

# BRUNSWICK NORTH WEST PRIMARY SCHOOL

---

## Finance Committee Report for AGM

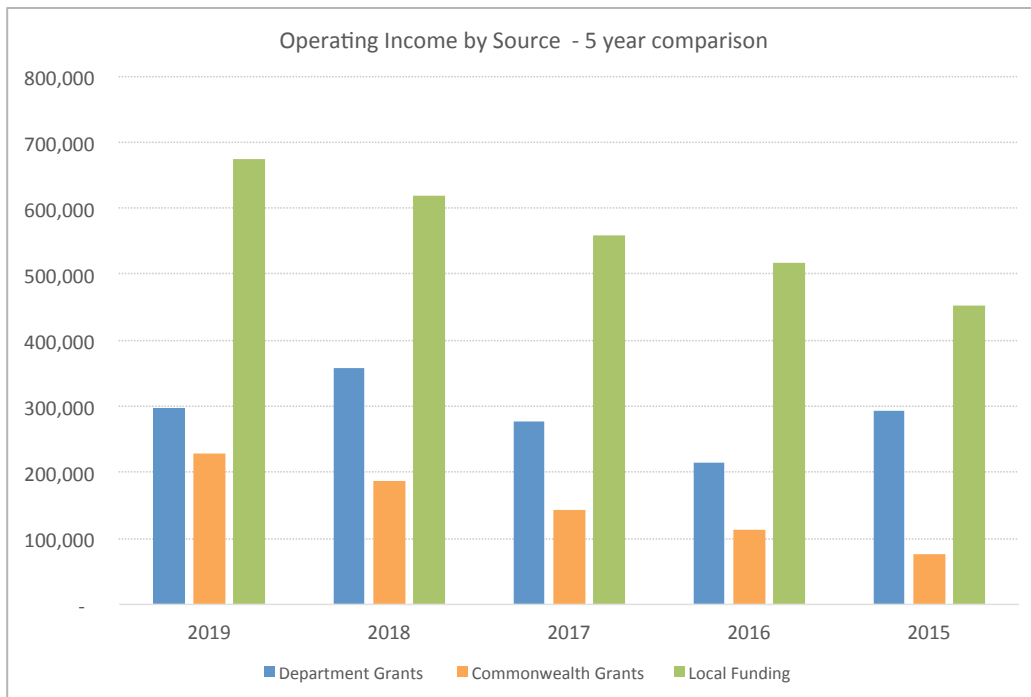
22 April 2020

**Operating Performance Summary for 2019**

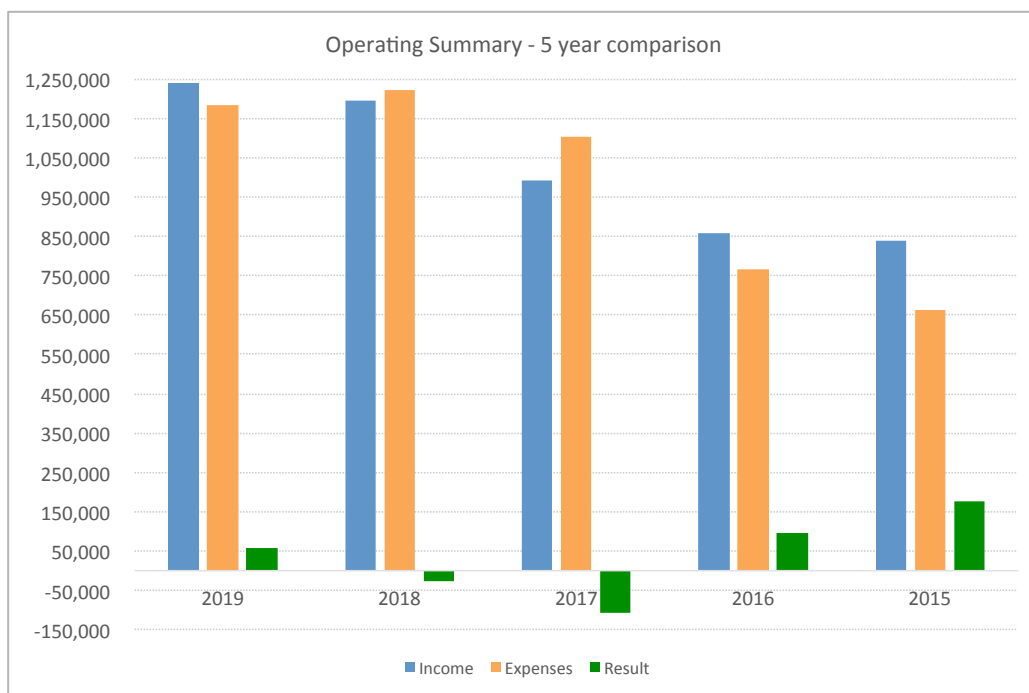
At the conclusion of 2019 Brunswick North West Primary School (BNW) held minimal cash reserves off around \$75K for the calendar year. Over the year of 2019 we spent slightly less in expenses than the income we received over the year. While we reduced our cash reserves substantially from the prior year; from an operating perspective we achieved our budgeted income and expenses almost in line with expectations.

In measuring the end of year operating accounts for 2019, the results from 2018 and the predicted budget for 2019 are the helpful parameters:

- **Total Income** for 2019 was around \$1.24 million, compared to just over \$1.17 million in 2018. Total income was just less than 1% over the budgeted income for 2019 (so slightly more income than we budgeted for).
- **Department Funding** for student SRP was around \$300K, compared to around \$340K in 2018. The reason for this reduction in SRP funding was due to the Department not paying Term 3 SRP grant to BNW (see below update on debt owed to Department). The Department Funding for SRP was around 16% under the budgeted income received which represents around \$60K reduced income for 2019.
- **Locally Raised** funding was around \$673K, compared to around \$620K in 2018. Locally raised funds include; OSHC, fund raising, school fees, camps & excursions and Sprout. Locally raised funds were exactly on the expected budget figure for the year, noting that some of the income areas were slightly over budget, while some were slightly under budget (but all within a percentage or two)



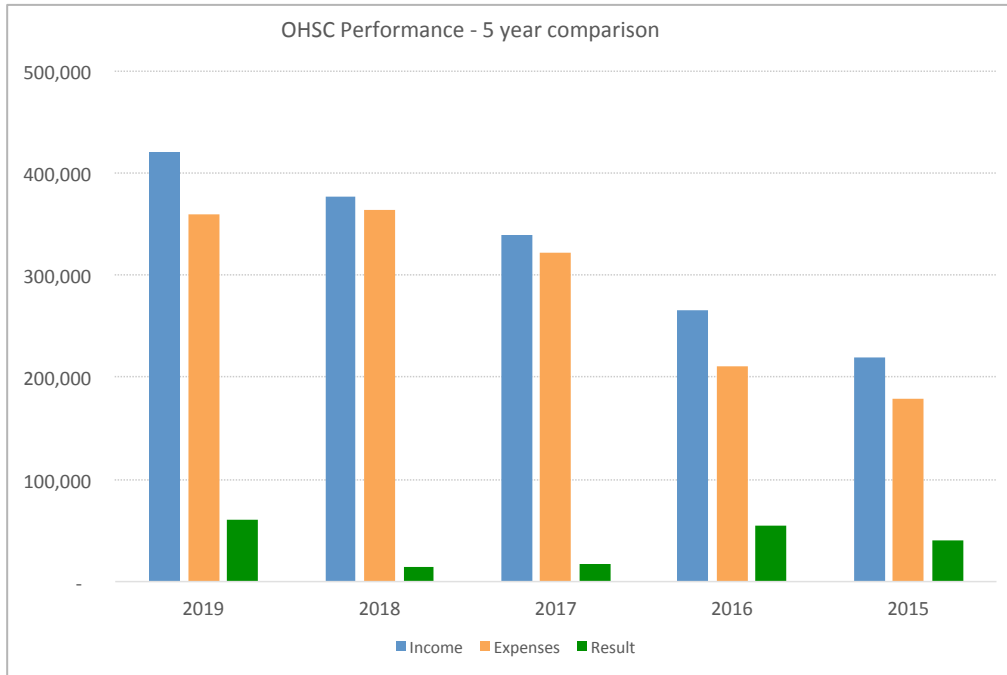
- **Total Expenditure** for 2019 was around \$1.18 million, compared to just over \$1.20 million in 2018. Total expenses were just less than 1% under the budgeted expenses for 2019 (so slightly less expenses than we budgeted for).
- **Salary & Service Provider** expenditure was around \$610K, compared to around \$550K in 2018. The significant increase can be attributed to increased salary for the BNW office and OSHC service (Salary) and a small increase in CRT Illness and small decrease in CRT PD (Service Provider). Salary & Service Provider expenses were at least 22% over the predicted budget for the full year.
- The **Operating Result** for 2019 was recorded as a surplus of \$55K in comparison to a deficit of -\$22K in 2018. The operating deficit was some 76% over the budgeted operating surplus for 2019. While this sounds like a good result, it only represents a \$25K increase in the surplus and points towards a tightening of expenditure from T3 and T4 once the Department deficit had been realised.



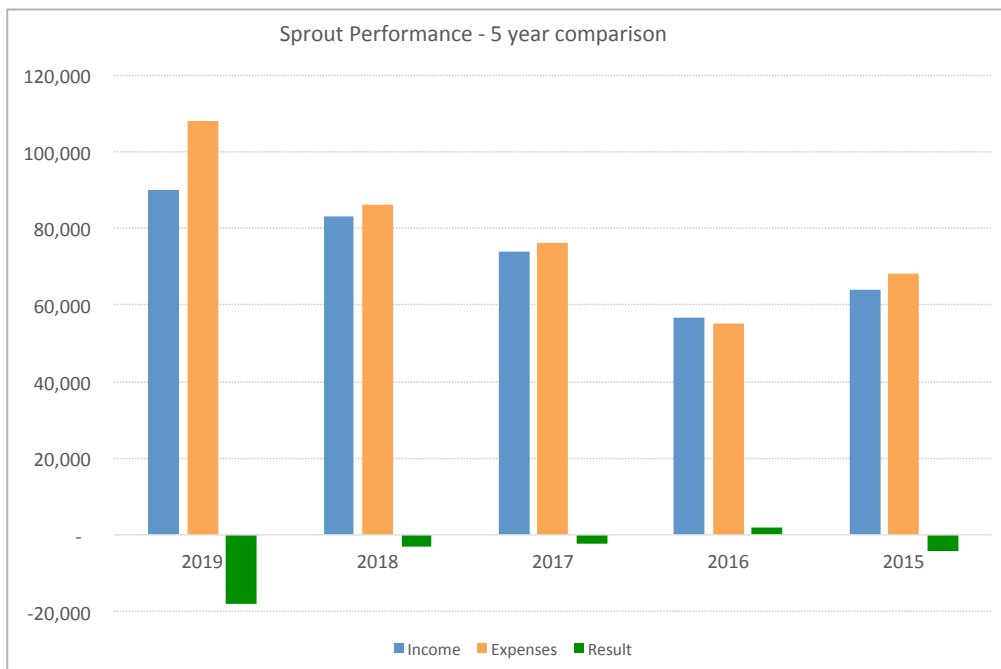
## Major Functional Areas of BNW Operating Performance Summary for 2019

Aside from the day-to-day operations of BNW, there are several important functional areas of the school that impact on the end of year accounts:

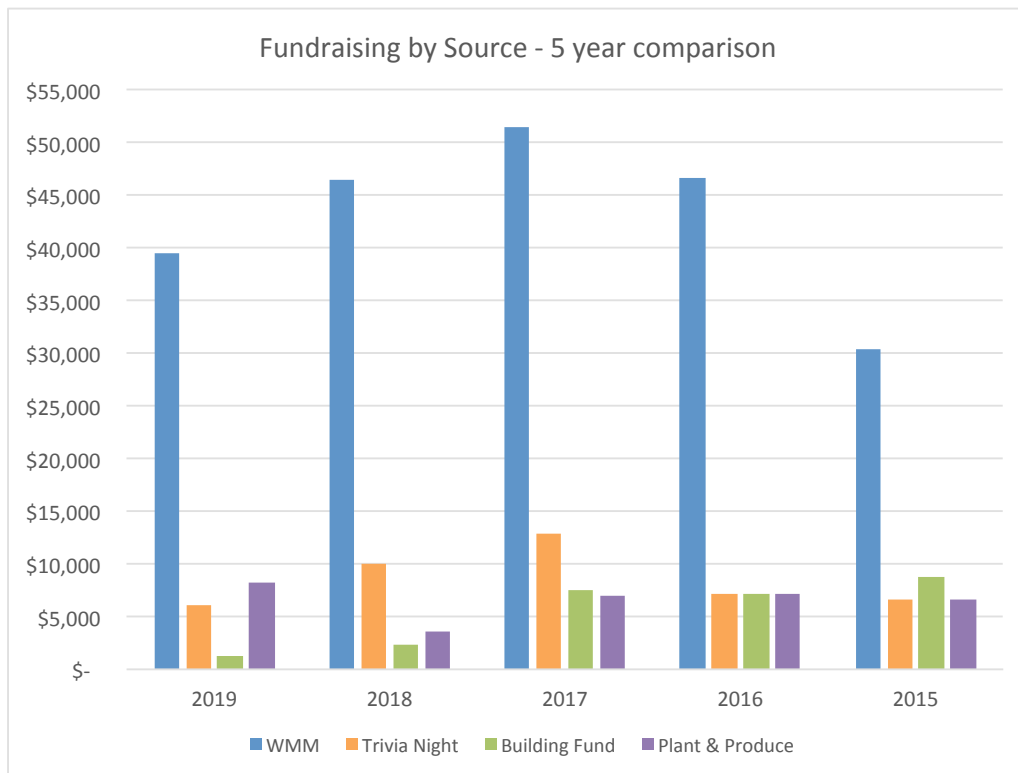
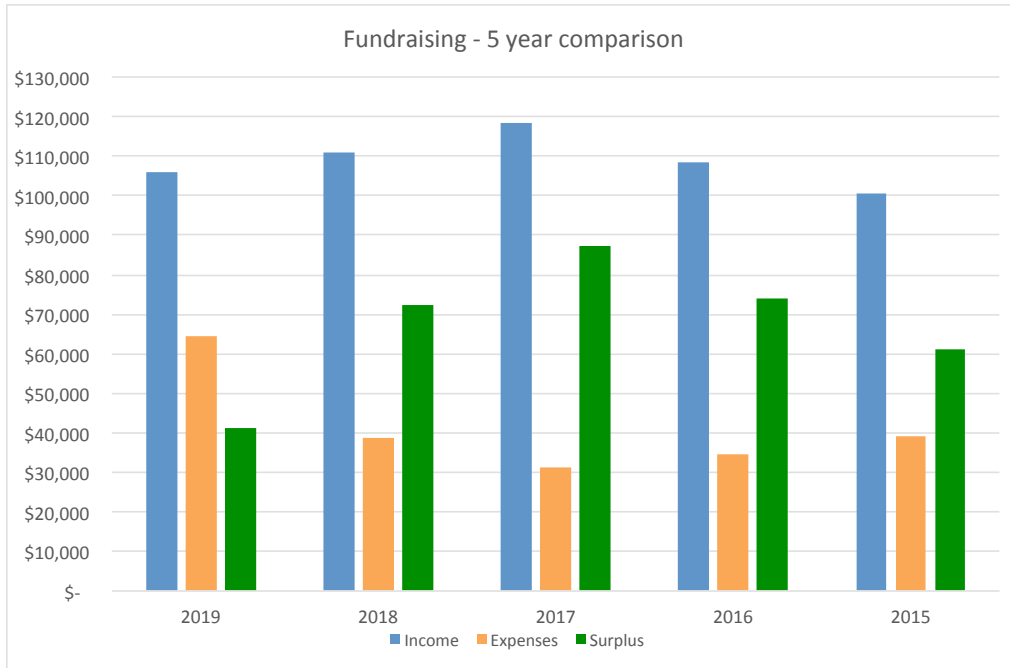
- The **OSHC** service continued to deliver an outstanding service at the highest standards. Financially the service produced a positive operating return of around \$27K based on an analysis of direct costs. Income for the year was around \$420K (a 14% increase from 2018), while expenses were around \$360K (which was almost identical to 2018).



- The **Sprout** service continued to deliver an outstanding service at the highest standards. Financially the service produced an operating deficit of around -\$18K based on an analysis of direct costs. Income for the year was around \$90K (a 7% increase on 2018), while expenses were around \$108K (a 23% increase on 2018). The calendar year was an exceptional year of expenses in relation to some new kitchen appliances and increased wages due to increased service provision.



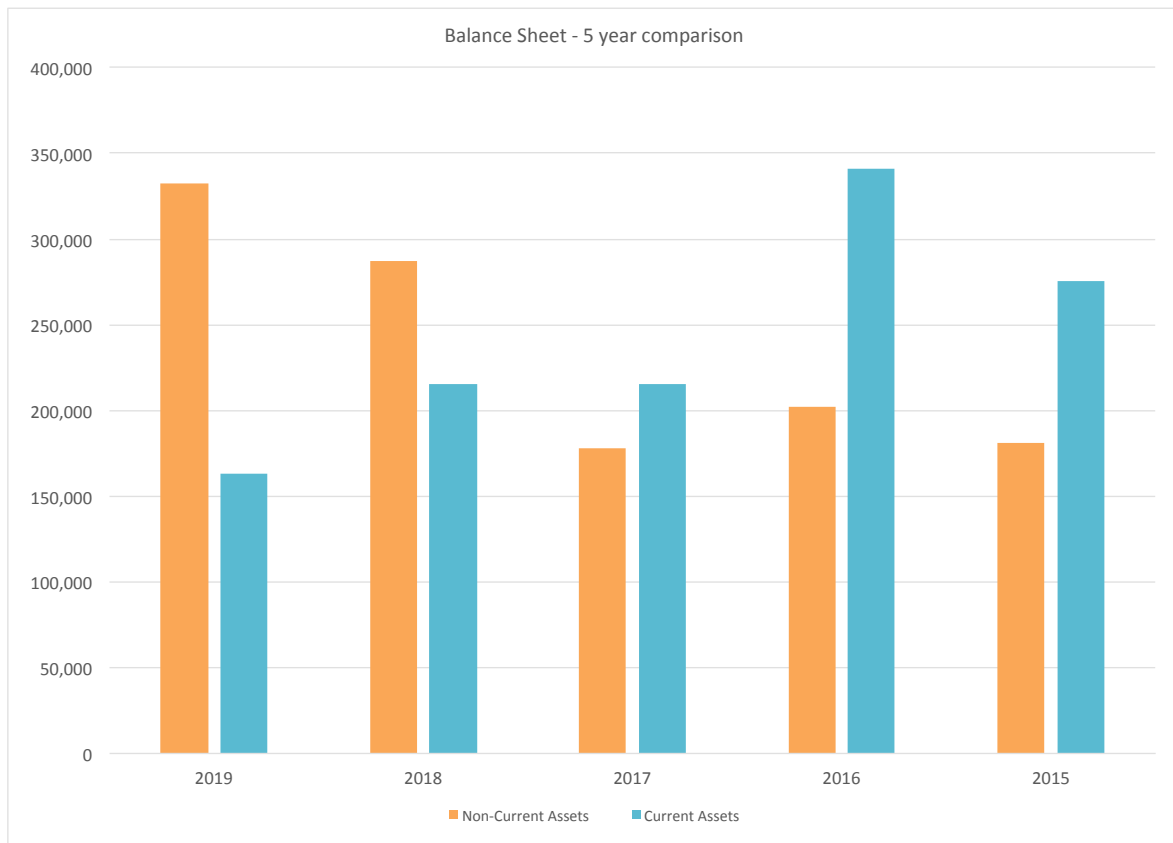
- The **Fundraising** activities over 2019 contributed enormously to BNW and supported a range of initiatives around the school. With respect to income around \$106K was raised over 2019, as compared to around \$113K for 2018. With respect to expenses around \$41K was expended, as compared to around \$38K in 2018. The surplus for 2019 was around \$64K compared to \$71K in 2018. This represented a 3% decrease in gross income and an 8% increase in gross expenditure, while the surplus for the calendar year was around 10% less than 2018. It's equally important to note the net surplus was largely in line with the budget for 2019



## Balance Sheet Performance Summary for 2019

In measuring the end of year balance sheet for 2019, the results from 2018 are helpful parameters:

- Non-Current Assets have increased by 16% from 2018 to \$332K. This is a product of an increase in the Land & Building assets.
- Current Assets have increased by 20% from 2018. On the surface this sounds positive; however it hides a substantial reduction in cash reserves and a substantial increase on outstanding school fees (from \$22K in 2018 to around \$60K in 2019). The current asset figure also hides around \$23K retained for prepaid expenses in the 2020 year.
- Current liabilities at the end of 2019 are around 30% more than 2018. This represents around \$80K worth of unpaid accounts from 2019, most of these unpaid accounts were cleared in January or (latest) February 2020.



**Department debt**

One area of concern highlighted in October 2019 was that the School’s financial position is not as positive as we have thought it was. This is undoubtedly a concern for the Finance Committee, School Council and the BNW leadership team.

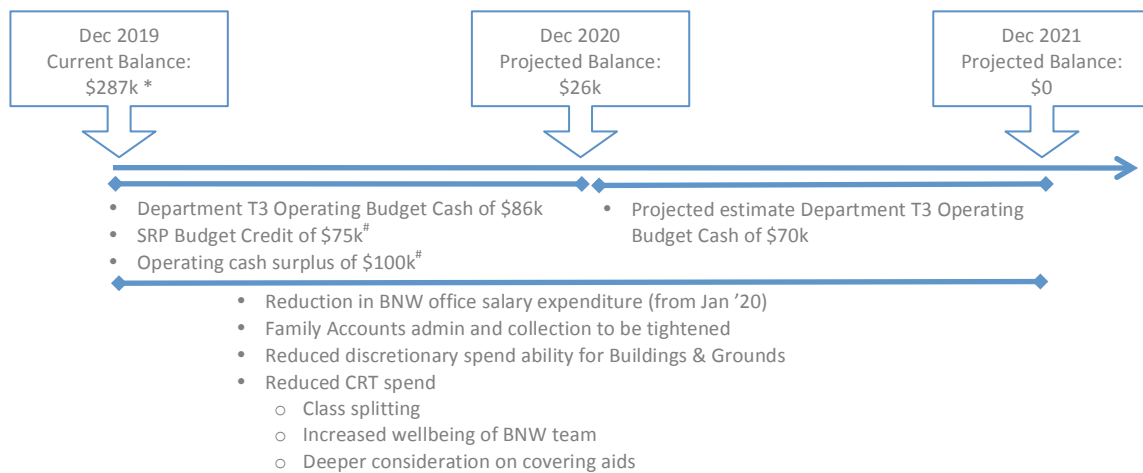
The challenge with our financial position is due to several factors;

- SRP accounting treatment in 2017 & 2018 (SRP Budget)
- Large creditor balance at end of 2018 (Cash Budget)
- Reduced family accounts collection over 2018 & 2019 (Cash Budget)
- Increased Salary & Wages over 2018 & 2019 (Cash Budget)

The challenging financial position means at the end of 2019 BNW owes the Department a figure of around \$300K which needs to be paid back by the school over a reasonable time period.

When considering this figure, it’s important to note the school finished the 2019 year with cash reserves of around \$100K. This is important to bear in mind as it already shows an increased capacity by BNW to weather the Department debt and focus on repaying the funds over 2020.

We have a positive action plan to repay the Department debt in a timely manner by taking the following approach in 2020 and into 2021;



\* Annual Report from Department of Education shows a debt of \$231k. This is due to a timing difference in when reconciliation is carried out by the Department. The figure shown of \$287k is an accurate figure of the current debt owed to the Department.

# Denotes items which are currently at risk due to the impact of Co-Vid19

With this program in place we are looking to have over two-thirds of the debt paid back to the Department in 2020 with the balance of the debt paid back in 2021 (ideally in the first half of the year).

It’s important to remember while this is significant all stakeholders are invested and committed to ensure this debt does not negatively impact on the cultural fabric of BNW. We are committed to ensure there is;

- No impact on families or the community
- No impact on children or learning
- No impact on teaching program

## Operating Budget Summary for 2020

The Finance Committee is focused on some key strategic matters in 2020, including:

- The Finance Committee has a new Treasurer for 2020 with Lilian Lim taking over the reins after being a committee member for around 2 years prior.
- Probity and oversight of BNW accounts continues to be enhanced and finessed to increase transparency and accessibility of timely information. There is a BNW finance team structure in place from the start of 2020;
  - delivering operational accounts in a timely manner,
  - working on implementing the budget into the Department system,
  - working more closely with suppliers and payments,
  - conducting an asset audit,
  - matching or exceeding governance and compliance requirements for the relationship of the Finance Committee with all Sub Committees and School Council
- It's an exciting time for BNW and the Finance Committee with this renewed vigour, a new leader and a new BNW office team.
- Working with BNW leadership team and School Council in relation to the committed funding for capital works
- Supporting BNW's requirement to deeply assess the impact of the Coronavirus on the school and particularly the school's accounts position. We expect there will be reduced income from some trading aspects, and equally reduced expenditure as those programs are (potentially) wound back

The Finance Committee has prepared the Budget for 2020 which was presented to School Council for ratification in December last year:

- Income in 2020 is budgeted to nearly \$1.43 million which is a 17% increase of the actual income for 2019, while substantial the budget figure is based on;
  - Fundraising: very conservative projections to reduce pressure on team and parents
  - OSHC: projected another increase in income for the year
  - Infrastructure: there is a State Gov grant funding grant coming through to most Victoria schools in 2020
  - Family Accounts: an increase school fees for 2020 and better collection rates (as well as legacy collections from 2019 accounts)
- Expenditure in 2020 is budgeted to increase to around \$1.36million. Some spending priorities in this year's budget include;
  - IT: ongoing IT leases
  - Building & Grounds: minor works as necessary
  - Wages: significant allowances for OSHC, Sprout, Integration, PD, CRT, etc
  - Camps: major spending of around \$200K (matched by just income just under \$200K)
- The above numbers suggest a surplus of around \$75K which will be used to preserve some cash on hand

Given the recent change in circumstances, the Finance Committee are in the process of reviewing the 2020 budget and identifying and quantifying key budget items that will be significantly impacted by Co-Vid 19.



**2019 Finance Committee Members**

During 2019, the Finance Committee was comprised of the following individuals:

<b>School Representative</b>	<b>Parent Representative</b>
Hannah Reid (Principal)	Sam Cohen (Treasurer & Chair)
Ange Hopkins (acting Business Manager)	Kaaren Freeman
Audrie Sexton McGuire (School Administrator)	Lilian Lim