



Financial Statement Discussion and Analysis

For the Year Ended June 30, 2023

September 19, 2023

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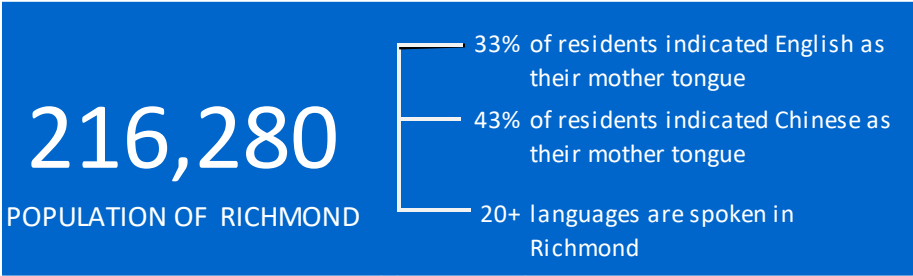
Introduction

The following is a discussion and analysis of the School District’s financial performance for the fiscal year ending June 30, 2023. 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 situated on the traditional and unceded territories of the First Peoples of the hən̓q̓əmiñəm 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 22,000 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 and Child Care.

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 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.

The ongoing impact of the pandemic presents uncertainty over 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 is not practicable at this time. The School District will 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.

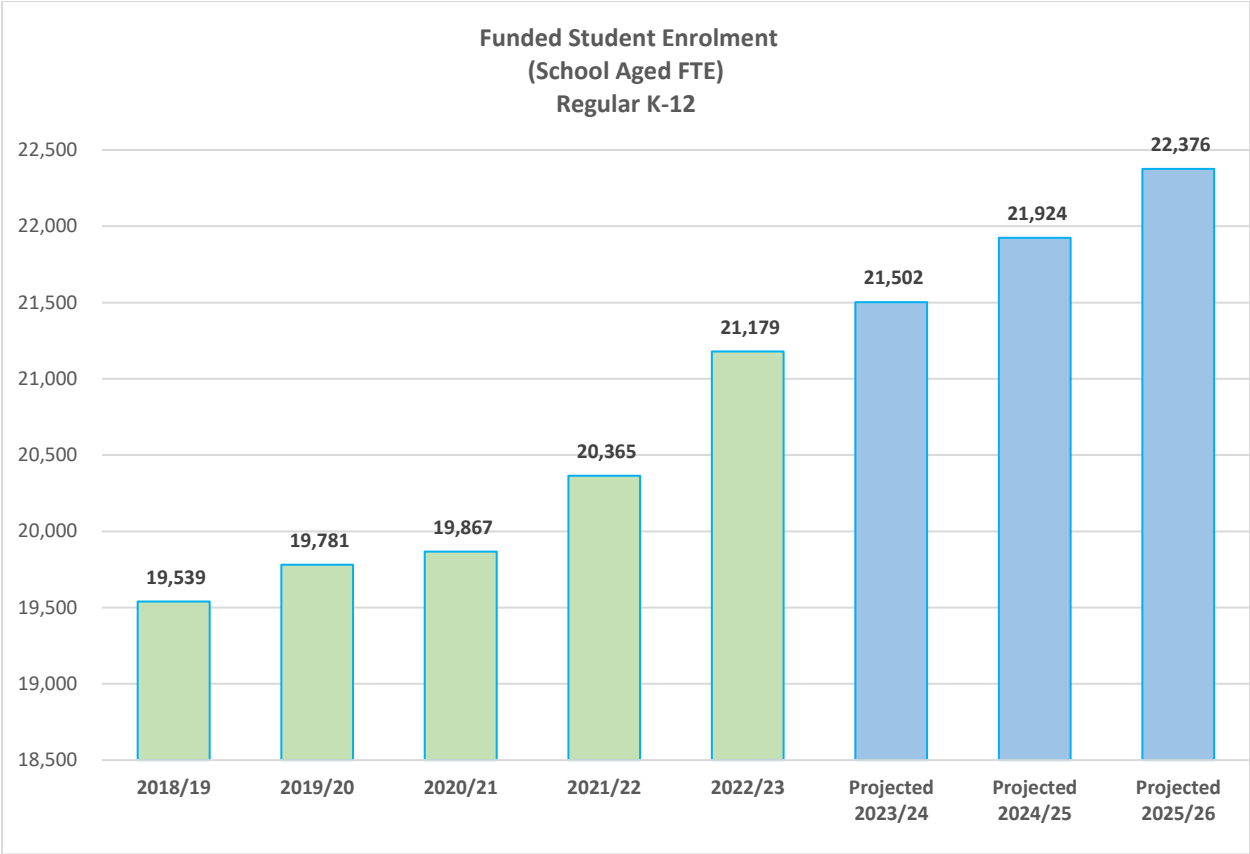
- Operating Fund - The operating fund includes operating grants and other revenues used to fund instructional programs, school and district administration, facilities, operations, maintenance, and transportation.
- Special Purpose Funds - Special purpose funds consist of targeted funding provided to 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 (MECC) primarily based on student enrolment, students identified with additional needs and other demographic and geographic factors. Ministry grants represent 86% of the total operating revenues. Expenditures are primarily associated with staffing and related compensation and benefits.

Richmond School District student enrolment is as follows:

	2022/23	2022/23	2021/22	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	FTE	%	FTE	%
School Aged	21,178.687	21,103.938	20,364.950	74.749	0.354%	813.737	3.996%
Adult	55.188	61.625	60.813	(6.437)	-10.445%	(5.625)	-9.249%
Total FTE	21,233.875	21,165.563	20,425.763	68.312	0.323%	808.113	3.956%



Over the past four 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. 86.0% of the School District's revenue comes from the Ministry of Education and Child Care (MECC). Of this, 76.8% is in the form of an Operating Grant which is based on enrolment levels and other student and geographical factors. 5.4% of revenue is generated from International Education, Continuing Education and Summer School programs, 3.4% 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 and investment income.

90.7% 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	217,760,487	49,909,271	-	267,669,758
Other	386,849	-	-	386,849
Federal Grants	-	1,705,717	-	1,705,717
Tuition	16,819,979	-	-	16,819,979
Other Revenue	925,039	6,835,011	25,060	7,785,110
Rentals and Leases	1,537,002	-	-	1,537,002
Investment Income	3,205,999	9,481	1,696,422	4,911,902
Amortization of Deferred Capital Revenue	-	-	10,531,945	10,531,945
Total Revenue	240,635,355	58,459,480	12,253,427	311,348,262
Expenses				
Instruction	193,389,046	55,816,435	-	249,205,481
District Administration	6,612,679	1,065,092	-	7,677,771
Operations and Maintenance	30,125,547	648,691	17,678,219	48,452,457
Transportation and Housing	1,322,443	-	383,639	1,706,082
Debt Services	-	-	210,990	210,990
Total Expense	231,449,715	57,530,218	18,272,848	307,252,781
Surplus (Deficit) for the year	9,185,640	929,262	(6,019,421)	4,095,481
Accumulated Surplus (Deficit) from Operations, beginning of year	13,114,365	-	149,261,977	162,376,342
Interfund Transfers	(7,857,986)	(929,262)	8,787,248	-
Accumulated Surplus (Deficit) from Operations, end of year	14,442,019	-	152,029,804	166,471,823

Operating Fund

Our actual financial outcome for the 2022/23 fiscal year is consistent with our third quarter projections reported to the Finance and Legal Committee. The 2022/23 current year unrestricted surplus is \$0.77 million and the anticipated unrestricted surplus, based on the third quarter projections, was \$0.65 million (Schedule 2 and Financial Statement Presentation-By Fund (Unaudited)).

School District #38 (Richmond)					
Operating Fund - Net Change					
as at June 30, 2023					
	2022/23 Actual	2022/23 Budget	2021/22 Actual	Variance from Budget	Variance from Prior Year
Total Revenue	240,635,355	236,224,431	219,213,613	4,410,924	21,421,742
Total Expenses	231,449,715	231,399,135	217,499,536	50,580	13,950,179
Net Change	9,185,640	4,825,296	1,714,077	4,360,344	7,471,563
Total Net Transfers	7,857,986	6,585,040	3,543,999	1,272,946	4,313,987
Total Net Change	1,327,654	(1,759,744)	(1,829,922)	3,087,398	3,157,576
Accumulated Surplus, Opening Balance	13,114,365	13,114,365	14,944,287	-	(1,829,922)
Accumulated Surplus, Ending Balance	14,442,019	11,354,621	13,114,365	3,087,398	1,327,654
Internally Restricted Surplus	13,671,799	11,354,621	11,427,002	2,317,178	2,244,797
Unrestricted Surplus	770,220	-	1,687,363	770,220	(917,143)
	14,442,019	11,354,621	13,114,365	3,087,398	1,327,654

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 (MECC).

At the beginning of the year, the District’s Special Purpose Funds had a combined opening balance of \$7.81 million. Revenue of \$58.84 million and spending of \$58.46 million resulted in a balance to be carried forward of \$8.19 million.

Capital Funds

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

Through the 2022/23 school year, there were four major capital projects funded by MECC:

- James McKinney Elementary School Seismic Upgrade (fully funded by MECC, completed/occupied in September 2022)
- James Whiteside Elementary School Enhanced Seismic Upgrade (funded by MECC with additional contribution from the Board, substantially completed/occupied in July 2023)

- William Bridge Elementary School Seismic Upgrade (fully funded by MECC, scheduled for completion in October 2023)
- Manoah Steves Elementary and Maple Lane Elementary Childcare Facilities (fully funded by MECC, scheduled for completion/occupancy in September 2023)

Moreover, the Board approved and funded two major capital projects through local capital funds. These projects include:

- Rideau Park Resource Centre (substantially completed/occupied in July 2023)
- Classroom Ventilation Program (scheduled for completion in October 2023)

Additionally, a number of minor capital projects were successfully completed during the year. Those projects encompass a range of improvements to the school facilities, including mechanical system upgrades, electrical system upgrades, plumbing system upgrades and grounds upgrades.

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, 2023 and 2022.

	June 30, 2023	June 30, 2022	Variance	
			\$	%
Financial Assets				
Cash and Cash Equivalents	146,770,546	140,484,877	6,285,669	4.47%
Accounts Receivable				
Due from Province - Ministry of Education and Child Care	329,107	540,767	(211,660)	-39.14%
Other	3,941,204	3,849,534	91,670	2.38%
Portfolio Investments	741,904	737,078	4,826	0.65%
Total Financial Assets	151,782,761	145,612,256	6,170,505	4.24%
Liabilities				
Accounts Payable and Accrued Liabilities				
Due to Province - Other	-	-	-	
Other	28,413,892	26,969,613	1,444,279	5.36%
Unearned Revenue	17,364,546	12,941,430	4,423,116	34.18%
Deferred Revenue	8,186,374	7,807,115	379,259	4.86%
Deferred Capital Revenue	283,416,877	266,748,724	16,668,153	6.25%
Employee Future Benefits	13,896,234	13,162,661	733,573	5.57%
Asset Retirement Obligations	24,175,727	24,175,727	-	0.00%
Capital Lease Obligations	4,462,210	4,273,973	188,237	4.40%
Total Liabilities	379,915,860	356,079,243	23,836,617	6.69%
Net Financial Assets (Debt)	(228,133,099)	(210,466,987)	(17,666,112)	8.39%
Non-Financial Assets				
Tangible Capital Assets	393,862,677	372,093,922	21,768,755	5.85%
Prepaid Expenses	742,245	749,407	(7,162)	-0.96%
Total Non-Financial Assets	394,604,922	372,843,329	21,761,593	5.84%
Accumulated Surplus (Deficit)	166,471,823	162,376,342	4,095,481	2.52%
Accumulated Surplus - Capital	152,029,804	149,261,977	2,767,827	1.85%
Accumulated Surplus - Operations	14,442,019	13,114,365	1,327,654	10.12%
Total Accumulated Surplus	166,471,823	162,376,342	4,095,481	2.52%

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

	June 30, 2023	June 30, 2022	Variance
Cash in Bank	23,571,980	19,935,570	3,636,410
Cash Equivalent - Special Purpose Funds	1,182	1,189	(7)
Central Deposit Program - Ministry of Finance	123,095,496	120,446,230	2,649,266
Investment held by Richmond Community Foundation	101,888	101,888	-
	146,770,546	140,484,877	6,285,669

Cash increased \$6.3 million over the prior year due to decreased accounts receivable and prepaid expenses, increased deferred revenues, increased accounts payable, increased unearned revenues flowing from International Education payments received in advance for the 2023/24 school year, and the current year surplus.

Cash, held in the bank for current operational needs, totals \$23.6 million. \$123.1 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 5.45% (as at June 30, 2023).

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

	June 30, 2023	June 30, 2022	Variance
Obligations			
Trade Payables	7,184,635	6,532,871	651,764
Salaries and Benefits Payables	18,156,118	16,781,772	1,374,346
Accrued Vacation Pay	2,416,386	3,186,255	(769,869)
Other Payable	656,751	468,712	188,039
Unearned Revenue - International Student Programs	16,552,833	12,231,414	4,321,419
Unearned Revenue - Other	811,713	710,016	101,697
Deferred Revenue - Special Purpose Funds	8,186,374	7,807,115	379,259
Deferred Capital Revenue	21,340,534	19,637,016	1,703,518
Local Capital	48,881,409	52,729,466	(3,848,057)
Employee Future Benefits	13,896,234	13,162,661	733,573
	138,082,987	133,247,298	4,835,689
Assets			
Accounts Receivable - Ministry of Education and Child Care	(329,107)	(540,767)	211,660
Accounts Receivable - Other	(3,941,204)	(3,849,534)	(91,670)
Prepaid Expenses	(742,245)	(749,407)	7,162
Portfolio Investments	(741,904)	(737,078)	(4,826)
	(5,754,460)	(5,876,786)	122,326
Accumulated Surplus - Operations	14,442,019	13,114,365	1,327,654
	146,770,546	140,484,877	6,285,669

The difference between cash assets and the liabilities is reflected in 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, 2023							
	2022/23	2022/23	2021/22	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	\$	%	\$	%
Ministry of Education and Child Care Grants	217,760,487	214,016,535	200,177,778	3,743,952	1.7%	17,582,709	8.8%
Other Provincial Grants	386,849	54,100	262,614	332,749	615.1%	124,235	47.3%
Tuition	16,819,979	17,146,212	15,989,604	(326,233)	-1.9%	830,375	5.2%
Other Revenue	925,039	757,356	774,024	167,683	22.1%	151,015	19.5%
Rentals and Leases	1,537,002	1,409,638	1,223,337	127,364	9.0%	313,665	25.6%
Investment Income	3,205,999	2,840,590	786,256	365,409	12.9%	2,419,743	307.8%
Total Operating Revenue	240,635,355	236,224,431	219,213,613	4,410,924	1.9%	21,421,742	9.8%

Ministry of Education and Child Care Grants were \$3.74 million higher than budgeted. This is due to the increased enrolment in the February and May student count (\$0.73 million), graduated adults (\$0.16 million), Integrated Child and Youth Teams grant (\$0.29 million), teacher benefit enhancement (\$0.2 million) and support staff labour settlement funding (\$2.36 million).

Other Provincial Grants were \$0.33 million higher than budgeted. This is due to funding received from Vancouver Coastal Health Authority towards the implementation of the Integrated Child and Youth Initiative (\$0.31 million) and increase in apprenticeship funding (\$0.02 million).

Tuition was \$0.33 million lower than budgeted. This is due to the slower than expected return of the short-term international programs.

Other Revenue was \$0.17 million higher than budgeted. This is due to the recognition of the additional unrestricted portion of the School Generated Funds (\$0.13 million) and increase in cafeteria revenue (\$0.04 million).

Rentals and Leases were \$0.13 million higher than budgeted. This is due to higher daycare rental revenue than anticipated.

Investment Income was \$0.37 million higher than budgeted. This is due to increases in interest rates.

Expenses (Schedules 2B and 2C and Note 19 of the Audited Financial Statements)

Salaries and Benefits

School District #38 (Richmond)							
Operating Fund - Salaries and Benefits							
as at June 30, 2023							
	2022/23	2022/23	2021/22	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	\$	%	\$	%
Teachers	95,722,095	98,639,291	92,250,310	(2,917,196)	-3.0%	3,471,785	3.8%
Principals and Vice Principals	13,548,423	13,508,870	13,701,742	39,553	0.3%	(153,319)	-1.1%
Education Assistants	17,292,212	17,752,293	16,201,765	(460,081)	-2.6%	1,090,447	6.7%
Support Staff	22,037,389	22,235,433	21,621,492	(198,044)	-0.9%	415,897	1.9%
Other Professionals	6,403,064	6,317,640	5,963,090	85,424	1.4%	439,974	7.4%
Substitutes	11,587,316	9,357,279	9,134,873	2,230,037	23.8%	2,452,443	26.8%
Total Salaries	166,590,499	167,810,806	158,873,272	(1,220,307)	-0.7%	7,717,227	4.9%
Employee Benefits	43,367,259	42,306,571	39,212,925	1,060,688	2.5%	4,154,334	10.6%
Total Salaries and Benefits	209,957,758	210,117,377	198,086,197	(159,619)	-0.1%	11,871,561	6.0%

Teacher Salaries were \$2.91 million lower than budgeted due to staffing shortages for qualified teaching positions and recruitment challenges. Unfilled teaching positions were covered by Teacher Teaching On Call (TTOC) and reflected in the substitute salaries.

Principal and Vice Principal Salaries were within budgeted amounts.

Education Assistants Salaries were \$0.46 million lower than budgeted due to shortages of Education Assistants.

Support Staff Salaries were \$0.20 million lower than budgeted due to timing delays in filling available positions.

Other Professionals Salaries were \$0.09 million higher than budgeted due to various payouts and unfilled Integrated Child and Youth positions.

Substitute Salaries were \$2.23 million higher than budgeted due to the increased demand for TTOC to cover vacancies resulting from recruitment challenges in hiring enrolling and non-enrolling teaching positions above.

Employee Benefits were \$1.06 million higher than budgeted due to increased benefit costs.

Services and Supplies

School District #38 (Richmond)							
Operating Fund - Services and Supplies							
as at June 30, 2023							
	2022/23	2022/23	2021/22	Variance from Budget		Variance from Prior Year	
	Actual	Budget	Actual	\$	%	\$	%
Services	8,625,974	7,019,356	7,070,381	1,606,618	22.9%	1,555,593	22.0%
Student Transportation	14,189	14,172	4,088	17	0.1%	10,101	247.1%
Professional Dev and Travel	790,324	1,133,730	569,890	(343,406)	-30.3%	220,434	38.7%
Rentals and Leases	262,883	293,286	254,137	(30,403)	-10.4%	8,746	3.4%
Dues and Fees	127,904	146,681	126,444	(18,777)	-12.8%	1,460	1.2%
Insurance	591,255	529,534	476,883	61,721	11.7%	114,372	24.0%
Supplies	7,160,213	7,889,591	6,764,518	(729,378)	-9.2%	395,695	5.8%
Utilities	3,919,215	4,255,408	4,146,998	(336,193)	-7.9%	(227,783)	-5.5%
Total Services and Supplies	21,491,957	21,281,758	19,413,339	210,199	1.0%	2,078,618	10.7%

Services and supplies were \$0.21 million higher than budgeted due to general cost escalation and inflation.

Accumulated Surplus (Schedule 2 and Note 20 of the Audited Financial Statements)

School District #38 (Richmond)				
Operating Fund - Accumulated Surplus				
as at June 30, 2023				
	2022/23	2021/22	Variance from Prior Year	
	Actual	Actual	\$	%
Internally Restricted Surplus				
Restricted Due to the Nature of Constraints on the Funds				
Budget Appropriation	-	1,896,023	(1,896,023)	-100.0%
Contractual Obligations	395,919	389,191	6,728	1.7%
Targeted Funding	1,614,120	1,155,279	458,841	39.7%
School Generated Funds	2,400,000	2,270,000	130,000	5.7%
	4,410,039	5,710,493	(1,300,454)	-22.8%
Restricted for Anticipated Unusual Expenses				
Addressing Learning Impacts	1,000,000	-	1,000,000	
Emergency Preparedness Initiatives	1,860,000	-	1,860,000	
	2,860,000	-	2,860,000	
Restricted for Operations Spanning Multiple School Years				
Support for Educational Plans	2,025,462	1,665,705	359,757	21.6%
School Funds	2,193,554	2,629,765	(436,211)	-16.6%
Support for Operational Initiatives	1,736,571	1,158,076	578,495	50.0%
Purchase Order Commitments	446,173	262,963	183,210	69.7%
	6,401,760	5,716,509	685,251	12.0%
Total Internally Restricted Operating Fund Surplus	13,671,799	11,427,002	2,244,797	19.6%
Unrestricted Operating Surplus (Deficit)	770,220	1,687,363	(917,143)	-54.4%
Total Operating Fund Accumulated Surplus (Deficit)	14,442,019	13,114,365	1,327,654	10.1%

There are three categories of Internally Restricted Operating Surplus.

1. Restricted Due to the Nature of Constraints on the Fund (\$4.41 million). This includes contractual obligations, targeted funding, and school generated funds.
2. Restricted for Anticipated Unusual Expenses (\$2.86 million). This includes addressing learning impacts, which are variable in nature and impacts of emerging events, such as emergency preparedness initiatives.
3. Restricted for Operations Spanning Multiple School Years (\$6.40 million). This includes schools and department carry-forwards, educational plans and operational initiatives spanning multiple years including technology, and purchase order commitments.

The unrestricted surplus of \$0.77 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, 2023						
	Opening Balance	Revenue	Expenses	Ending Balance	Variance	Comment
<u>Ministry of Education and Child Care Funded</u>						
Annual Facility Grant (AFG)	-	829,289	829,289	-	-	
Learning Improvement Fund (LIF)	229,039	697,164	852,667	73,536	(155,503)	
Strong Start	65,390	233,740	234,597	64,533	(857)	
Ready, Set, Learn	72,275	90,650	127,242	35,683	(36,592)	
Official Languages in Education French Programs (OLEP)	63,140	413,472	476,612	-	(63,140)	
Community LINK	46,979	807,943	854,922	-	(46,979)	
Classroom Enhancement - Staffing	-	37,750,149	37,750,149	-	-	
Classroom Enhancement - Remedy	-	608,635	608,635	-	-	
Classroom Enhancement - Overhead	-	5,022,390	5,022,390	-	-	
Mental Health in Schools	103,752	48,000	105,420	46,332	(57,420)	
Changing Results for Young Children	5,600	11,250	221	16,629	11,029	
Ventilation Fund (Federal)	66,332	-	66,332	-	(66,332)	one-time grant
Early Childhood Education Dual Credit	-	45,000	2,178	42,822	42,822	new grant
Student & Family Affordability	-	1,960,126	1,444,459	515,667	515,667	one-time grant
Just B4 Program	17,480	109,403	113,720	13,163	(4,317)	new grant
Strengthening Early Years to Kindergarten (SEY2KT)	-	19,000	2,137	16,863	16,863	new grant
Early Care & Learning (ECL)	-	175,000	163,985	11,015	11,015	new grant
Provincial Resource Program	234,666	727,164	853,903	107,927	(126,739)	
Provincial Early Years	249,926	392,089	469,556	172,459	(77,467)	
<u>Federal Funded</u>						
LINC/SWIS	58,760	1,720,575	1,705,717	73,618	14,858	
<u>Other</u>						
Scholarships and Bursaries	1,041,183	45,017	6,250	1,079,950	38,767	
School Generated Funds	5,315,989	6,696,882	6,407,625	5,605,246	289,257	
Educational Trust Fund	236,604	435,801	361,474	310,931	74,327	
Total Special Purpose Funds	7,807,115	58,838,739	58,459,480	8,186,374	379,259	

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.
Ventilation Fund (Federal)	COVID-19 pandemic response funding from the federal government (one-time funding). Specifically, this funding is used for school ventilation system improvements.
Early Childhood Education Dual Credit	Support personalized learning and transition pathways from K-12 to post-secondary study for the early childhood education program.
Student & Family Affordability	Increase food security for students and their families, and support students, parents, and guardians with affordability concerns (one-time funding).
Just B4 Program	Support increased opportunities for childcare programs on school grounds.
Strengthening Early Years to Kindergarten (SEY2KT)	Support the transition of children from community based early learning to kindergarten in schools.
Early Care & Learning	Support the expansion of childcare 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 Years	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 20 of the Audited Financial Statements)

Capital Fund Balances are as follows:

School District #38 (Richmond)			
Capital Funds			
as at June 30, 2023			
	June 30, 2023	June 30, 2022	Variance
Ministry of Education and Child Care Restricted Funds			
Bylaw	3,354,152	5,469,715	(2,115,563)
Other	112,336	107,396	4,940
Other Provincial Restricted Funds	3,087,267	1,183,948	1,903,319
Land Capital	14,786,779	12,875,957	1,910,822
Capital Funds Balance	21,340,534	19,637,016	1,703,518

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 \$3.4 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, 2023			
	June 30, 2023	June 30, 2022	Variance
Restricted			
Capital Lease Obligations	8,583,102	7,414,800	1,168,302
Current Capital Projects	19,952,023	24,890,590	(4,938,567)
Future Capital Projects	14,498,889	14,798,889	(300,000)
Contingency Reserves	2,000,000	2,000,000	-
Under Review by Board	3,847,395	3,625,187	222,208
Local Capital Fund Balance	48,881,409	52,729,466	(3,848,057)

The June 30, 2023 local capital balance of \$48.9 million incorporates \$45.1 million of restricted funds and \$3.8 million under review by the Board. Additional funds could be restricted in the future with Board approval for identified projects requiring local capital funding.

Long Term Outlook

In order to effectively manage the District's financial resources, it is crucial to pay close attention to various factors that may have the potential to significantly influence the District's strategic priorities and goals. By proactively addressing these factors diligently, the District can ensure its continued success and sustainability.

Ministry K-12 Education Funding Model

In 2018, the Ministry of Education and Child Care completed its funding model review and accepted the final report titled "Improving Equity and Accountability" in 2018. The report presented 22 recommendations aimed at ensuring equitable access to educational services and enhancing financial and educational outcomes within the system. The recommendations will be implemented through a two-phase approach, following the Ministry's modelling of funding allocations and transitional materials to facilitate a smooth implementation of the new funding model.

The initial phase of implementing the new funding model led to adverse funding changes, notably in the previous Employer Health Tax Grant and Carbon Tax Grant, during the 2019/20 school year. The District had incorporated these funding model adjustments in its subsequent year's budget. In the second phase of implementation, the Ministry will continue working to modernize inclusive education policies, improve the delivery of online learning, and support students' transition to post-secondary and career-focused programs. The impact of the phase two implementation of the funding model is unknown at this time.

Enrolment Growth and School Facility Space Constraint

The City Centre of Richmond has experienced significant enrolment growth due to new developments, putting substantial space pressure on the four area elementary schools: Samuel Brighthouse, William Cook, RC Talmey, and FA Tomsett. In the 2022/23 school year, enrolment in the four elementary schools grew by approximately 15 per cent, leading to the deployment of eight portable classrooms to accommodate the seat shortfall.

Additionally, the implementation of the Memorandum of Agreement (MoA) pursuant to the Letter of Understanding No. 17 to the 2013-2019 BCPSEA-BCTF Provincial Collective Agreement has resulted in increased number of teacher FTEs and the need for additional classroom spaces.

To address the space shortage on a temporary basis, funds have been set aside for relocation and purchase of portable classrooms. The District's Capital Plan, submitted to the Ministry for funding approval, includes plans for adding 23 classrooms to the existing four schools and developing two new elementary schools in the city centre. Capital support from the province is urgently needed to effectively address the space shortage issue.

Recruitment and Retention

The District is expected to face on-going challenges in recruitment and retention due to higher demand for various staffing positions as a result of the enrolment growth, staffing shortages and competitive job markets. Challenges in recruitment include a lack of qualified candidates for specialized roles and the need to maintain an adequate number of Teachers on Call and casual replacement staff to cover absences. The District will maintain its focus on recruiting qualified teaching and support staff.

The District recognizes the importance of succession planning to effectively prepare for and fill potential vacancies in key management, teaching principal and vice principal positions. In response, the District is actively engaged in ongoing efforts to enhance professional and leadership capacity, and provide adequate training and professional development to individuals to meet the evolving demands of the district educational programs.

International Education

The District's International Education Program serves as a significant revenue source, despite a decline in enrolment during the global pandemic. However, there has been a recovery in enrolment in 2022/23, with further anticipated recovery in the coming years. The program is expected to continue facing challenges such as homestay availability, international dynamics, and competition, emphasizing the need for a contingency fund to mitigate potential negative budget impacts. The International Education Department remains dedicated to maintaining a diverse program, including both short-term and long-term program options.

Inflationary Cost Pressures

As of May 2023, the annual (12-month) average index in British Columbia had a 6.4 per cent increase when compared to the previous 12-month average, with an increase of 8.9 per cent for energy price index and 8.8 per cent increase for food price index.

Inflation can have significant impacts on operating and capital costs of the District. Rising construction material and labour costs have resulted in cost escalation on major and minor capital project budget or estimates. This has been reflected in the increased cost estimate in the capital plan submitted to the Ministry in June 2023.

The Annual Facilities Grant has been increased by the Ministry to account for inflation and the need for deferred maintenance for aging school facilities. However, in some cases, the annual operating grant funding provided to school districts may not fully address the effects of inflation. If funding levels do not keep pace with significant rising costs in upcoming years, the District may experience budget constraint to maintain the same level of services and supplies.

The District engages in proactive financial planning to mitigate the negative impact of inflation on its financial results and budgets. This includes forecasting budgeting for inflationary effects, seeking efficiencies in operations, exploring cost-saving measures, advocating for adequate funding, and carefully managing resources to ensure the continued delivery of quality education while minimizing financial strain.

Technology Requirements

Technology infrastructure and systems are essential for the District to support effective educational practices and meet the evolving needs of education and business areas. Some key factors to consider include: infrastructure and connectivity network upgrades and replacement, hardware and device needs, software and digital resources, professional development, technology support, cyber security, and data analytics. The Learning and Business Technology Department is dedicated to maintaining an effective and efficient technology infrastructure and system that effectively supports student learning and operational needs of the District.

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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