



**Financial Statement  
Discussion and Analysis**

**For the Year Ended June 30, 2020**

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

The following is a discussion and analysis of the Saanich School District’s financial performance for the fiscal year ended June 30, 2020. 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 more than 7,700 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 2020/21. The Strategic Plan is organized around the following four themes under which detailed goals with measurable objectives have been developed:

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

**UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE**

Annual surplus and accumulated surplus<sup>1</sup> 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.

<b>Operating Fund</b>	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
2020 Revenues: \$78.2 million	

<sup>1</sup> 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.

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

	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.
<b>Special Purpose Fund</b>  2020 Revenues: \$11.6 million	The special purpose fund includes grants and school generated funds 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.
<b>Capital Fund</b>  2020 Capital Funding Received or Receivable: \$6.3 million  2020 Capital Assets Purchased: \$6.9 million	<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 capital funding revenue is spread out over the life of the related capital assets to match with the 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. Also, capital revenues only offset amortization expense in the capital fund to the extent assets were funded by provincial capital grants. As many capital investments are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund), the capital fund normally reports an annual deficit.</p> <p>In short, capital fund revenues, expenses and annual surplus (deficit) are not a meaningful indicator of annual financial performance.</p>

**FINANCIAL HIGHLIGHTS**

As reported in the Statement of Operations, for the year ended June 30, 2020 the district's revenues exceeded its expenses resulting in an annual surplus of \$1,724,492 (2019 result was a surplus of \$162,543). This was comprised of the combined financial results of the operating fund and the capital fund as follows:

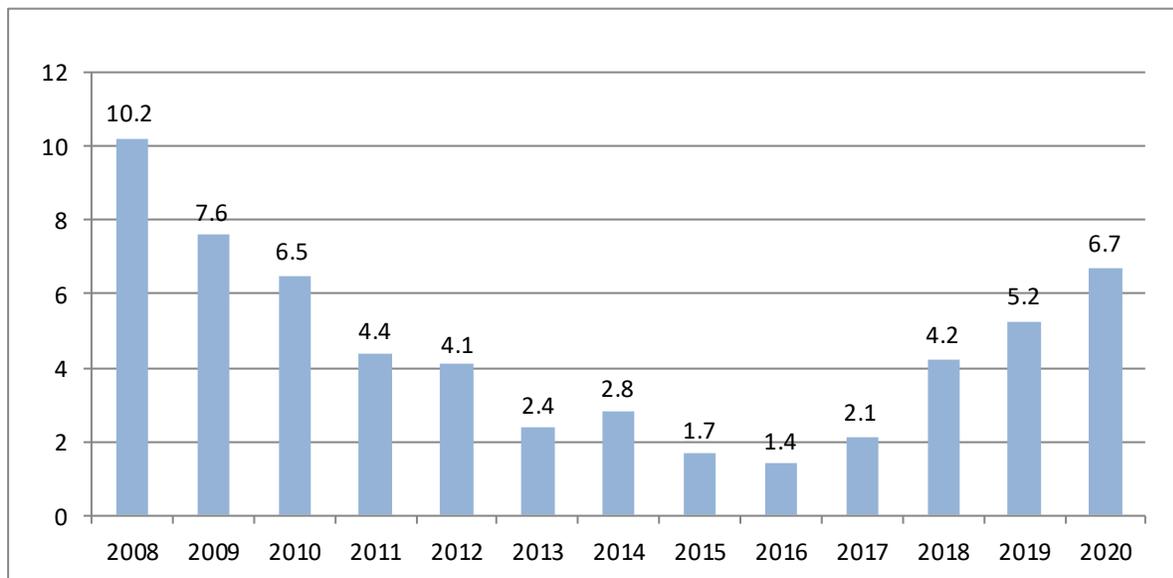
Annual Surplus (Deficit)	June 30, 2020	June 30, 2019
<b>Operating Fund</b>	<b>1,437,525</b>	<b>1,042,562</b>
Capital Fund	286,967	(880,019)
Combined	1,724,492	162,543

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

In the operating fund, annual surplus of \$1,437,525 resulted in an increase to accumulated operating surplus from \$5,240,553 at the beginning of the year to \$6,678,078 as at June 30, 2020. This growth exceeded the forecast expectation (May 2020) that accumulated operating surplus would likely grow more modestly. This occurred because grant revenues exceeded budget, and because employee benefit costs and service and supplies expenses were lower than budget and forecast, in part due to the pandemic.

Historical accumulated operating surplus from 2008 to 2020 is presented in Exhibit 1.

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

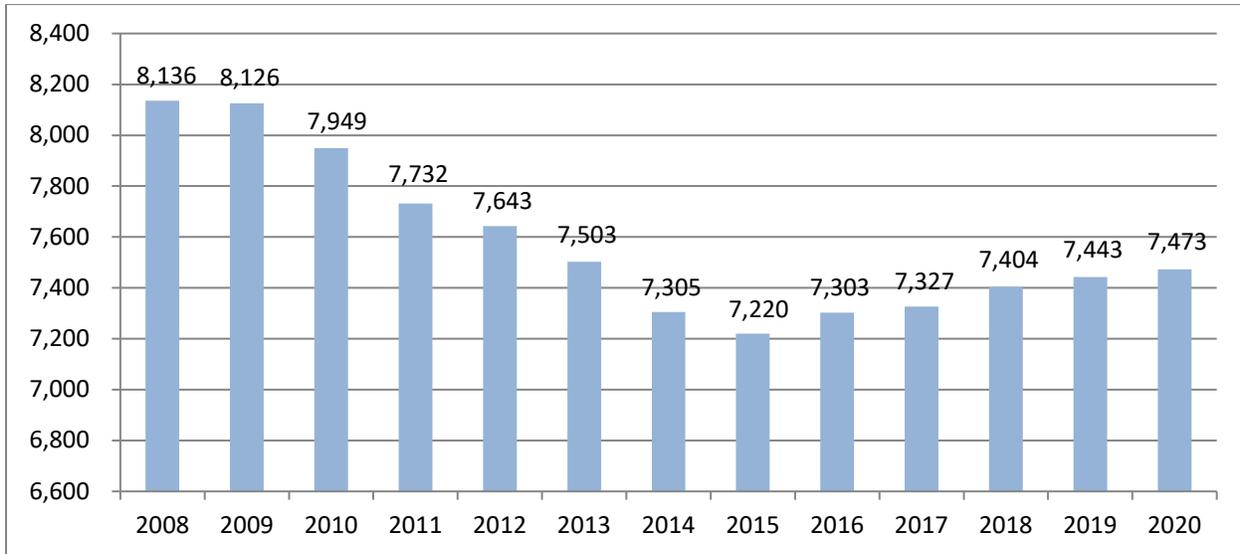


This historical depletion of accumulated operating surplus up until 2015 was largely the result of the combined effect of declining student enrolment and funding rates that did not pace inflation. Provincial operating grants, which comprise approximately 85% of total operating fund revenues, are determined largely based on student enrolment. As enrolment and funding declines, financial pressure results because many program expenditures such as facility and administration costs do not vary directly with student enrolment. Conversely, as enrolment grows financial flexibility improves.

While enrolment growth beginning in 2016 (see Exhibit 2) has contributed to accumulated surplus growth beginning in 2017, the district has also intentionally increased accumulated operating surplus by building appropriate contingency reserves (per Board Policy 2050) to reduce financial risk and to protect future program stability. Enrolment is forecasted to remain stable or grow modestly over the next 5 years. However, as discussed in the significant events section, the pandemic is expected to have an impact on enrolment and revenues for the 2020/21 school year.

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

**Exhibit 2: Funded FTE Enrolment by Fiscal Year**



Capital Investment

During the year ended June 30, 2020, the district invested \$6.9 million in capital additions that were funded by: Provincial capital funding (\$5.1 million), ministry restricted capital<sup>2</sup> (\$0.1 million) and the operating fund (\$1.7 million). Capital additions during the year included the following projects:

Project	Total Budgeted Cost	Invested in 2019/20	Completion Date
Keating Elementary Seismic Mitigation and 4 Classroom Addition	\$6.2m	\$1.1m	September 2019
Children's Development Centre Replacement	\$4.3m	\$0.3m	Fall 2021
Portables for Child Care (MCFD Child Care Capital Funding)	\$3.2m	\$0.9m	Fall 2020
Dust Extraction Equipment Replacement	\$2.2m	\$1.1m	Ongoing
Computer Hardware Upgrades	\$0.8m	\$0.7m	Ongoing
Portable Classrooms (enrolment growth)	\$0.7m	\$0.5m	Fall 2020

<sup>2</sup> 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.

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

Significant Financial Events

- **COVID-19 pandemic** – There were a number of operational and financial implications associated with the suspension of in-class instruction (from March 30 to May 30, 2020), and with providing continuity of educational opportunities, and additional support for vulnerable students and children of essential workers. This resulted in some additional costs, offset by savings in other areas including employee benefit costs, fuel/utilities and services and supplies. While the implementation of federal travel restrictions did not materially impact the 2019/20 fiscal year, it will significantly reduce international student enrolment and tuition revenue in the 2020/21 fiscal year, and possibly beyond. The 2020/21 preliminary budget reflects a \$2.4 million reduction to budgeted international program revenues. In order to increase accumulated operating surplus available to offset future revenues losses, from April to June 2020 the district restricted non-essential expenditures. Restriction of non-essential expenditures and other net cost savings resulted in a greater than forecasted growth in accumulated operating surplus in fiscal 2019/20.
- **CUPE Job Action** – In the fall of 2019, CUPE job action resulted in a 3-week school closure with both CUPE and Teachers on the picket lines. The Ministry of Education reduced the district’s funding to reflect the net reduction to operating costs.
- **Ratification of Teacher and CUPE collective agreements** – New collective agreements (July 1, 2019 to June 30, 2022) were ratified and implemented before the end of the 2019/20 fiscal year.
- **Long Range Facilities Plan** – The Board approved an updated [Long Range Facilities Plan](#) in May 2020. A key risk identified in the plan is the need to address over-capacity in south zone elementary schools. To address this risk the district is undertaking a boundary review in the fall of 2020; installing three portable classrooms at elementary schools in the south zone for September 2020; and working on plans for permanent expansion.
- **Funding Formula Review** – In February 2020, the Ministry of Education announced the implementation of certain recommendations from the funding model review. The Ministry confirmed they would not implement recommendations related to funding by headcount or the prevalence model for funding unique needs for the 2020/21 year. These and other recommendations may be implemented after further review in phase 2 of the project. The Ministry is implementing certain accountability recommendations (not related to the calculation of funding) and targeted funding for children and youth in care.

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

**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 statement of financial position relative to the prior year.

	<b>2020</b>	<b>2019</b>	<b>Analysis of Variance</b>
Cash	22,220,286	20,739,191	Increased by \$1.5 million due to increased accumulated surplus and the timing of cash receipts and disbursements.
Due from Province – Ministry	928,267	1,918,031	Decreased by \$1.0 million due to fewer active capital projects in progress at year-end and a lower classroom enhancement fund receivable.
Accounts Receivable - Other	\$1,836,422	1,363,115	Increased by \$0.5 million primarily due to growth of the medical and dental benefit plan surplus by \$0.6 million. This growth is attributable to reduced benefit plan usage during the pandemic.
Unearned Revenue	3,290,886	5,205,571	Decreased by \$1.9 million due to decreased international student registrations for the 2020/21 school year. This decrease is attributable to study permit restrictions as a result of the pandemic.
Deferred Capital Revenue	121,643,187	119,848,134	Increased by \$1.8 million primarily due to capital funding received (\$6.3m) offset by amortization of capital funding revenue (\$4.4m).
Tangible Capital Assets	147,721,235	146,812,713	Increased by \$0.9 million due to capital investment (\$6.9m) offset by amortization of capital assets (\$6.0m).

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

**Statement of Operations by Fund – Operating Fund**

	Amended Budget 2019/20 (Adjusted)	Actual 2019/20	Actual 2018/19	Actual 2017/18
Revenues	77,302,245	78,169,407	78,720,301	76,601,225
Expenses and fund transfers	80,842,798	76,731,882	77,677,739	74,449,442
Surplus (Deficit)	(3,540,553)	1,437,525	1,042,562	2,101,783
remove surplus carry-forwards	1,628,489			
<b>Annual Operating Surplus (Deficit)</b>	<b>( 1,912,064)</b>	<b>1,437,525</b>	<b>1,042,562</b>	<b>2,101,783</b>
Opening Accumulated Surplus	5,240,553	5,240,553	4,197,991	2,096,208
<b>Closing Accumulated Surplus</b>	<b>3,328,489</b>	<b>6,678,078</b>	<b>5,240,553</b>	<b>4,197,991</b>

The 2019/20 Amended Budget included, as a source of funding, appropriation of \$3,540,553 in accumulated operating surplus comprised of: \$1,628,489 for district and school program carry-forwards, \$650,000 allocated to purchase portable classrooms and \$1,262,064 to balance the 2019/20 budget.

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 \$1,912,064<sup>3</sup>. Actual results, a surplus of \$1,437,525, exceeded this amount by \$3,349,589. This difference consisted primarily of: revenues exceeding budget by \$0.9 million; benefit costs below budget by \$1.0 million, and service and supply expenses below expectation (assuming consistent carry-forward balances) by \$1.4 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.

<sup>3</sup> Equal to accumulated surplus appropriated to balance the budget (\$1,262,064) and accumulated operating surplus allocated to purchase portable classrooms for the 2020/21 school year (\$650,000).

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

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 2019/20	Actual 2019/20	Amended Budget 2018/19	Actual 2018/19
Grant Revenue	65,146,418	66,403,355	65,828,025	66,678,562
Tuition Revenue (International Program)	4,744,000	4,698,186	4,718,400	4,705,976
Other Revenue	6,681,827	6,334,392	6,537,299	6,571,962
Rentals and Leases	380,000	378,889	380,000	373,872
Investment Income	350,000	354,585	195,000	389,929
<b>Total Revenues</b>	<b>77,302,245</b>	<b>78,169,407</b>	<b>77,658,724</b>	<b>78,720,301</b>

**Grant Revenues:**

Budgeted grant revenues in 2019/20 were \$0.7 million lower than 2018/19 budgeted grant revenues primarily due to strike savings of \$3.5 million offset by growth in operating grants of \$2.5 million (for enrolment growth and inflation) and growth in other grants.

Actual 2019/20 grant revenues exceeded 2019/20 budget by \$1.3 million because funding for the Teacher's collective agreement (\$0.8m) was not reflected in the amended budget, and due to other small net increases to grants relative to budget.

**Other Revenues:**

Actual 2019/20 other revenues were \$0.3 million below budget primarily due to refund of homestay fees (\$0.4m) for international students returning home during the pandemic. A corresponding decrease in homestay expense offset this revenue reduction.

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

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*

<b>Operating Fund Expenditure by Object</b>	Amended Budget 2019/20	Actual 2019/20	Amended Budget 2018/19	Actual 2018/19
<b>Salaries</b>				
Teachers	30,362,789	30,506,920	31,066,228	30,756,672
Principals and Vice Principals	4,328,314	4,408,634	4,230,236	4,396,163
Education Assistants	5,176,360	4,733,578	4,741,171	4,519,962
Support Staff	7,861,798	7,963,113	7,846,015	8,259,295
Other Professionals	2,854,243	2,919,741	2,536,493	2,570,896
Substitutes	2,455,348	2,445,883	2,675,460	2,900,088
<b>Total Salaries</b>	<b>53,038,852</b>	<b>52,977,869</b>	<b>53,095,603</b>	<b>53,403,076</b>
Employee Benefits	13,941,284	12,903,068	13,457,721	13,350,241
<b>Total Salaries and Benefits</b>	<b>66,980,136</b>	<b>65,880,937</b>	<b>66,553,324</b>	<b>66,753,317</b>
Service and Supplies expense	13,382,286	9,081,506	13,162,361	10,244,835
Fund transfers (schedule 2)	480,376	1,769,439	559,590	679,587
<b>Total Service and Supplies and fund transfers</b>	<b>13,862,662</b>	<b>10,850,945</b>	<b>13,721,951</b>	<b>10,924,422</b>
<b>Total Operating Expenditure</b>	<b>80,842,798</b>	<b>76,731,882</b>	<b>80,275,275</b>	<b>77,677,739</b>

**Salaries – Teachers**

Budgeted teacher salary expense in 2019/20 was \$0.7 million lower than 2018/19 budgeted expense due to strike savings (3 week CUPE job action) of \$2.2 million partially offset by increased teacher FTE and wage inflation.

Actual teacher salary cost in 2019/20 exceeded amended budget by about \$0.15 million; however, the cost (and related funding) of the new collective agreement was implemented before fiscal year-end (approximately \$0.8 million) and was not included in the amended budget. This result is consistent with the May 2020 fiscal forecast, which forecasted that teacher salary cost

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

(before reflection of the new collective agreement) would be below budget by about \$0.6 million.

Actual expense in 2018/19 did not vary significantly from budget.

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.

**Salaries – Principals and Vice Principals (PVP)**

Budgeted PVP salary expense in 2019/20 was higher than budgeted expense in 2018/19 by \$0.1 million. This was due to inflationary salary increases offset slightly with reduced FTE due to a reorganization in the international program resulting in the reduction of a vice-principal position and the addition of 2 excluded manager positions.

In 2019/20 actual expense exceeded budget by \$0.1 million due to coverage for unanticipated leaves.

**Salaries – Education Assistants (EA)**

Budgeted EA salary expense in 2019/20 exceeded budgeted expense in 2018/19 by \$0.4 million. This net increase was primarily due to: wage increases of \$0.3 million; budgeted FTE increases of \$0.5 million; and partially offset by strike savings (3 week CUPE job action) of \$0.3 million.

In 2019/20 actual expense was below budget by \$0.4 million primarily due to recruitment challenges (approx. \$0.3 million). In 2018/19, actual expense was approximately \$0.2 million below budget.

**Salaries – Support Staff**

Budgeted Support Staff salary expense in 2019/20 was consistent with 2018/19, reflecting the net impact of wage increases offset by strike savings.

Actual expense in 2019/20 exceeded budget by \$0.1 million primarily due to operations staff wages funded by recoveries (other district budgets) in excess of budget.

**Salaries – Other Professionals**

Budgeted other professional salary expense in the 2019/20 amended budget exceeded the 2018/19 amended budget by \$0.3 million primarily due to inflationary wage adjustments and the addition of 2 new manager positions in the international program.

Actual expense in 2019/20 and in 2018/19 did not vary significantly from budget.

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

**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 2019/20 was lower than budgeted expense in 2018/19 by \$0.2m primarily due to the interruption in educational services due to CUPE job action. Actual expense in 2019/20 did not vary significantly from budget.

**Employee Benefits**

Budgeted employee benefits expense in 2019/20 exceeded budgeted expense in 2018/19 by \$0.5 million primarily due to: net benefit plan cost escalation (\$0.6 million); benefit costs attributable to wage increases (\$0.4 million); and reduced expense due to strike savings (\$0.5 million).

Actual expense in 2019/20 was about \$1.0 million below budget due primarily to reduced medical and dental plan usage (\$0.6 million) attributable to the pandemic. For the last three months of the fiscal year, staff had limited access to dental or paramedical services. In 2018/19, actual expense was about \$0.1 million below budget.

**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.

In 2019/20, actual service and supply expenditures including fund transfers were below budget by \$3.0 million. As noted earlier, savings relative to budget exceeded the amount by which

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

carry-forward balances were reflected in the budget by \$1.4 million and was attributable, in part, to restriction of non-essential expenditures from April 2020 to June 2020.

*Analysis of Variances by Function*

<b>Operating Fund Expenditure by Function</b>	<b>Amended Budget 2019/20</b>	<b>Actual 2019/20</b>	<b>Amended Budget 2018/19</b>	<b>Actual 2018/19</b>
Instruction	66,419,590	62,800,277	66,533,155	64,158,672
District Administration	2,907,109	2,906,935	2,977,418	2,861,982
Operations and Maintenance	9,648,093	7,973,447	8,858,724	8,572,441
Transportation	1,387,630	1,281,784	1,346,388	1,405,057
Fund transfer	480,376	1,769,439	559,590	679,587
<b>Total</b>	<b>80,842,798</b>	<b>76,731,882</b>	<b>80,275,275</b>	<b>77,677,739</b>

**Instruction** – In 2019/20 instruction expense was less than budget by \$3.6 million and in 2018/19 it was less than budget by \$2.4 million. This variance relative to budget in 2019/20 was attributable to employee benefits and services and supplies costs being below budget. In 2018/19, benefit costs were close to budgeted costs.

**District Administration** – Actual district administration expense in 2019/20 was consistent with budget.

**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 \$0.4 million below budget and was primarily attributable to unspent service and supply budget. This included unspent budget (\$0.2 million) for the installation of portable classrooms, as this project continues into the next fiscal year. In 2019/20, a larger proportion of expenditure was capitalized (and reported as fund transfer) compared to 2018/19 due to increased investment in IT infrastructure and portable classrooms.

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

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

or to fund additional expenditures in the future. The components of closing accumulated surplus are presented in the table below:

	June 2020	June 2019	Change
District Activities (multi-year funding)	886,264	830,450	55,814
School Activities (multi-year funding)	868,429	983,039	(114,610)
District Priority/Contingency	-	886,914	(886,914)
Appropriated for Budget in Following Year	3,066,022	840,150	2,225,872
<b>Total Internally Restricted</b>	<b>4,820,715</b>	<b>3,540,553</b>	<b>1,280,161</b>
Contingency Reserve (Unappropriated Surplus)	700,000	1,700,000	(1,000,000)
Unrestricted Surplus	1,157,363	-	1,157,363
<b>Total Accumulated Surplus</b>	<b>6,678,078</b>	<b>5,240,553</b>	<b>1,437,524</b>

The 2019/20 Amended Budget included appropriation of accumulated surplus of \$1,261,964 to fund continuing expenditures<sup>4</sup>. In the 2020/21 preliminary budget (adopted June 2020), this amount increased by \$1,804,058 to \$3,066,022. This increased appropriation was necessary to offset a decrease in budgeted international revenues (resulting from restrictions on study permits during the pandemic). This increased appropriation for budget was funded, in part, by allocation of \$1 million from the contingency reserve reducing the balance from \$1.7 million to \$0.7 million.

District Priority/Contingency has historically represented surplus available at the district level to fund new initiatives. At this time, no amount has been allocated to District Priority/Contingency due to increased financial risk and uncertainty. Allocation of residual accumulated surplus available (\$1,157,363) will be revisited in the fall following confirmation of fall enrolment and funding.

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<sup>4</sup> The 2019/20 Preliminary Budget included appropriation of accumulated surplus of \$840,150 to fund continuing expenditures. This increased in the amended budget to \$1,261,964.

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

**Statement of Operations by Fund – Special Purpose Fund**

	Amended Budget 2019/20	Actual 2019/20	Amended Budget 2018/19	Actual 2018/19
Provincial Grants	8,762,541	8,835,766	8,703,344	9,066,815
Other Revenues	3,504,000	2,732,671	3,419,246	3,860,361
Expenditures	(12,266,541)	(11,542,984)	(12,282,430)	(12,934,123)
Fund transfers	-	(25,453)	159,840	6,947
Annual Surplus (Deficit)	-	-	-	-

Provincial grants in 2019/20 are consistent with budget and with prior year. Other revenues consists primarily of school generated program revenues and decreased in 2019/20 relative to budget and prior year following the suspension of in-class instruction beginning April 2020.

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

**Statement of Operations by Fund – Capital Fund**

	Amended Budget 2019/20	Actual 2019/20	Amended Budget 2018/19	Actual 2018/18
Revenues	4,183,304	4,519,075	4,370,869	4,416,838
Expenses	(6,027,000)	(6,027,000)	(5,867,687)	(5,969,497)
Fund Transfers (capital assets purchased in other funds)	<u>480,376</u>	<u>1,794,892</u>	<u>399,750</u>	<u>672,640</u>
Change in Accumulated Surplus	(1,363,320)	286,967	(1,097,068)	(880,019)
Opening Accumulated Surplus	<u>27,498,834</u>	<u>27,498,834</u>	<u>28,378,853</u>	<u>28,378,853</u>
Closing Accumulated Surplus	26,135,514	27,758,801	27,281,785	27,498,834

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). Fund transfers from the operating fund were greater than

**Saanich School District**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2020**

budget and the prior year due to increased investment of operating funds to purchase IT infrastructure and portable classrooms.

During the year ended June 30, 2020, the district invested \$6.9 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 investment in capital assets at the discretion of the Board of Education. These funds are generated primarily from proceeds of disposition of assets that are allocated to the School Board and allocation of lease revenue attributable to 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 and proceeds of disposition of assets that are allocated to the Minister of Education pursuant to the *School Act*.

The table below presents the June 30, 2020 closing balances in Local Capital and MEd Restricted Capital and what portion of the balances remains uncommitted for future capital investment.

	Local Capital	MEd Restricted Capital
Balance at June 30, 2020	159,732	153,683
Committed for future investment	159,732	153,683
Uncommitted Balance	-	-

The local capital balance includes \$158,886 allocated from leave revenues for the future renewal of space.

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.