Learn	Support early learning and development for families and their three to five-year-old children and facilitate a smooth transition to Kindergarten.
Official Languages in Education French Programs (OLEP)	Support French Immersion and Core French programs.

Special Purpose Fund	Designated Use
Community Link	Support programs to improve educational performances of vulnerable students, including academic achievement and social, emotional, and behavioural functioning.
Classroom Enhancement - Staffing, Remedy and Overhead	Funding to implement the Memorandum of Understanding pursuant to Letter of Understanding No. 17 to the 2013-2019 BCPSEA-BCTF Provincial Collective Agreement.
Mental Health in Schools	Support mental health initiatives, resources and programs for students, educators and families within their school communities.
Changing Results for Young Children	Support district capacity building in high quality early learning and care experiences for children.
Restart: Health and Safety Grant	COVID-19 Pandemic response funding from the Provincial Government (one-time funding).
Ventilation Fund (Federal)	COVID-19 Pandemic response funding from the Federal Government (one-time funding).
Just B4 Program	Support increased opportunities for child care programs on school grounds.
Provincial Resource Program	Outreach program to support school districts around B.C. with respect to ensuring equitable access and enhanced educational opportunities for students with visual and hearing impairments.
Provincial Early Youth	Support diverse and struggling learners.
LINC/SWIS	Support settlement services for immigrants, refugees and other eligible clients to meet their settlement or ongoing needs after arriving in Canada. Programs are Language Instruction for Newcomers to Canada (LINC) and Settlement Workers in Schools (SWIS).
Scholarships and Bursaries	The District manages various scholarship and memorial funds on behalf of families and groups of individuals wishing to provide funding for specific educational initiatives and in memoriam.
School Generated Funds	These funds are collected and managed directly at our schools with financial oversight by the District. Such funds include fundraising, school trips, PAC donations, etc.
Educational Trust Fund	These funds are collected and managed by the District. Such funds include Breakfast Club, Feed-U-Cate, etc.

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, 2022			
	June 30, 2022	June 30, 2021	Variance
Ministry of Education and Child Care Restricted Funds			
Bylaw	5,469,715	4,697,323	772,392
Other	107,396	106,139	1,257
Other Provincial Restricted Funds	1,183,948	421,942	762,006
Land Capital	12,875,957	12,474,949	401,008
Capital Funds Balance	19,637,016	17,700,353	1,936,663

Ministry of Education and Child Care Restricted Funds: These funds are held on behalf of the Ministry of Education and Child Care. The available Bylaw balance of \$5.5 million is funding balances committed for the completion of various projects, 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) and Ministry of Children and Family Development funding for childcare spaces.

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, 2022			
	June 30, 2022	June 30, 2021	Variance
Restricted			
Capital Lease Obligation	7,414,800	7,308,000	106,800
Current Capital Projects	24,890,590	11,920,747	12,969,843
Future Capital Projects	14,798,889	32,857,158	(18,058,269)
Under Review by Board	3,625,187	3,266,488	358,699
Contingency Reserves	2,000,000	2,000,000	-
Local Capital Fund Balance	52,729,466	57,352,393	(4,622,927)

The June 30, 2022 local capital balance of \$52.73 million incorporates \$49.10 million of restricted funds and \$3.63 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 2022/23 school year and beyond.

COVID-19 Pandemic

On May 25, 2021, the Provincial government announced BC's Restart Plan, a four-step plan that focuses on a safe and gradual return to normal activities. In line with the provincial Restart Plan, BC's K-12 sector is planning for a full return to in-class instruction in the 2021/22 school year with an emphasis on pandemic recovery and continuing to provide safe learning environments for students and staff.

On June 17, 2021, the Ministry of Education and Child Care issued Guidelines for Boards of Education and Independent School Authorities for the 2021/22 School Year called "*K-12 Education Recovery Plan*".

On March 11, 2022, BC's indoor mask order was repealed along with eased restrictions.

On April 8, 2022, the remainder of the Workplace Safety Order was lifted, which means school districts will transition back to communicable disease plans to reduce risk of all communicable disease, including COVID-19.

As schools reopen in September 2022 to full in-class instruction, the District's operations will remain exposed to operational and financial risks resulted from potential new COVID-19 variants. Student and staff health and safety remains the top priority of the District. Procedures and resources are in place to maintain high level of education being delivered to our students and to ensure our operations are not impacted.

Ministry Funding Model

The Ministry of Education and Child Care has partially implemented a new funding model for B.C.'s K-12 public education sector for the 2020/2021 school year. Two grants, which had previously been funded separately, were rolled into the basic per pupil amount. These were the Employer Health Tax Grant (\$1.57 million received in 2019/20) and the Carbon Tax Grant (\$0.14 million received in 2019/20). The new funding model had a negative impact to our District as compared to the previous levels of Ministry funding. The District had incorporated the impact of funding model changes in its 2021/2022 budget. Further changes in the education funding model and their impact are unknown at this time.

Enrolment and Staffing Growth

In 2017, the Ministry of Education and Child Care, 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 and Child

Care funding envelope. It also has resulted in challenges in recruitment and retention of specialist teachers, and compliance with class size and composition requirements.

Teacher and CUPE Bargaining

Both the Teacher and CUPE contracts expired on June 30, 2022. Bargaining remains a concern due to the unknowns around bargaining at the provincial level and the potential impact on school districts. During bargaining, there is always the risk of disruption to the system with potential job action. There is also the risk during bargaining of relationships being strained between stakeholders and the potential impact of whether funding will adequately cover the full cost of the negotiated settlement.

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 School 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. The District continues to implement the strategic recommendations outlined. There could be potential capital and operating financial implications that the District will need to consider.

Strategic Plan

The Board approved the District Strategic Plan for 2020-2025 on December 16, 2020. The Strategic Plan identifies the School District's priorities, goals, and objectives for the next 5 years. The District planning and decisions will be aligned to support these strategic priorities as outlined in our Strategic Plan.

Global Supply Chain Disruptions and Supply Shortages

Before the COVID-19 pandemic, manufacturing and other firms benefitted from outsourcing production to regions with a comparative advantage. COVID-19 exposed risks associated with firms dependent on inputs from these regions due to the global lockdowns, rapid increase in demand for goods and the heavy reliance on foreign suppliers to produce these goods. This mismatch between supply and demand resulted in global supply chain disruptions and supply shortages. Careful planning will be required to ensure that the District's operations are not impacted.

Inflation

British Columbia's Consumer Price Index (CPI) in June 2022 was 7.9% higher than in June 2021. The CPI is the most widely used measure of inflation. Inflation increases cost of goods and services.

Currently, the Ministry funding model has not incorporated any inflation factor to help alleviate raising costs. Many areas of the District's operations will remain exposed to this financial challenge. Careful planning will be required to ensure the District maintains the high level of education being delivered to our students and to ensure the impact to our operations are minimized.

Employment Standards Act (ESA) Amendment

On March 31, 2022, Royal Assent was received, in the Province of BC, for amendments to the Employment Standards Act (ESA) relating to paid sick leave. These changes mean that five days of annual paid sick leave will be available to all employees who do not already receive five or more sick days. This is an annual entitlement based on calendar year.

The amendment will result in additional cost to our District; however, the impact of this is not yet known. Careful planning will be required to ensure that the District's operations are not significantly impacted.

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.



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