



**Financial Statement
Discussion and Analysis**

For the Year Ended June 30, 2021

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2021

The following is a discussion and analysis of the Saanich School District's financial performance for the fiscal year ended June 30, 2021. This report is a summary of the district's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the district's financial statements.

OVERVIEW OF THE SCHOOL DISTRICT

The Saanich School District serves about 8,000 student FTE in: 14 neighborhood schools (8 elementary schools, 3 middle schools, and 3 secondary schools); the Children's Development Centre; the South Island Distance Education School (SIDES); the Individual Learning Centre (ILC), the Continuing Education program; and the Saanich International Student Program.

Strategic Plan 2020 guides the Board of Education and its employees and partners in delivering educational programs through the period 2017/18 to 2021/22. The Strategic Plan is organized around the following four themes:

- Student Success;
- Diversity and Inclusion;
- Relationships and Partnerships; and
- Operational Excellence.

The Board of Education has begun the process to develop its next strategic plan with community consultation planned to occur in the fall of 2021. Under the *School Act* and Policy 2 (Role of the Board), the Board is responsible for the improvement of student achievement, and the strategic plan is the means to achieving this objective.

UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE

Annual surplus and accumulated surplus¹ are key financial statement performance indicators; however, interpreting the meaning of these figures in BC school districts is complicated by the use of fund accounting and deferral accounting. The use of fund accounting means the financial statements of school districts are a consolidation of three separate funds (operating, special purpose and capital), and each of these funds differs with respect to the methods of accounting used and the legislative and other constraints on budgeting and financial results. This means financial performance can only be fully understood by reviewing each fund separately. Financial performance for each fund is reported in the supplementary schedules that follow the notes to the financial statements.

¹ Annual surplus is the extent to which annual revenues exceed expenses. If annual expenses exceed revenues the result is referred to as an annual deficit. An accumulated surplus position is the extent to which revenues from all previous years have exceeded expenses from all previous years. An accumulated deficit position occurs when expenses from all previous years exceed revenues from all previous years. When an accumulated deficit occurs, it means future revenues are needed to pay for past expenditures.

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<p>Operating Fund</p> <p>2021 Revenues: \$81.8 million</p>	<p>Annual program revenues and expenditures are reported within the operating fund and special purpose fund (see below). Annual and accumulated surplus within the operating fund are important indicators of financial performance and financial health for school districts. This is because school districts are not permitted to budget for or incur an <u>accumulated</u> deficit position. This means when a school district has accumulated operating surplus available it can be used to budget for future expenditures and to reduce financial risk associated with unforeseen circumstances.</p>
<p>Special Purpose Fund</p> <p>2021 Revenues: \$15.0 million</p>	<p>The special purpose fund includes targeted grants and school generated revenues that are restricted for a specific purpose. Annual and accumulated surplus is always zero because revenues are recognized only as related expenditures occur (deferral method of accounting). If expenditures for a program within the special purpose fund exceed available revenues, the resulting deficit is transferred to the operating fund, reducing accumulated operating surplus.</p>
<p>Capital Fund</p> <p>2021 Capital Funding Spent: \$6.3 million</p> <p>2021 Capital Assets Purchased: \$8.0 million</p>	<p>The capital fund reports investment in and financing activities related to capital assets. Capital contributions (funding) from the Province are accounted for using the deferral method of accounting, whereby recognition of revenue is spread out over the life of the related capital assets to match with amortization expense, which reflects the use of the asset over its life. This means capital fund revenues are not a reflection of funding actually received in a given year, and annual surplus (deficit) in the capital fund is not a meaningful indicator of annual financial performance.</p>

FINANCIAL HIGHLIGHTS

As reported in the consolidated statement of operations (statement 2), for the year ended June 30, 2021 the district's revenues exceeded its expenses resulting in an annual surplus of \$345,534 (2020 result was a surplus of \$1,724,492). This was comprised of the combined financial results of the operating fund and the capital fund as follows:

Annual Surplus (Deficit)	June 30, 2021	June 30, 2020
Operating Fund	238,630	1,437,525
Capital Fund	106,904	286,967
Combined	345,534	1,724,492

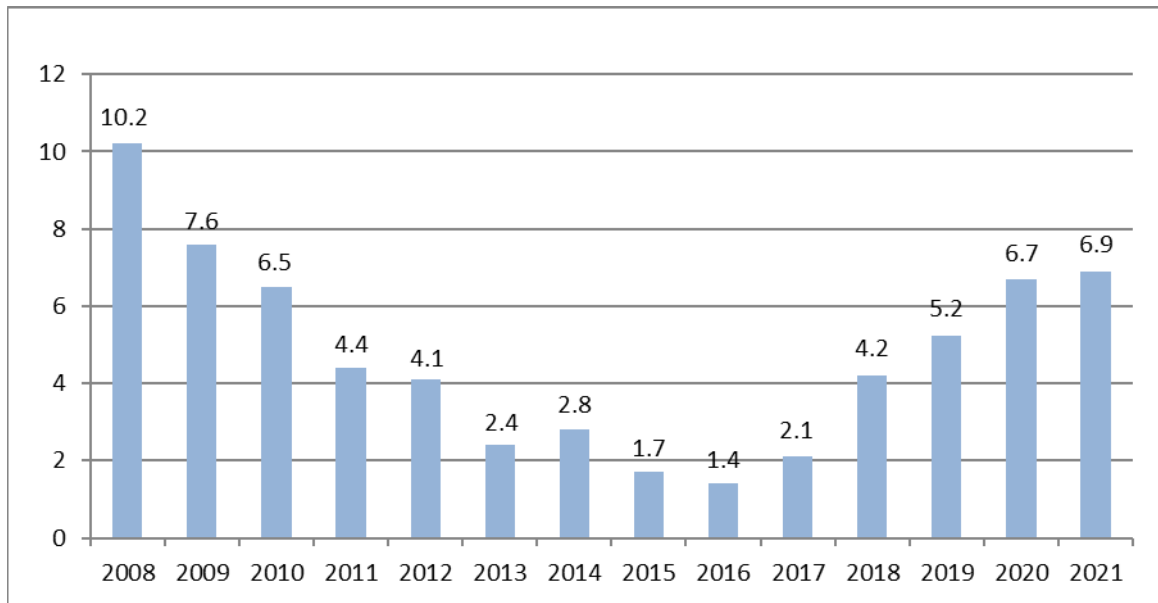
In the operating fund, annual surplus of \$238,630 resulted in an increase to accumulated operating surplus from \$6,678,078 at the beginning of the year to \$6,916,708 as at June 30, 2021.

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This result exceeded the forecast expectation reflected in 2021/22 budget planning (spring 2021) that accumulated operating surplus would decline below \$6 million. This occurred primarily because of increased grant and other revenues, and because actual employee benefit costs were below forecast.

Historical accumulated operating surplus from 2008 to 2021 is presented in Exhibit 1.

Exhibit 1: Accumulated Operating Surplus (\$ millions) by Fiscal Year

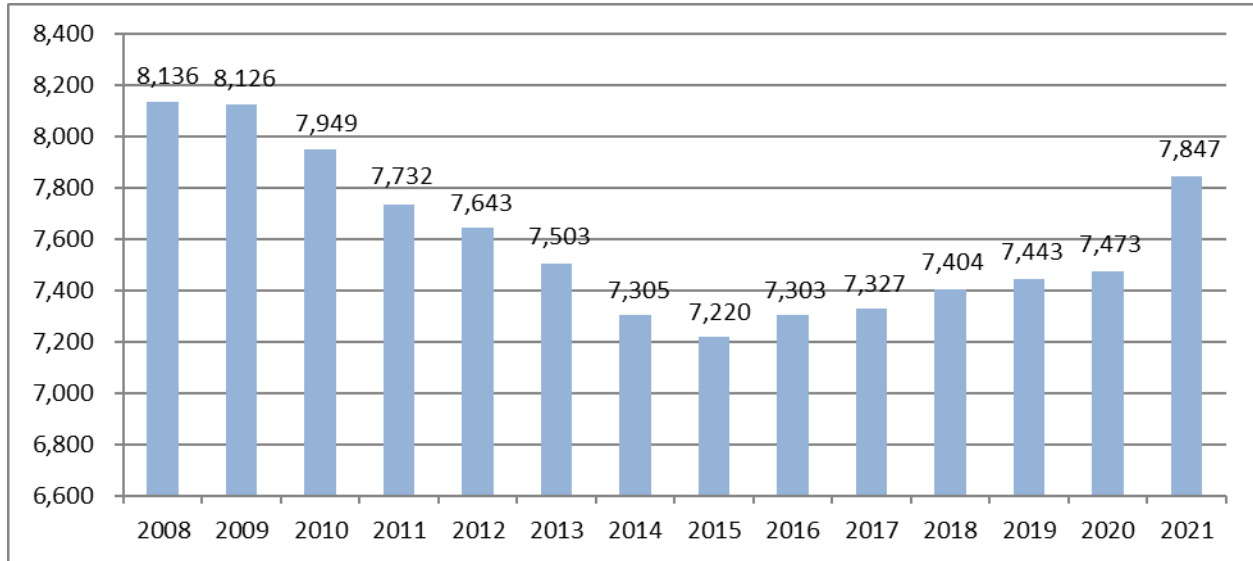


Provincial operating grants, which comprise approximately 85% of total operating fund revenues, are determined largely based on student enrolment. In BC, funding increases or decreases with enrolment to a greater degree than program costs vary with enrolment. This means that when enrolment declines financial pressure results, and when enrolment grows there is generally increased financial flexibility. While enrolment growth beginning in 2016 (see Exhibit 2) contributed to accumulated surplus growth beginning in 2017, the Board has also increased accumulated operating surplus by building appropriate contingency reserves (per Board Policy 19) to reduce financial risk and to protect future program stability.

In 2020/21 the district experienced significant net enrolment growth attributable to the pandemic. This was driven by significant enrolment growth at SIDES (online learning), which was only partially offset by pandemic related enrolment decline in neighbourhood schools. While not reflected in Exhibit 2, the district also experienced a significant decline in international student enrolment and related tuition revenues.

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Exhibit 2: Funded FTE Enrolment by Fiscal Year



For budget planning purposes the district is conservatively forecasting that enrolment will return closer to pre-pandemic levels over the next few years, and that longer term the number of school-age children in the district will likely stabilize and may decline.

Capital Investment

During the year ended June 30, 2021, the district invested \$8.0 million in capital additions that were funded by: Provincial capital funding (\$6.3 million), ministry restricted capital² (\$0.2 million), the operating fund (\$1.2 million), and the special purpose fund (\$0.3 million). Capital additions during the year included the following projects:

Project	Total Budgeted Cost	Invested in 2021/22	Completion Date
Children’s Development Centre Replacement	\$4.3m	\$2.5m	Fall 2021
Portables for Child Care (MCFD Child Care Capital Funding)	\$3.2m	\$1.4m	Winter 2021
Dust Extraction Equipment Replacement	\$1.4m	\$0.8m	Fall 2020
Computer Hardware Upgrades	\$0.8m	\$0.8m	Ongoing
Roof Replacements	\$0.6m	\$0.5m	Ongoing
School Buses	\$0.4m	\$0.4m	Ongoing

² Ministry restricted capital is generated primarily from capital project savings and proceeds of asset dispositions that are allocated to the Minister of Education pursuant to the School Act.

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2020/21 Significant Financial Events

In 2020/21, the pandemic was the most significant event impacting school district operations resulting in numerous financial impacts including the following:

- **Enrolment and Funding** – Enrolment at SIDES (on-line learning) increased significantly with 2020/21 enrolment 102% or 604 FTE higher than was forecasted in the preliminary budget. This was partially offset by a 4% or 287 FTE decline in neighbourhood school enrolment relative to preliminary budget. While enrolment based funding increased overall, net financial pressure resulted because of the need for more staff at SIDES and because staffing levels were maintained in neighbourhood schools as enrolment fluctuation occurred following school start-up.
- **International Program Enrolment and Revenues** – travel restrictions implemented at the onset of the pandemic had a significantly negative impact on 2020/21 international program enrolment and revenues. Actual enrolment during the year was approximately 140 FTE in comparison to 320 FTE in 2019/20.
- **Targeted Pandemic Funding** – in 2020/21 the district received \$3.6 million in funding from the Federal and Provincial governments targeted to pandemic costs including additional educational program and health and safety costs. This funding and related costs were reported in the special purpose fund.
- **Educational Programs** – the district implemented a remote learning program as an alternative to in-person instruction, and additional program supports to engage students learning remotely and to support transition back into in-person learning. Targeted pandemic funding was also used to fund neighbourhood school staffing in excess of funded enrolment.
- **Health and Safety** – additional health and safety measures were implemented in 2020/21 including: enhanced cleaning, personal protective equipment, plexiglass barriers, improved hand hygiene, upgraded HVAC filters, increased fresh air circulation, and modified school schedules to implement limited cohort sizes (this required additional staffing including for supervision and transportation).

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FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

In this section, actual results are compared to the prior year and budget (where applicable) in more detail. For the statement of operations, the analysis is performed for each of the three funds.

Statement of Financial Position (All Funds)

The table below includes explanations for significant variances in the consolidated statement of financial position (statement 1) relative to the prior year.

	2021	2020	Analysis of Variance
Cash	21,776,190	22,220,286	Decreased by \$0.4 million due to the construction security deposit, and the timing of cash receipts and disbursements offsetting \$0.3 million growth in accumulated surplus.
Construction Security Deposit	421,300	-	Increased by \$0.4 million due to a required construction security deposit with the District of Saanich related to the replacement of the Children's Development Centre.
Unearned Revenue	4,194,914	3,290,886	Increased by \$0.9 million due to increased international program enrolment for 2021/22 relative to 2020/21.
Tangible Capital Assets	149,456,681	147,721,235	Increased by \$1.7 million due to capital investment (\$8.0 m) offset by amortization of capital assets (\$6.3m).

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Statement of Operations by Fund – Operating Fund

	Amended Budget 2020/21	Actual 2020/21	Actual 2019/20	Actual 2018/19
Revenues	79,229,157	81,844,847	78,169,407	78,720,301
Expenses and fund transfers	<u>85,183,533</u>	<u>81,606,217</u>	<u>76,731,882</u>	<u>77,677,739</u>
Surplus (Deficit)	(5,954,376)	238,630	1,437,525	1,042,562
remove surplus carry-forwards	<u>1,754,693</u>			
Annual Operating Surplus (Deficit)	(4,199,683)	238,630	1,437,525	1,042,562
Opening Accumulated Surplus	<u>6,678,078</u>	<u>6,678,078</u>	<u>5,240,553</u>	<u>4,197,991</u>
Closing Accumulated Surplus	2,478,395	6,916,708	6,678,078	5,240,553

The 2020/21 Amended Budget included as a source of funding appropriation of \$5,954,376 in accumulated operating surplus comprised of: \$1,754,693 for district and school program carry-forwards, and \$4,199,683 to balance the 2020/21 budget. While a sustainable appropriation of accumulated surplus to balance the budget should be below \$1 million, this larger appropriation was necessary to maintain program continuity while reflecting the potential financial impact of the pandemic.

Appropriation of accumulated surplus for carry-forwards is a mechanism for funding initiatives and programs that span more than one fiscal year. When comparing actual results to budget it is important to understand that carry-forward balances are reflected as expenditures in the budget, and that actual expenditures will always be lower than budget by the amount that carry-forward balances are maintained at year-end. While carry-forward balances may increase or decrease, it is expected that they will be maintained over time. As shown in the table above, if the opening carry-forward balances had remained unchanged during the year, the adjusted budgeted operating deficit would be \$4,199,683. Actual results, a surplus of \$238,630, exceeded this amount by \$4,438,313. This difference consisted primarily of grant and other revenues exceeding budget by \$2.6 million; teacher salary costs \$1.0 million being below budget, and benefit costs being below budget by \$1.0 million.

Detailed information on the operating fund is presented in schedules 2 to 2C following the notes to the financial statements. Revenues, expenditures and accumulated operating surplus are analysed in greater detail below.

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Operating Fund Revenues

A high level summary of operating fund revenues is presented below and explanations of significant variances follows. A more detailed presentation of operating revenues is presented in schedule 2A following the notes to the financial statements.

	Amended Budget 2020/21	Actual 2020/21	Amended Budget 2019/20	Actual 2019/20
Grant Revenue	73,041,921	74,419,663	65,146,418	66,403,355
Tuition Revenue (International Program)	1,627,500	2,024,160	4,744,000	4,698,186
Other Revenue	3,970,465	4,826,084	6,681,827	6,334,392
Rentals and Leases	390,000	357,692	380,000	378,889
Investment Income	200,000	217,248	350,000	354,585
Total Revenues	79,229,157	81,844,847	77,302,245	78,169,407

Grant Revenues:

Budgeted grant revenues in 2020/21 were \$7.9 million higher than the 2019/20 budget primarily due to: increased funding rates (\$2.7 million), September enrolment growth (\$1.7 million), and grant reductions in 2019/20 (prior year) related to strike savings (\$3.5 million).

Actual 2020/21 grant revenues exceeded 2020/21 budget by \$1.4 million because Graduated Adult and February/May enrolment based funded exceeded budget (\$0.7 million), “holdback” funding announced in April and June (\$0.2 million), reduced reclassification of enrolment to Local Education Agreement in other revenues (\$0.2 million), and other grant adjustments.

Tuition Revenues:

Budgeted tuition revenues in 2020/21 were \$3.1 million below 2019/20 budget due to the negative impact of the pandemic, which reduced budgeted enrolment from 320 FTE in 2019/20 to 110 FTE in 2020/21. Actual 2020/21 tuition revenues were \$0.4 million above budget as enrolment in 2020/21 (approx. 140 FTE) exceeded budgeted enrolment by approximately 30 FTE.

Other Revenues:

Budgeted other revenues in 2020/21 were \$2.7 million below 2019/20 budget due the negative impact of the pandemic reducing international student homestay fee revenues (\$2.2 million), and reducing miscellaneous and school generated revenues (\$0.5 million). Actual 2020/21 revenues exceeded budget by \$0.9 million primarily because homestay fees exceeded budget (\$0.4 million), and miscellaneous and school generated revenues exceeded budget (\$0.5 million). It is

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common for miscellaneous revenues to exceed budget, as it includes unbudgeted grants which vary from year to year.

Operating Fund Expenses

Expenses in the financial statements are presented both by object (category of expense) and by function (program). Operating fund expenses are presented below using each method with explanations of significant variances following. A more detailed presentation of operating expenses is presented in schedules 2B and 2C following the notes to the financial statements.

Analysis of Variances by Object

Operating Fund Expenditure by Object	Amended Budget 2020/21	Actual 2020/21	Amended Budget 2019/20	Actual 2019/20
Salaries				
Teachers	35,211,960	34,200,530	30,362,789	30,506,920
Principals and Vice Principals	4,523,136	4,492,357	4,328,314	4,408,634
Education Assistants	5,488,364	5,257,581	5,176,360	4,733,578
Support Staff	8,674,131	8,571,844	7,861,798	7,963,113
Other Professionals	3,122,822	3,146,791	2,854,243	2,919,741
Substitutes	2,933,843	3,069,686	2,455,348	2,445,883
Total Salaries	59,954,256	58,738,789	53,038,852	52,977,869
Employee Benefits	15,167,502	14,150,729	13,941,284	12,903,068
Total Salaries and Benefits	75,121,758	72,889,518	66,980,136	65,880,937
Service and Supplies expense	9,564,634	7,353,874	13,382,286	9,081,506
Fund transfers (schedule 2)	497,141	1,362,825	480,376	1,769,439
Total Service and Supplies and fund transfers	10,061,775	8,716,699	13,862,662	10,850,945
Total Operating Expenditure	85,183,533	81,606,217	80,842,798	76,731,882

Salaries – Teachers

Budgeted teacher salary expense in 2020/21 was \$4.9 million higher than budgeted expense in 2019/20 due to: wage increases (\$1.2 million), increased teacher positions in 2020/21 by 19 FTE (\$1.6 million), and because 2019/20 (prior year) expenses were lower by \$2.2 million due to the 3 week CUPE job action.

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Actual teacher salary cost in 2020/21 was \$1.0 million below budget primarily due to increased allocation of federal pandemic funds (relative to budget) to cover operating fund teacher staffing cost in excess of funded enrolment. This increased allocation was possible because the remote learning program (also funded by federal pandemic funds) cost less than had been budgeted.

The district is funded for 60.7 teacher FTE through the Classroom Enhancement Fund (CEF) for the restoration of class size and composition language. The CEF and related costs are reported in the special purpose fund and are not reflected in the operating fund figures reported above. In 2020/21 additional teacher costs including those related to the remote learning program were also reported in the special purpose fund and funded by targeted pandemic funding.

Salaries – Principals and Vice Principals (PVP)

Budgeted PVP salary expense in 2020/21 was higher than budgeted expense in 2019/20 by \$0.2 million primarily due to inflationary and step salary increases (\$0.25 million). Actual 2020/21 expense was consistent with budget.

Salaries – Education Assistants (EA)

Budgeted EA salary expense in 2020/21 exceeded budgeted expense in 2019/20 by \$0.3 million. This net increase was primarily due to: wage increases of \$0.3 million; budgeted FTE reduction in 2020/21 of \$0.2 million; and reduced budget in 2019/20 (prior year) reflecting strike savings (3 week CUPE job action) of \$0.3 million.

In 2020/21 actual expense was below budget by \$0.2 million primarily due to hiring lag and unpaid leaves.

Salaries – Support Staff

Budgeted EA salary expense in 2020/21 exceeded budgeted expense in 2019/20 by \$0.8 million, due to wage increases \$0.4 million, and reduced budget in 2019/20 (prior year) reflecting strike savings (3 week CUPE job action) of \$0.4 million. Actual 2020/21 expense was consistent with budget.

Salaries – Other Professionals

Budgeted other professional salary expense in the 2020/21 amended budget exceeded the 2019/20 amended budget by \$0.3 million primarily due to inflationary and step salary increases (\$0.2 million), and increased educational excluded staff FTE (\$0.1 million) including a new Indigenous Education Coordinator position and increased psychologist FTE. Actual 2020/21 expense was consistent with budget.

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Salaries –Substitutes

Actual substitute expenditures can exceed budget for two reasons: (1) another budget is used to fund additional substitute expenditure; or (2) replacement cost for illness exceeds budget.

Other budgets are commonly used to fund additional substitute cost. For example, a school or department may use a service and supplies budget to fund additional substitute cost so that teachers can work on curriculum implementation or other projects. Another example is use of support staff salary and benefit budget to fund substitute salaries when a position is vacant. In either of these scenarios, the overage in substitute costs (relative to budget) is offset by an underage in another budget line. However, this is not the case when substitute costs for illness exceeds budget. When actual replacement cost for illness exceeds budget it reduces the overall annual surplus of the school district.

Budgeted substitute salary expense in 2020/21 exceeded budgeted expense in 2019/20 by \$0.5 million primarily due to wage increases (\$0.1 million), increased budget due to more staff and being in a pandemic (\$0.2 million) and because the 2019/20 budget (prior year) was reduced reflecting strike savings (3 week CUPE job action) of \$0.2 million. Actual expense in 2020/21 exceeded budget by \$0.1 million, which is attributed to pandemic related factors.

Employee Benefits

Budgeted employee benefits expense in 2020/21 exceeded budgeted expense in 2019/20 by \$1.2 million primarily due to: benefit costs attributable to increased teacher staffing in 2020/21 (\$0.4 million); benefit costs attributable to wage increases (\$0.5 million); lower budgeted expense in 2019/20 (prior year) due to strike savings (\$0.5 million); and offset by a net benefit plan cost decrease in 2020/21 (\$0.2 million).

Actual expense in 2020/21 was about \$1.0 million below budget due to a number of factors, the most significant being reduced medical and dental plan usage (\$0.6 million) attributable to the pandemic.

Total Service and Supplies and Fund Transfers

For the purpose of this analysis, fund transfers are combined with service and supply expense because fund transfers relate primarily to the purchase of capital assets from service and supply budgets in the operating fund.

It is expected actual service and supply expenditures will be less than budget as most surplus carry-forward balances are included as service and supply expenditure in the budget and are not fully spent. Also, service and supply budgets commonly fund other expenditures such as substitute costs.

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Budgeted expense in 2020/21 was \$3.8 million lower than budgeted expense in 2019/20. The largest contributor to this decrease were reduced international program service and supply budgets due to decreased enrolment (\$2.7 million reduction relating mostly to homestay fees). Other significant contributors were reduction to the IT infrastructure budget by \$250,000 in 2020/21 as a measure to offset the financial impact of the pandemic, and that the 2019/20 budget (prior year) included a one-time allocation of \$650,000 to fund the purchase of portable classrooms.

In 2020/21, actual service and supply expenditures including fund transfers were below budget by \$1.3 million. In recent years this difference has been larger: 19/20 - \$3.0 million (unusually high due to Covid closure); 18/19 - \$2.8 million; and 17/18 - \$1.7 million. This smaller difference in 2020/21 is attributable to international program enrolment exceeding budget by 30 FTE. With this additional enrolment, international service and supply expense exceeded budget by \$0.35 million; whereas in a typical year this would be below budget.

Analysis of Variances by Function

Operating Fund Expenditure by Function	Amended Budget 2020/21	Actual 2020/21	Amended Budget 2019/20	Actual 2019/20
Instruction	70,772,816	67,638,912	66,419,590	62,800,277
District Administration	3,268,476	2,949,823	2,907,109	2,906,935
Operations and Maintenance	9,250,391	8,238,835	9,648,093	7,973,447
Transportation	1,394,709	1,415,822	1,387,630	1,281,784
Fund transfer	497,141	1,362,825	480,376	1,769,439
Total	85,183,533	81,606,217	80,842,798	76,731,882

Instruction – 2020/21 budgeted expenditures exceed 2019/20 budgeted expenditures by \$4.4 million. This reflects the increased staffing budgets (particularly teachers); offset by lower international program service and supply budgets. In 2020/21 instruction expense was less than budget by \$3.1 million and in 2019/20 it was less than budget by \$3.6 million.

District Administration – Actual district administration expense in 2020/21 were lower than budget by \$0.3 million attributable to lower employee benefit cost and lower service and supply expenditures.

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Operations and Maintenance and Fund Transfer – Fund transfers primarily represent operations and maintenance expenditures that meet the criteria for capitalization. When Operations and Maintenance expense is combined with fund transfers, expenditure was \$0.15 below budget, attributable primarily to employee benefit costs being below budget.

Accumulated Operating Surplus

Understanding the components of accumulated operating surplus is necessary for knowing how much of the balance relates to multi-year funding of programs (surplus carry-forwards) and how much of the balance is available to reduce financial risk associated with unforeseen expenditures or to fund additional expenditures in the future. The components of closing accumulated surplus are presented in the table below:

	2020/21 Financial Statements	2020/21 Amended Budget (Feb 2021)	2019/20 Financial Statements
District Activities (multi-year funding)	984,527	886,264	886,264
School Activities (multi-year funding)	694,213	868,429	868,429
Learning Impacts of Pandemic	234,849	-	-
Appropriated for Budget in Following Year	2,757,247	4,199,683	3,066,022
Total Internally Restricted	4,670,836	5,954,376	4,820,715
Contingency Reserve (Unappropriated Surplus)	723,702	723,702	700,000
Unrestricted Surplus	1,522,170	-	1,157,363
Total Accumulated Surplus	6,916,708	6,678,078	6,678,078

The middle column shows how the 2019/20 (prior year) balances were allocated in the 2020/21 amended budget adopted by the Board in February 2021. The 2020/21 Amended Budget included appropriation of \$4,199,683 to fund continuing expenditures. While a sustainable appropriation of surplus to balance the budget should be below \$1 million, this larger appropriation was necessary to maintain program continuity while reflecting the potential financial impact of the pandemic. To facilitate a larger appropriation of accumulated surplus in 2020/21, the contingency reserve was reduced from \$1.7 million to \$0.7 million.

The 2021/22 preliminary budget was balanced through appropriation of \$2,757,247 in forecasted closing accumulated surplus. As actual results in 2020/21 were more favourable than the forecast informing 2021/22 budget planning, there is an additional \$1,522,170 in unrestricted

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accumulated surplus available to fund increased contingency reserve and/or additional expenditures. Allocation of residual unrestricted accumulated surplus will be revisited in the fall following confirmation of fall enrolment and funding.

Statement of Operations by Fund – Special Purpose Fund

	Amended Budget 2020/21	Actual 2020/21	Amended Budget 2019/20	Actual 2019/20
Provincial Grants	11,504,487	12,936,789	8,762,541	8,835,766
Other Revenues	2,863,613	2,023,812	3,504,000	2,732,671
Expenditures	(14,141,752)	(14,702,497)	(12,266,541)	(11,542,984)
Fund transfers	(226,348)	(258,104)	-	(25,453)
Annual Surplus (Deficit)	-	-	-	-

Grant revenues and expenditures in the special purpose fund increased significantly with \$3,558,292 in federal and provincial funding received in 2020/21 for pandemic response. Actual revenues exceeded budget because the second instalment of the federal pandemic funding was confirmed following adoption of the budget. This funding was used for pandemic related costs including enhanced educational programs and health and safety (see further description in 2020/21 Significant Financial Events section on page 5).

Other revenues were below budget due to the negative impact of the pandemic on school generated revenues.

Detailed information on the special purpose fund is presented in schedules 3 to 3A following the notes to the financial statements.

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Statement of Operations by Fund – Capital Fund

	Amended Budget 2020/21	Actual 2020/21	Amended Budget 2019/20	Actual 2019/20
Revenues	4,784,792	4,787,645	4,183,304	4,519,075
Expenses	6,301,668	6,301,670	(6,027,000)	(6,027,000)
Fund Transfers (capital assets purchased in other funds)	<u>723,489</u>	<u>1,620,929</u>	<u>480,376</u>	<u>1,794,892</u>
Change in Accumulated Surplus	(793,387)	106,904	(1,363,320)	286,967
Opening Accumulated Surplus	<u>27,785,801</u>	<u>27,785,801</u>	<u>27,498,834</u>	<u>27,498,834</u>
Closing Accumulated Surplus	26,992,414	27,892,705	26,135,514	27,758,801

It is expected that revenues and expenses in the capital fund will be predictable and consistent, as they reflect the recognition of capital funding (as revenue) and the usage of capital assets over their life (as amortization expense).

During the year ended June 30, 2021, the district invested \$8.0 million in capital additions. Further details are presented in the Financial Highlights section.

Within the capital fund the following two balances are important as they represent funds available for future capital investment:

- Local Capital Reserve – this balance forms part of accumulated surplus in the capital fund and represents funds available for future investment in capital assets. These funds are generated primarily from allocation of lease revenues designated for future asset renewal.
- MEd Restricted Capital – this balance forms part of the deferred capital revenue balance in the capital fund and represents funds available for investment in capital assets at the discretion of the Ministry of Education. These funds are generated primarily from capital project savings.

The table below presents the June 30, 2021 closing balances in Local Capital and MEd Restricted Capital and what portion of the balances remains uncommitted for future capital investment.

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	Local Capital	MEd Restricted Capital
Balance at June 30, 2021	244,837	47,297
Committed for future investment	244,837	47,297
Uncommitted Balance	-	-

The local capital balance consists of the accumulated allocation of lease revenues for the future renewal of leased space, and remaining MEd Restricted Capital has been committed to the Children’s Development Centre replacement project.

Detailed information on the capital fund is presented in schedules 4 to 4D following the notes to the financial statements.

CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District’s stakeholders with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Office of the Secretary Treasurer at 250-652-7332.