
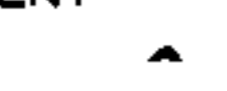



# SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FISCAL YEAR 2004/2005

SCHOOL DISTRICT NUMBER <b>85</b>	NAME OF SCHOOL DISTRICT <b>Vancouver Island North</b>	YEAR <b>2004/2005</b>
OFFICE LOCATION <b>6975 Rupert Street</b>		TELEPHONE NUMBER <b>250-949-6618</b>
MAILING ADDRESS <b>P.O. Box 90</b>		
CITY / PROVINCE <b>Port Hardy, BC</b>		POSTAL CODE <b>V0N 2P0</b>
NAME OF SUPERINTENDENT <b>Dan Boudreault</b>		TELEPHONE NUMBER <b>250-949-6618</b>
NAME OF SECRETARY - TREASURER <b>John R Martin</b>		TELEPHONE NUMBER <b>250-949-6618</b>

## DECLARATION AND SIGNATURES

We, the undersigned, certify that the attached is a correct and true copy of the Audited Financial Statements for the School Year 2004/2005 for School District No. 85 (Vancouver Island North)

SIGNATURE OF CHAIRPERSON OF THE BOARD OF SCHOOL TRUSTEES  Original Signed By 	DATE SIGNED <b>SEP 28 2005</b>
SIGNATURE OF SUPERINTENDENT  Original Signed By 	DATE SIGNED <b>SEP 28 2005</b>
SIGNATURE OF SECRETARY - TREASURER  Original Signed By 	DATE SIGNED <b>SEP 28 2005</b>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)  
2004/2005 AUDITED FINANCIAL STATEMENTS**

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C H A R T E R E D   A C C O U N T A N T S

## AUDITORS' REPORT

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To: Board of School Trustees of School District  
#85 (Vancouver Island North)

We have audited the statement of financial position of The Board of School Trustees of School District #85 (Vancouver Island North) as at June 30, 2005 and the statements of revenue and expense, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of School District #85 (Vancouver Island North) as at June 30, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Campbell River, BC

September 2, 2005

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2005**

**Statement 1**

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2005	TOTAL 2004
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	3,944,295	312,214		4,256,509	3,277,853
Short Term Investments	13,982			13,982	15,982
Accounts Receivable					
Due from Province - Ministry of Education	279,540			279,540	0
Due from Province - Other				0	0
Due from Canada	22,723			22,723	1,865
Due from Other School Districts				0	0
Due from LEA / Direct Funding	79,245			79,245	163,107
Other Receivables	69,436			69,436	71,898
Allowance for Doubtful Accounts				0	0
Interfund Loans		1,579,686	357,524		
Inventories				0	22,493
Prepaid Expenses	39,059			39,059	30,922
	4,448,280	1,891,900	357,524	4,760,494	3,584,120
Investments				0	0
Equity Investments				0	0
Capital Assets - Net			27,117,944	27,117,944	58,888,715
<b>TOTAL ASSETS</b>	<b>4,448,280</b>	<b>1,891,900</b>	<b>27,475,468</b>	<b>31,878,438</b>	<b>62,472,835</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
Bank Overdraft				0	0
Accounts Payable and Accrued Liabilities					
Due to Province - Ministry of Education				0	0
Due to Province - Other				0	0
Other	378,036			378,036	602,936
Bank Loans				0	0
Interfund Loans	1,937,210				
Other Current Liabilities	823,457			823,457	870,175
	3,138,703	0	0	1,201,493	1,473,111
Deferred Contributions					
Ministry of Education		1,546,181	12,756	1,558,937	1,053,158
Province - Other				0	40,416
Other		345,719		345,719	41,136
Accrued Employee Future Benefits	1,650,873			1,650,873	200,000
Deferred Capital Contributions			21,723,999	21,723,999	22,728,210
Bank Loans				0	0
Capital Lease Obligations				0	0
Other Long Term Liabilities				0	0
<b>TOTAL LIABILITIES</b>	<b>4,789,576</b>	<b>1,891,900</b>	<b>21,736,755</b>	<b>26,481,021</b>	<b>25,536,031</b>
<b>Fund Balances</b>					
Invested in Capital Assets			5,393,940	5,393,940	36,160,504
Endowment				0	0
Internally Restricted	265,405		344,773	610,178	302,304
Unrestricted	365,009			365,009	227,303
Unfunded Accrued Employee Future Benefits and Vacation Pay	(971,710)			(971,710)	246,693
<b>TOTAL FUND BALANCES</b>	<b>(341,296)</b>	<b>0</b>	<b>5,738,713</b>	<b>5,397,417</b>	<b>36,936,804</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>4,448,280</b>	<b>1,891,900</b>	<b>27,475,468</b>	<b>31,878,438</b>	<b>62,472,835</b>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**STATEMENT OF REVENUE AND EXPENSE**  
**YEAR ENDED JUNE 30, 2005**

**Statement 2**

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2005	TOTAL 2004
<b>REVENUE</b>					
Provincial Grants - Ministry of Education	17,578,749	585,557		18,164,306	18,072,334
Provincial Grants - Other				0	203,584
Federal Grants	6,481	136		6,617	31,690
Other Revenue	39,535	502,128	6,234	547,897	310,645
Rentals and Leases	29,082	22,276		51,358	16,676
Investment Income	48,851	24,012	5,887	78,750	65,934
Gain (Loss) on Equity Investment				0	0
Amortization of Deferred Capital Contributions			1,004,211	1,004,211	1,031,293
Gain (Loss) on Disposal of Capital Assets				0	0
	<u>17,702,698</u>	<u>1,134,109</u>	<u>1,016,332</u>	<u>19,853,139</u>	<u>19,732,156</u>
<b>EXPENSE</b>					
Salaries					
Teachers	6,741,513	60,541		6,802,054	7,343,772
Principals and Vice Principals	1,273,679			1,273,679	1,273,364
Educational Assistants	978,302	143,264		1,121,566	1,147,969
Support Staff	2,256,485			2,256,485	2,393,360
Other Professionals	417,268			417,268	504,980
Substitutes	530,519	600		531,119	651,956
	<u>12,197,766</u>	<u>204,405</u>	<u>0</u>	<u>12,402,171</u>	<u>13,315,401</u>
Employee Benefits	2,552,075	44,777		2,596,852	2,592,088
Services and Supplies	2,353,778	753,507	19,400	3,126,685	2,459,979
Amortization of Capital Assets			1,308,305	1,308,305	0
Write-off/down of Buildings and Sites				0	0
	<u>17,103,619</u>	<u>1,002,689</u>	<u>1,327,705</u>	<u>19,434,013</u>	<u>18,367,468</u>
<b>NET REVENUE (EXPENSE)</b>	<u>599,079</u>	<u>131,420</u>	<u>(311,373)</u>	<u>419,126</u>	<u>1,364,688</u>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2005**

Statement 3

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2005	TOTAL 2004
<b>FUND BALANCES, BEGINNING OF YEAR</b>	473,996	0	36,462,808	36,936,804	0
<b>Changes in Accounting Policies / Prior Period Adjustments</b>					
Accrued Employee Future Benefits	(1,445,791)			(1,445,791)	0
Accrued Vacation Pay				0	0
Accumulated Amortization of Capital Assets			(30,499,966)	(30,499,966)	0
Transfer Land Capital Reserve to Deferred Contributions				0	0
Transfer Capital Reserve to Deferred Contributions			(12,756)	(12,756)	0
School Generated Funds				0	0
Related Entities				0	0
Deferred Capital Contributions				0	0
Bylaw Capital Over (Under) Spent Beginning of Year				0	0
<b>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	<u>(971,795)</u>	<u>0</u>	<u>5,950,086</u>	<u>4,978,291</u>	<u>0</u>
<b>Changes for the Year</b>					
Net Revenue (Expense) for the Year	599,079	131,420	(311,373)	419,126	1,364,688
Interfund Transfers					
Capital Assets Purchased				0	0
Local Capital	(100,000)		100,000	0	0
Other	131,420	(131,420)		0	0
Direct Increases in Fund Balances					
Endowment Contributions				0	0
Site Purchases				0	0
<b>Net Changes for the Year</b>	<u>630,499</u>	<u>0</u>	<u>(211,373)</u>	<u>419,126</u>	<u>1,364,688</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>(341,296)</u>	<u>0</u>	<u>5,738,713</u>	<u>5,397,417</u>	<u>1,364,688</u>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2005**

Statement 4.1

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2005	TOTAL 2004
<b>CASH PROVIDED BY (USED FOR)</b>					
<b>OPERATIONS</b>					
Net Revenue (Expense) for the Year	599,079	131,420	(311,373)	419,126	1,364,688
Changes In Non-Cash Working Capital					
Decrease (Increase)					
Accounts Receivable	(214,074)			(214,074)	142,744
Interfund Loans	672,225	(455,976)	(216,249)	0	0
Inventories	5,384			5,384	648
Prepaid Expenses	8,972			8,972	(3,169)
Increase (Decrease)					
Allowance for Doubtful Accounts				0	0
Accounts Payable/Accrued Liabilities	(224,900)			(224,900)	124,115
Other Current Liabilities	(46,718)			(46,718)	289,290
Deferred Contributions	(11,000)	455,677		444,677	339,068
Accrued Employee Future Benefits	1,450,873			1,450,873	200,000
Other Long Term Liabilities				0	0
Loss (Gain) on Disposal of Capital Assets				0	0
Items Not Involving Cash					
Amortization of Capital Assets			1,308,305	1,308,305	0
Amortization of Deferred Capital Contributions			(1,004,211)	(1,004,211)	(1,031,293)
Accounting Change - Accrued EFB	(1,445,791)			(1,445,791)	0
Accounting Change - Accrued Vacation Pay				0	0
Write-off/down of Buildings and Sites				0	0
Interfund Transfers	31,420	(131,420)	100,000	0	0
	825,470	(299)	(123,528)	701,643	1,426,091
<b>FINANCING</b>					
Bank Loan Received				0	0
Bank Loan Paid				0	0
Endowment Contributions				0	0
Increase (Decrease) Deferred Contributions - Capital				0	223,000
Proceeds from Disposal of Capital Assets				0	4,020
MEd Restricted Portion of Proceeds on Disposal				0	0
	0	0	0	0	227,020
<b>INVESTING</b>					
Capital Assets Purchased - Operating				0	0
Capital Assets Purchased - Special Purpose				0	(57,289)
Capital Assets Purchased - Local Capital			(37,496)	(37,496)	(172,764)
Capital Assets Purchased - Bylaw Capital					(223,000)
Decrease (Increase) in Investments				0	0
Decrease (Increase) in Equity Investments				0	0
	0	0	(37,496)	(37,496)	(453,053)
<b>Net Increase (Decrease) in Cash</b>	<b>825,470</b>	<b>(299)</b>	<b>(161,024)</b>	<b>664,147</b>	<b>1,200,058</b>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2005**

Statement 4.2

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2005	TOTAL 2004
<b>NET INCREASE (DECREASE) IN CASH</b>	825,470	(299)	(161,024)	664,147	1,200,058
<b>Net Cash, Beginning of Year</b>	3,132,807	0	161,028	3,293,835	2,093,777
<b>Changes in Accounting Policies/ Prior Period Adjustments</b>					
School-Generated Funds		312,513		312,513	
Rounding			(4)	(4)	
<b>Net Cash, Beginning of Year, as Restated</b>	3,132,807	312,513	161,024	3,606,344	2,093,777
<b>NET CASH, END OF YEAR</b>	3,958,277	312,214	0	4,270,491	3,293,835
<b>Cash</b>	3,944,295	312,214		4,256,509	3,277,853
<b>Short Term Investments</b>	13,982			13,982	15,982
<b>Bank Overdraft</b>				0	0
<b>NET CASH, END OF YEAR</b>	3,958,277	312,214	0	4,270,491	3,293,835

## **NOTE 1      AUTHORITY AND PURPOSE**

The School District operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of School Trustees of School District No. 85 (Vancouver Island North)", and operates as "School District No. 85 (Vancouver Island North)." A board of school trustees (Board) elected for a three-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district, and is principally funded by the Province of British Columbia through the Ministry of Education.

## **NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for not-for-profit organizations. These principles are consistent with those used in prior years except as disclosed as a change in accounting policy.

The deferral method of accounting for contributions, which includes government grants, is used. Results are reported in the operating fund, special purpose funds and capital fund. Revenues and expenses are recorded on a gross and accrual basis.

Statement 2 (Statement of Revenue and Expense), Statement 3 (Statement of Changes in Fund Balances) and Statement 4 (Statement of Cash Flows) present annual results of each fund, changes in fund balances and cash flows for the year. Statement 1 (Statement of Financial Position) presents the assets, liabilities and fund balances. Interfund transfers and loans are recognized in each fund and eliminated in the consolidated totals.

### **a) Fund Accounting**

Fund accounting procedures recognize external restrictions on the use of contributions by governments or other granting agencies, and appropriations or other internal restrictions by the Board. While separate accounts are maintained for each fund, for financial reporting purposes, funds with similar characteristics are grouped together:

- Operating fund reports assets, liabilities, revenues and expenses for general operations.
- Special purpose funds report assets, liabilities, revenues and expenses for:
  - Contributions restricted in use by the *School Act* or Ministry of Education.
  - Contributions restricted in use by other external bodies.
  - Endowment funds.
  - Funds collected and used at the school level (i.e. school-generated funds).
- Capital fund reports assets, liabilities, revenues and expenses for capital. Contributions of other funds used for capital purposes are transferred to the capital fund.

### **b) Inventories**

Inventories of supplies and materials held in central stores for resale to other school districts are stated at acquisition cost using the first-in-first-out method.

### **c) Prepaid Expenses**

Materials and supplies held in central stores for use within the district are included as a prepaid expense and stated at acquisition cost using the first-in-first-out method.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)**

**d) Capital Assets**

The following criteria apply:

- Capital assets acquired or constructed are recorded at cost. Donated capital assets are recorded at their fair market value on the date of donation.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Sites and buildings that no longer contribute to the ability of the district to provide services are written-down to residual value.
- Buildings that are demolished or destroyed are written-off.
- Amortization is recorded on a straight-line basis over the estimated useful life of the asset and commences the year following acquisition. Estimated useful life is as follows:

Buildings	40 years
Furniture and Equipment	10 years
Vehicles	10 years
Computer Software	5 years
Computer Hardware	5 years

**e) Revenue Recognition**

Unrestricted operating government grants, are recognized as revenue when received. Such grants, if contributed for a future period, are deferred and reported as deferred contributions until that future period. Other unrestricted revenue, including tuition fees and sales of services/products are reported as revenue when services are provided or products delivered.

Externally restricted contributions, grants, and donations are reported as revenue depending on the nature of restrictions imposed on the use of the funds by the contributors:

- Non-capital contributions for specific purposes are recorded as deferred contributions and recognized as revenue in the year related expenses are incurred.
- Contributions restricted for capital purposes are recorded as deferred contributions until the amount is invested in capital assets.
  - If the capital asset is a site, the amount invested is recorded as a direct increase to net assets invested in capital assets.
  - If the capital asset is not a site, the amount invested is recorded as a deferred capital contribution and amortized over the useful life of the asset. Amortization commences in the year following acquisition.
  - Donated capital assets are recorded at fair market value and treated as a deferred capital contribution.
- Endowment contributions and matching contributions are reported as direct increases to net assets held as endowment principal.
- Investment income earned on endowment principal is recognized as a direct increase to net assets (endowment) to the extent required or agreed by donors. The remaining investment income earned on endowment principal is recorded as a deferred contribution and recognized as revenue in the year related expenses are incurred.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)**

**f) Expenditures**

- **Categories of Salaries**
  - Principals, Vice Principals, and Directors of Instruction employed under an administrative officer contract are categorized as Principals and Vice Principals.
  - Superintendents, Assistant Superintendents, Secretary-Treasurers, Trustees and other employees excluded from union contracts are categorized as Other Professionals.
  
- **Allocation of Costs**
  - Operating expenses are reported by function, program, and object. Whenever possible, expenditures are determined by actual identification. Additional costs pertaining to specific instructional programs, such as special and aboriginal education, are allocated to these programs. All other costs are allocated to regular programs.
  - Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
  - Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
  - Supplies and services are allocated based on actual identification of program.

**g) Financial Instruments**

Financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities and other current liabilities. Unless otherwise noted, it is management's opinion that the School District is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**h) Use of Estimates**

Preparation of financial statements requires management to make estimates and assumptions that impact reported amounts for assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the impairment of assets, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)**

i) Employee Future Benefits

The School District provides certain post-employment benefits including accumulated sick and vacation pay, retirement allowance, and life insurance for certain employees pursuant to certain contracts and union agreements.

The School District accrues its obligations and related costs under employee future benefit plans. The future benefits cost is actuarially determined using the projected unit credit method pro-rata on service and using management's best estimate of expected salary escalation, termination and retirement rates and mortality. The discount rate used to measure obligations is based on market rates at the measurement date.

The excess of cumulative unrecognized actuarial gains (losses) over 10 percent of the accrued benefit obligation is amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan. The EARSL for employees of the School District is 10.5.

For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 has been adopted for all periods subsequent to July 1, 2004.

**NOTE 3 CHANGE IN ACCOUNTING POLICY**

a) Employee Future Benefits

Effective July 1, 2004, school districts in the Province of British Columbia adopted *CICA Handbook* section 3461 on a retroactive basis. The estimated liability, based on October 2003 school district employee data, was determined from an actuarial study conducted by Mercer Human Resources Consulting. The following adjustment to equity on Statement 3 (Statement of Changes in Fund Balances) was made to adjust the liability to full accrual:

Employee future benefits actuarially estimated as at July 1, 2004	\$ 1,645,791
Less: previously accrued in the financial statements	<u>(200,000)</u>
Accrual adjustment required as at July 1, 2004	<u>\$ 1,445,791</u>

b) Vacation Pay

Vacation pay is recorded on a full accrual basis commencing July 1, 2004. The following adjustment to equity on Statement 3 (Statement of Changes in Fund Balances) was made to adjust the liability to full accrual:

Vacation pay liability as at July 1, 2004	\$ 281,122
Less: previously accrued in the financial statements	<u>(281,122)</u>
Accrual adjustment required as at July 1, 2004	<u>\$ 0</u>

**NOTE 3 CHANGE IN ACCOUNTING POLICY (Continued)**

c) School-Generated Funds

Funds collected and used at the school level are included in these financial statements. The opening balance of \$312,513 at July 1, 2004 is reported as a deferred contribution in the School-Generated Fund column in the special purpose fund.

Contributions collected during the year are recorded as deferred contributions. These deferred contributions are recognized as revenue in the year in which the related expense is incurred.

d) Amortization of Capital Assets

Amortization of capital assets commenced July 1, 2004. The accumulated amortization as at July 1, 2004 in the amount of \$30,499,966 is reported as an adjustment to the capital fund on Statement 3 (Statement of Changes in Fund Balances).

Assets that are fully amortized, except buildings, are written-off as deemed disposals. The accumulated deemed disposal as at July 1, 2004 in the amount of \$7,177,866 is reported as an adjustment on Schedule C1 (Capital Assets – Capital Fund).

e) Reserves

The *School Act* no longer requires the use of “reserves,” thus, externally restricted capital funds are recorded in accordance with Canadian GAAP. The following adjustments have been made in the capital fund on Statement 3 (Statement of Changes in Fund Balances) to transfer the reserve balances as at July 1, 2004 to deferred contributions:

Capital Reserve \$ 12,756

The Local Capital Reserve is now called Local Capital and remains as internally restricted in the capital fund.

**NOTE 4 CAPITAL ASSETS**

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Sites	\$ 2,891,161	\$	\$ 2,891,161	\$ 2,891,161
Buildings	45,678,445	22,737,311	22,941,134	45,678,445
Furniture and Equipment	1,137,135	814,743	322,392	6,771,869
Vehicles	1,139,794	421,753	718,041	2,404,380
Computer Software	14,624	892	13,732	4,459
Computer Hardware	441,492	210,008	231,484	1,138,401
	<u>\$51,302,651</u>	<u>\$24,184,707</u>	<u>\$27,117,944</u>	<u>\$58,888,715</u>

**NOTE 5 EMPLOYEE FUTURE BENEFITS**

The accrued benefit obligation for employee future benefits is not funded as funding is provided when the benefits are paid. Accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits. The portion of these benefits that have not been provided for is identified as Unfunded Accrued Employee Future Benefits and Vacation Pay on Statement 1 (Statement of Financial Position).

The period of amortization is equal to the expected average remaining service lifetime (EARSL) of active employees.

**Reconciliation of Accrued Benefit Obligation**

Accrued Benefit Obligation – Beginning of Period	\$ 1,645,791
Service Cost	109,577
Interest Cost	96,837
Benefit Payments	
Actuarial (Gain)/Loss	<u>(133,586)</u>
Accrued Benefit Obligation – End of Period	<u>\$ 1,718,619</u>

**Reconciliation of Funded Status at End of Fiscal Year**

Accrued Benefit Obligation - End of Period	\$ 1,718,619
Market Value of Plan Assets - End of Period	<u>0</u>
Funded Status - Surplus/(Deficit)	(1,718,619)
Employer Contributions After Measurement Date	201,332
Unamortized Net Actuarial (Gain)/Loss	<u>(133,586)</u>
Accrued Benefit Asset/(Liability)	<u>\$ 1,650,873</u>

**Components of Net Benefit Expense**

Service Cost	\$ 109,577
Interest Cost	96,837
Amortization of Net Actuarial (Gain)/Loss	<u>0</u>
Net Benefit Expense (Income)	<u>\$ 206,414</u>

The significant actuarial assumptions adopted for measuring the School District's accrued benefit obligations are:

Discount Rate – Beginning of Period	5.75%
Discount Rate – End of Period	5.50%
Salary Growth – Beginning of Period	3.25% + seniority
Salary Growth – End of Period	3.25% + seniority
EARSL	10.5

**NOTE 6 EMPLOYEE PENSION PLANS**

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The Teachers' Pension Plan has about 47,000 active members from school districts, and approximately 21,000 retired members from school districts. The Municipal Plan has about 130,000 active members, of which approximately 20,000 are from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent valuation of the Teachers' Plan as at December 31, 2002 indicated a \$382 million unfunded liability for basic pension benefits. The next valuation will be as at December 31, 2005 with results available in 2006. The most recent valuation for the Municipal Pension Plan as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The School District #85 – Vancouver Island North paid \$1,176,924 for employer contributions to these plans in the year ended June 30, 2005.

**NOTE 7 UNFUNDED ACCRUED EMPLOYEE FUTURE BENEFITS AND VACATION PAY**

Implementation of GAAP on July 1, 2004 required full accrual for employee future benefits and vacation pay. On Statement 1 (Statement of Financial Position), the resulting adjustment to equity was segregated in the Fund Balance section as Unfunded Accrued Employee Future Benefits and Vacation Pay.

The Ministry of Education provided funding to be used to reduce this unfunded liability. Once the unfunded liability is eliminated, this funding can be used at the discretion of the Board. It is planned that the unfunded liability will be eliminated in 9 years.

Unfunded accrued employee future benefits, as at July 1, 2004	\$ 1,336,647
Unfunded vacation pay, as at July 1, 2004	<u>0</u>
Total unfunded liability, as at July 1, 2004	\$ 1,336,647
Reductions during the year	<u>(364,937)</u>
Unfunded liability, as at June 30, 2005	<u>\$ 971,710</u>

**NOTE 8 OPERATING FUND BALANCE, END OF YEAR**

Internally Restricted (appropriated) by Board for:	
Aboriginal Education	\$ 3,940
School Supplies	<u>163,024</u>
Learning Resources	<u>13,540</u>
School Equipment	<u>47,042</u>
Other	<u>37,859</u>
	<u>265,405</u>
Unrestricted Operating Surplus (Deficit)	<u>365,009</u>
Total Available for Future Operations	<u>\$ 630,414</u>

**NOTE 9 INTERFUND TRANSFERS**

Interfund transfers between the operating, special purpose and capital funds are reported on Statement 3 (Statement of Changes in Fund Balances). For the year ended June 30, 2005, transfers were as follows:

- Transfer from Operating Fund to Capital Fund \$100,000
- Transfer from Special Purpose Fund – Employee Housing #260 to Operating Fund \$22,276
- Transfer from Special Purpose Fund – One Time GAAP Grant #295 to Operating Fund \$109,144

**NOTE 10 RELATED PARTY TRANSACTIONS**

The School District is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, unless disclosed separately, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

**NOTE 11 COMPARATIVE AMOUNTS**

The 2004 comparative figures have not been restated for the changes in accounting policy described in Note 3.

Amortization of Deferred Capital Contributions has been moved from Statement 3 (Statement of Changes in Fund Balances) to Statement 2 (Statement of Revenue and Expense). The 2004 comparative figure related to this item has also been moved.

**NOTE 12 BUDGET FIGURES**

Budget figures included in the financial statements are not audited. The budget figures reflected in the financial statements were approved by the Board, through the adoption of an amended annual budget on January 10, 2005.

**NOTE 13 ECONOMIC DEPENDENCE**

Operations of the School District are dependent on continued funding from the Ministry of Education and various governmental agencies to carry out its programs. These financial statements have been prepared in accordance with Canadian GAAP for not-for-profit organizations. This contemplates continuation of the School District as a “going-concern”.

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**OPERATING FUND**  
**SURPLUS (DEFICIT)**  
**YEAR ENDED JUNE 30, 2005**

Schedule A1

	2005	2005 AMENDED ANNUAL BUDGET	2004
	ACTUAL		ACTUAL
<b>REVENUE</b>			
Provincial Grants - Ministry of Education	17,578,749	17,396,610	17,730,431
Provincial Grants - Other	0	0	0
Federal Grants	6,481	7,600	7,177
Other Revenue	39,535	22,001	308,932
Rentals and Leases	29,082	7,000	11,077
Investment Income	48,851	30,000	62,296
	<u>17,702,698</u>	<u>17,463,211</u>	<u>18,119,913</u>
<b>EXPENSE</b>			
Salaries			
Teachers	6,741,513	6,564,326	7,292,453
Principals and Vice Principals	1,273,679	1,254,210	1,273,364
Educational Assistants	978,302	1,089,226	1,025,127
Support Staff	2,256,485	2,273,137	2,393,360
Other Professionals	417,268	435,960	504,980
Substitutes	530,519	745,184	644,817
	<u>12,197,766</u>	<u>12,362,043</u>	<u>13,134,101</u>
Employee Benefits	2,552,075	2,596,020	2,566,288
Services and Supplies	2,353,778	2,760,284	2,146,644
	<u>17,103,619</u>	<u>17,718,347</u>	<u>17,847,033</u>
<b>NET REVENUE (EXPENSE), FOR THE YEAR</b>	599,079	(255,136)	272,880
<b>INTERFUND TRANSFERS</b>			
Capital Assets Purchased	0	0	0
Local Capital	(100,000)	(100,000)	(100,000)
Other	131,420	109,144	0
<b>REDUCTION OF UNFUNDED LIABILITY</b>			
Employee Future Benefits and Vacation Pay	(474,081)	(228,004)	
<b>BUDGETED ALLOCATION OF SURPLUS (DEFICIT)</b>		473,996	
<b>SURPLUS (DEFICIT), FOR THE YEAR</b>	<u>156,418</u>	<u>0</u>	<u>172,880</u>
<b>SURPLUS (DEFICIT) BEGINNING OF YEAR</b>	473,996		301,116
<b>Changes in Accounting Policies/ Prior Period Adjustments</b>			
<b>SURPLUS (DEFICIT), BEGINNING OF YEAR, AS RESTATED</b>	<u>473,996</u>	<u>0</u>	<u>301,116</u>
<b>SURPLUS (DEFICIT), END OF YEAR</b> (Section 156 (12) of School Act)	<u>630,414</u>	<u>0</u>	<u>473,996</u>
<b>SURPLUS (DEFICIT), END OF YEAR</b>			
Internally Restricted	265,405		
Unrestricted	365,009		
	<u>630,414</u>		

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**OPERATING FUND**  
**COMPARATIVE SCHEDULE OF REVENUE BY SOURCE**  
**YEAR ENDED JUNE 30, 2005**

Schedule A2

	2005	2005 AMENDED ANNUAL BUDGET	2004
	ACTUAL		ACTUAL
<b>PROVINCIAL GRANTS - MINISTRY OF EDUCATION</b>			
Operating Grant, Ministry of Education	17,176,843	17,162,515	17,822,992
Other Ministry of Education Grants			
GAAP Implementation	170,019	118,860	
Other (ALRC Literacy RSL etc)	116,652		71,744
Pay Equity	115,235	115,235	115,235
Reduction for FN Direct Funding			(279,540)
	<u>17,578,749</u>	<u>17,396,610</u>	<u>17,730,431</u>
<b>PROVINCIAL GRANTS - OTHER</b>	0	0	0
<b>FEDERAL GRANTS</b>	6,481	7,600	7,177
<b>OTHER REVENUE</b>			
Other School District/Education Authorities	5,440	0	0
Summer School Fees	0	0	0
Continuing Education	0	0	0
Offshore Tuition Fees	16,800	11,000	22,000
LEA/Direct Funding from First Nations	0	0	279,540
Miscellaneous			
Sales	2,864		5,816
Miscellaneous	3,430		1,576
Donations	11,001	11,001	
	<u>39,535</u>	<u>22,001</u>	<u>308,932</u>
<b>RENTALS AND LEASES</b>	29,082	7,000	11,077
<b>INVESTMENT INCOME</b>	48,851	30,000	62,296
<b>TOTAL OPERATING REVENUE</b>	<u><u>17,702,698</u></u>	<u><u>17,463,211</u></u>	<u><u>18,119,913</u></u>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**OPERATING FUND**  
**COMPARATIVE SCHEDULE OF EXPENSE BY OBJECT**  
**YEAR ENDED JUNE 30, 2005**

Schedule A3

	2005	2005 AMENDED ANNUAL BUDGET	2004
	ACTUAL		ACTUAL
<b>SALARIES</b>			
Teachers	6,741,513	6,564,326	7,292,453
Principals and Vice Principals	1,273,679	1,254,210	1,273,364
Educational Assistants	978,302	1,089,226	1,025,127
Support Staff	2,256,485	2,273,137	2,393,360
Other Professionals	417,268	435,960	504,980
Substitutes	530,519	745,184	644,817
	<u>12,197,766</u>	<u>12,362,043</u>	<u>13,134,101</u>
<b>EMPLOYEE BENEFITS</b>			
	2,552,075	2,596,020	2,566,288
<b>Total Salaries and Benefits</b>	<u>14,749,841</u>	<u>14,958,063</u>	<u>15,700,389</u>
<b>SERVICES AND SUPPLIES</b>			
Services	498,567	599,853	492,339
Student Transportation	73,858	81,492	83,621
Professional Development and Travel	222,908	250,253	195,290
Rentals and Leases	90,960	85,260	90,775
Dues and Fees	20,682	25,830	21,310
Insurance	52,817	58,772	48,239
Interest	0	0	0
Supplies	788,056	970,953	604,765
Bad Debts	0	0	0
Utilities	605,930	687,871	610,305
<b>Total Services and Supplies</b>	<u>2,353,778</u>	<u>2,760,284</u>	<u>2,146,644</u>
<b>TOTAL OPERATING EXPENSE</b>	<u>17,103,619</u>	<u>17,718,347</u>	<u>17,847,033</u>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**OPERATING FUND**  
**EXPENSE BY FUNCTION AND PROGRAM**  
**YEAR ENDED JUNE 30, 2005**

Schedule A4.1

	TEACHERS SALARIES	PRINCIPALS AND VICE PRINCIPALS SALARIES	EDUCATIONAL ASSISTANTS SALARIES	SUPPORT STAFF SALARIES	OTHER PROFESSIONALS SALARIES	SUBSTITUTES SALARIES	TOTAL SALARIES
<b>1 INSTRUCTION</b>							
1.02 Regular Instruction	5,283,811	420,882		73,448		238,124	6,014,065
1.03 Career Programs	89,340					3,321	92,661
1.07 Library Services	112,503			122,807		7,923	243,233
1.08 Counselling	166,107					6,174	172,281
1.10 Special Education	935,757	78,049	812,415	10,870	64,845	97,767	1,999,503
1.30 English as a Second Language	21,177					787	21,964
1.31 Aboriginal Education	33,089	45,111	136,064	11,928		11,616	237,808
1.41 School Administration		602,621		420,770		50,558	1,073,949
1.60 Summer School							0
1.61 Continuing Education	99,928		29,823			5,940	135,692
1.62 Off Shore Students							0
1.64 Other							0
1.65 Conseil Scolaire Francophone							0
<b>Total Function 1</b>	<b>6,741,513</b>	<b>1,146,663</b>	<b>978,302</b>	<b>639,623</b>	<b>64,845</b>	<b>420,210</b>	<b>9,991,156</b>
<b>4 DISTRICT ADMINISTRATION</b>							
4.11 Educational Administration		127,016			154,594		281,610
4.40 School District Governance					52,750		52,750
4.41 Business Administration				110,247	52,895	3,493	166,435
4.65 Conseil Scolaire Francophone							0
<b>Total Function 4</b>	<b>0</b>	<b>127,016</b>	<b>0</b>	<b>110,247</b>	<b>260,039</b>	<b>3,493</b>	<b>500,795</b>
<b>5 OPERATIONS AND MAINTENANCE</b>							
5.41 Operations and Maintenance Administration				59,085	46,192	1,614	106,891
5.50 Maintenance Operations				1,058,941		75,126	1,134,067
5.52 Maintenance of Grounds				72,864		667	73,531
5.56 Utilities							0
5.65 Conseil Scolaire Francophone							0
<b>Total Function 5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,190,890</b>	<b>46,192</b>	<b>77,407</b>	<b>1,314,489</b>
<b>7 TRANSPORTATION AND HOUSING</b>							
7.41 Transportation and Housing Administration				43,022	46,192		89,214
7.65 Conseil Scolaire Francophone							0
7.70 Student Transportation				272,703		29,409	302,112
7.73 Housing							0
<b>Total Function 7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>315,725</b>	<b>46,192</b>	<b>29,409</b>	<b>391,326</b>
<b>9 DEBT SERVICES (OPERATING)</b>							
9.92 Interest on Bank Loans							0
9.94 Interest on Temporary Borrowing							0
<b>Total Function 9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FUNCTIONS 1 - 9</b>	<b>6,741,513</b>	<b>1,273,679</b>	<b>978,302</b>	<b>2,256,485</b>	<b>417,268</b>	<b>530,519</b>	<b>12,197,766</b>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**OPERATING FUND**  
**EXPENSE BY FUNCTION AND PROGRAM**  
**YEAR ENDED JUNE 30, 2005**

Schedule A4.2

	TOTAL SALARIES	EMPLOYEE BENEFITS	TOTAL SALARIES AND BENEFITS	SERVICES AND SUPPLIES	2005 ACTUAL	2005 AMENDED ANNUAL BUDGET	2004 ACTUAL
<b>1 INSTRUCTION</b>							
1.02 Regular Instruction	6,014,065	1,201,163	7,215,228	592,916	7,808,144	8,087,548	8,284,652
1.03 Career Programs	92,661	18,818	111,477	22,960	134,437	124,307	98,355
1.07 Library Services	243,233	56,237	299,470	28,755	328,225	329,286	431,574
1.08 Counselling	172,281	34,985	207,266	5,133	212,399	205,418	216,128
1.10 Special Education	1,999,503	432,239	2,431,742	85,913	2,517,655	2,629,801	2,618,738
1.30 English as a Second Language	21,964	4,480	26,424	234	26,658	25,476	0
1.31 Aboriginal Education	237,808	61,030	298,838	176,142	474,980	487,274	476,416
1.41 School Administration	1,073,949	230,956	1,304,905	26,126	1,331,031	1,316,804	1,237,635
1.60 Summer School	0	0	0	0	0	0	0
1.61 Continuing Education	135,692	29,304	164,996	70,685	235,681	225,037	235,600
1.62 Off Shore Students	0	0	0	0	0	0	0
1.64 Other	0	0	0	23,687	23,687	31,000	21,222
1.65 Conseil Scolaire Francophone	0	0	0	0	0	0	0
<b>Total Function 1</b>	<b>9,991,156</b>	<b>2,069,190</b>	<b>12,060,346</b>	<b>1,032,551</b>	<b>13,092,897</b>	<b>13,461,951</b>	<b>13,618,320</b>
<b>4 DISTRICT ADMINISTRATION</b>							
4.11 Educational Administration	281,810	49,487	331,097	26,642	357,739	385,956	353,743
4.40 School District Governance	52,750	1,398	54,148	31,770	85,918	96,495	84,238
4.41 Business Administration	166,435	35,882	202,297	171,434	373,731	360,416	355,093
4.65 Conseil Scolaire Francophone	0	0	0	0	0	0	0
<b>Total Function 4</b>	<b>500,795</b>	<b>86,747</b>	<b>587,542</b>	<b>229,846</b>	<b>817,388</b>	<b>842,867</b>	<b>793,074</b>
<b>5 OPERATIONS AND MAINTENANCE</b>							
5.41 Operations and Maintenance Administration	106,891	23,022	129,913	44,754	174,667	189,396	177,675
5.50 Maintenance Operations	1,134,067	263,685	1,397,752	308,403	1,706,155	1,812,924	1,918,368
5.52 Maintenance of Grounds	73,531	19,067	92,598	27,549	120,147	112,777	107,038
5.56 Utilities	0	0	0	605,930	605,930	687,871	610,305
5.65 Conseil Scolaire Francophone	0	0	0	0	0	0	0
<b>Total Function 5</b>	<b>1,314,489</b>	<b>305,774</b>	<b>1,620,263</b>	<b>986,636</b>	<b>2,606,899</b>	<b>2,802,968</b>	<b>2,813,386</b>
<b>7 TRANSPORTATION AND HOUSING</b>							
7.41 Transportation and Housing Administration	89,214	17,859	107,073	4,583	111,656	119,680	126,070
7.65 Conseil Scolaire Francophone	0	0	0	0	0	0	0
7.70 Student Transportation	302,112	72,505	374,617	100,162	474,779	487,881	493,283
7.73 Housing	0	0	0	0	0	3,000	2,900
<b>Total Function 7</b>	<b>391,326</b>	<b>90,364</b>	<b>481,690</b>	<b>104,745</b>	<b>586,435</b>	<b>610,561</b>	<b>622,253</b>
<b>9 DEBT SERVICES (OPERATING)</b>							
9.92 Interest on Bank Loans	0	0	0	0	0	0	0
9.94 Interest on Temporary Borrowing	0	0	0	0	0	0	0
<b>Total Function 9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FUNCTIONS 1 - 9</b>	<b>12,197,766</b>	<b>2,552,075</b>	<b>14,749,841</b>	<b>2,353,778</b>	<b>17,103,619</b>	<b>17,718,347</b>	<b>17,847,033</b>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**OPERATING FUND**  
**CHANGES IN DEFERRED CONTRIBUTIONS**  
**YEAR ENDED JUNE 30, 2005**

Schedule A5

<b>BALANCE, BEGINNING OF YEAR</b>	11,000
<b>Changes in Accounting Policies / Prior Period Adjustments</b>	
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<u>11,000</u>
<b>Changes for the Year</b>	
Increase:	
Provincial Grants - Ministry of Education	0
Provincial Grants - Other	0
Other Revenue	0
	<u>0</u>
Decrease:	
Allocated to Revenue	
Provincial Grants - Ministry of Education	0
Provincial Grants - Other	0
Federal Grants	0
Other Revenue	11,000
Rentals and Leases	0
Investment Income	0
	<u>11,000</u>
<b>Net Changes for the Year</b>	<u>(11,000)</u>
<b>BALANCE, END OF YEAR</b>	<u><u>0</u></u>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**SPECIAL PURPOSE FUNDS**  
**SUMMARY OF CHANGES**  
**YEAR ENDED JUNE 30, 2005**

Schedule B1

	MINISTRY OF EDUCATION SPECIAL PURPOSE FUNDS	OTHER SPECIAL PURPOSE FUNDS	SCHOOL GENERATED FUNDS	RELATED ENTITIES	TOTAL
<b>DEFERRED CONTRIBUTIONS</b>					
<b>DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR</b>	1,053,158	70,552	312,513	0	1,436,223
<b>Add: Contributions Received</b>					
Provincial Grants - Ministry of Education	791,440	269,000			1,060,440
Provincial Grants - Other					0
Federal Grants		5,000			5,000
Other Revenue		200	500,134		500,334
Rentals and Leases					0
Investment Income	22,350	198	1,464		24,012
	<u>813,790</u>	<u>274,398</u>	<u>501,598</u>	<u>0</u>	<u>1,589,786</u>
<b>Less: Allocated to Revenue</b>	374,311	257,901	501,897		1,134,109
Recovered					0
<b>DEFERRED CONTRIBUTIONS, END OF YEAR</b>	<u>1,492,637</u>	<u>87,049</u>	<u>312,214</u>	<u>0</u>	<u>1,891,900</u>
<b>REVENUE</b>					
Provincial Grants - Ministry of Education	329,685	255,872			585,557
Provincial Grants - Other					0
Federal Grants		138			138
Other Revenue		1,895	500,433		502,128
Rentals and Leases	22,276				22,276
Investment Income	22,350	198	1,464		24,012
Gain (Loss) on Equity Investment					0
	<u>374,311</u>	<u>257,901</u>	<u>501,897</u>	<u>0</u>	<u>1,134,109</u>
<b>EXPENSE</b>					
Salaries					
Teachers		60,541			60,541
Principals and Vice Principals					0
Educational Assistants		143,264			143,264
Support Staff					0
Other Professionals					0
Substitutes		600			600
	<u>0</u>	<u>204,405</u>	<u>0</u>	<u>0</u>	<u>204,405</u>
Employee Benefits		44,777			44,777
Services and Supplies	242,891	8,719	501,897		753,507
	<u>242,891</u>	<u>257,901</u>	<u>501,897</u>	<u>0</u>	<u>1,002,689</u>
<b>NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS</b>	<u>131,420</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>131,420</u>
<b>INTERFUND TRANSFERS</b>					
Capital Assets Purchased					0
Other	(131,420)				(131,420)
	<u>(131,420)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(131,420)</u>
<b>NET REVENUE (EXPENSE)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**SPECIAL PURPOSE FUNDS**  
**CHANGES IN MINISTRY OF EDUCATION SPECIAL PURPOSE FUNDS**  
**YEAR ENDED JUNE 30, 2005**

Schedule B2

	207 Annual Facility Grant	231 Aboriginal Education Technology	250 Special Education Equipment	260 Employee Housing	295 One Time GAAP Grant	TOTAL
<b>DEFERRED CONTRIBUTIONS</b>						
<b>DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR</b>	914,983	235	6,520	22,276	109,144	1,053,158
Add: Contributions Received						
Provincial Grants - Ministry of Education	786,035		5,405			791,440
Provincial Grants - Other						0
Federal Grants						0
Other Revenue						0
Rentals and Leases						0
Investment Income	22,350					22,350
	808,385		5,405			813,790
Less: Allocated to Revenue						
Recovered	231,940	235	10,716	22,276	109,144	374,311
<b>DEFERRED CONTRIBUTIONS, END OF YEAR</b>	1,491,428		1,209			1,492,637
<b>REVENUE AND EXPENSE</b>						
<b>REVENUE</b>						
Provincial Grants - Ministry of Education	209,590	235	10,716		109,144	329,685
Provincial Grants - Other						0
Federal Grants						0
Other Revenue						0
Rentals and Leases				22,276		22,276
Investment Income	22,350					22,350
	231,940	235	10,716	22,276	109,144	374,311
<b>EXPENSE</b>						
Salaries						
Teachers						0
Principals and Vice Principals						0
Educational Assistants						0
Support Staff						0
Other Professionals						0
Substitutes						0
Employee Benefits						0
Services and Supplies	231,940	235	10,716			242,891
	231,940	235	10,716			242,891
<b>NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS</b>				22,276	109,144	131,420
<b>INTERFUND TRANSFERS</b>						
Capital Assets Purchased						0
Other				(22,276)	(109,144)	(131,420)
				(22,276)	(109,144)	(131,420)
<b>NET REVENUE (EXPENSE)</b>						0

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**SPECIAL PURPOSE FUNDS**  
**CHANGES IN OTHER SPECIAL PURPOSE FUNDS**  
**YEAR ENDED JUNE 30, 2005**

Schedule B3

	HRDC	Scholarships	Community Link	TOTAL
<b>DEFERRED CONTRIBUTIONS</b>				
<b>DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR</b>	15,291	14,845	40,418	70,552
<b>Add: Contributions Received</b>				
Provincial Grants - Ministry of Education			269,000	269,000
Provincial Grants - Other				0
Federal Grants	5,000			5,000
Other Revenue		200		200
Rentals and Leases				0
Investment Income		198		198
	5,000	398	269,000	274,398
<b>Less: Allocated to Revenue</b>				
Recovered	136	1,893	255,872	257,901
<b>DEFERRED CONTRIBUTIONS, END OF YEAR</b>	20,155	13,350	53,544	87,049
<b>REVENUE AND EXPENSE</b>				
<b>REVENUE</b>				
Provincial Grants - Ministry of Education			255,872	255,872
Provincial Grants - Other				0
Federal Grants	136			136
Other Revenue		1,895		1,895
Rentals and Leases				0
Investment Income		198		198
	136	1,893	255,872	257,901
<b>EXPENSE</b>				
<b>Salaries</b>				
Teachers			80,541	80,541
Principals and Vice Principals				0
Educational Assistants			143,264	143,264
Support Staff				0
Other Professionals				0
Substitutes			600	600
			204,405	204,405
Employee Benefits			44,777	44,777
Services and Supplies	136	1,893	6,690	8,719
	136	1,893	255,872	257,901
<b>NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS</b>				0
<b>INTERFUND TRANSFERS</b>				
Capital Assets Purchased				0
Other				0
				0
<b>NET REVENUE (EXPENSE)</b>				0

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**CAPITAL FUND**  
**CAPITAL ASSETS**  
**YEAR ENDED JUNE 30, 2005**

Schedule C1

	SITES	BUILDINGS	FURNITURE AND EQUIPMENT	VEHICLES	COMPUTER SOFTWARE	COMPUTER HARDWARE	TOTAL
<b>COST, BEGINNING OF YEAR</b>	2,891,161	45,678,447	6,771,869	2,404,381	4,459	1,138,402	58,888,719
<b>Changes in Accounting Policy /</b>							
<b>Prior Period Adjustments</b>							
Deemed Disposals			(5,420,920)	(1,283,261)		(473,685)	(7,177,866)
<b>COST, BEGINNING OF YEAR, AS RESTATED</b>	<u>2,891,161</u>	<u>45,678,447</u>	<u>1,350,949</u>	<u>1,121,120</u>	<u>4,459</u>	<u>664,717</u>	<u>51,710,853</u>
<b>Changes for the Year</b>							
Increase:							
Purchases from:							
Deferred Contributions - Bylaw							0
Deferred Contributions - Other							0
Operating Fund							0
Special Purpose Funds							0
Local Capital				18,674	10,165	8,657	37,496
Transferred from Work in Progress							0
Capital Leases							0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,674</u>	<u>10,165</u>	<u>8,657</u>	<u>37,496</u>
Decrease:							
Disposed Of							0
Deemed Disposals			213,813	(1)		231,881	445,693
Written-off/down During Year							0
	<u>0</u>	<u>0</u>	<u>213,813</u>	<u>(1)</u>	<u>0</u>	<u>231,881</u>	<u>445,693</u>
<b>COST, END OF YEAR</b>	<u>2,891,161</u>	<u>45,678,447</u>	<u>1,137,136</u>	<u>1,139,795</u>	<u>14,624</u>	<u>441,493</u>	<u>51,302,656</u>
<b>WORK IN PROGRESS, END OF YEAR</b>							0
<b>COST AND WORK IN PROGRESS, END OF YEAR</b>	<u>2,891,161</u>	<u>45,678,447</u>	<u>1,137,136</u>	<u>1,139,795</u>	<u>14,624</u>	<u>441,493</u>	<u>51,302,656</u>
<b>ACCUMULATED AMORTIZATION, BEGINNING OF YEAR</b>		0	0	0	0	0	0
<b>Change in Accounting Policies/</b>							
<b>Prior Period Adjustments</b>							
Accumulated Amortization		21,810,668	6,314,165	1,592,502		782,631	30,499,966
Deemed Disposals			(5,420,920)	(1,283,261)		(473,685)	(7,177,866)
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<u>0</u>	<u>21,810,668</u>	<u>893,245</u>	<u>309,241</u>	<u>0</u>	<u>308,946</u>	<u>23,322,100</u>
<b>Changes for the Year</b>							
Increase: Amortization for the Year		926,646	135,312	112,512	892	132,943	1,308,305
Decrease:							
Disposed of							0
Deemed Disposals			213,813	(1)		231,881	445,693
Written-off During Year							0
	<u>0</u>	<u>0</u>	<u>213,813</u>	<u>(1)</u>	<u>0</u>	<u>231,881</u>	<u>445,693</u>
<b>ACCUMULATED AMORTIZATION, END OF YEAR</b>	<u>0</u>	<u>22,737,314</u>	<u>814,744</u>	<u>421,754</u>	<u>892</u>	<u>210,008</u>	<u>24,184,712</u>
<b>CAPITAL ASSETS - NET</b>	<u>2,891,161</u>	<u>22,941,133</u>	<u>322,392</u>	<u>718,041</u>	<u>13,732</u>	<u>231,485</u>	<u>27,117,944</u>

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**CAPITAL FUND**  
**DEFERRED CAPITAL CONTRIBUTIONS**  
**YEAR ENDED JUNE 30, 2005**

Schedule C2

	BYLAW CAPITAL (NET)	OTHER PROVINCIAL (NET)	OTHER CAPITAL (NET)	TOTAL CAPITAL
<b>DEFERRED CAPITAL CONTRIBUTIONS, BEGINNING OF YEAR</b>	22,728,210	0	0	22,728,210
<b>Changes in Accounting Policies/ Prior Period Adjustments</b>				
<b>DEFERRED CAPITAL CONTRIBUTIONS, BEGINNING OF YEAR, AS RESTATED</b>	22,728,210	0	0	22,728,210
<b>Changes for the Year</b>				
Increase:				
Transferred from Deferred Contributions - Capital Additions				0
Transferred from Work in Progress				0
	0	0	0	0
Decrease:				
Amortization of Deferred Capital Contributions	1,004,211			1,004,211
Revenue Recognized on Disposal of Buildings				0
Revenue Recognized on Write-off/down of Buildings				0
	1,004,211	0	0	1,004,211
<b>Net Changes for the Year</b>	(1,004,211)	0	0	(1,004,211)
<b>DEFERRED CAPITAL CONTRIBUTIONS, END OF YEAR</b>	21,723,999	0	0	21,723,999
<b>WORK IN PROGRESS, BEGINNING OF YEAR</b>	0	0	0	0
<b>Changes in Accounting Policies/ Prior Period Adjustments</b>				
<b>WORK IN PROGRESS, BEGINNING OF YEAR, AS RESTATED</b>	0	0	0	0
<b>Changes for the Year</b>				
Increase				
Transferred from Deferred Contributions - Work in Progress				0
	0	0	0	0
Decrease				
Transferred to Deferred Capital Contributions				0
	0	0	0	0
<b>Net Changes for the Year</b>	0	0	0	0
<b>WORK IN PROGRESS, END OF YEAR</b>	0	0	0	0
<b>DEFERRED CAPITAL CONTRIBUTIONS AND WORK IN PROGRESS, END OF YEAR</b>	21,723,999	0	0	21,723,999

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**CAPITAL FUND**  
**CHANGES IN DEFERRED CONTRIBUTIONS**  
**YEAR ENDED JUNE 30, 2005**

Schedule C3

	BYLAW CAPITAL	MINISTRY OF EDUCATION RESTRICTED CAPITAL	OTHER PROVINCIAL CAPITAL	LAND CAPITAL	OTHER CAPITAL	TOTAL
<b>BALANCE, BEGINNING OF YEAR</b>	0	0	0	0	0	0
<b>Changes In Accounting Policies / Prior Period Adjustments</b>						
Transfer from Reserves		12,756				12,756
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	0	12,756	0	0	0	12,756
<b>Changes for the Year</b>						
Increase:						
Provincial Grants - Ministry of Education						0
Provincial Grants - Other						0
Other						0
Investment Income						0
MEd Restricted Portion of Proceeds on Disposal						0
	0	0	0	0	0	0
Decrease:						
Transferred to DCC - Capital Additions						0
Transferred to DCC - Work in Progress						0
Transferred to Net Assets - Site Purchases						0
	0	0	0	0	0	0
<b>Net Changes for the Year</b>	0	0	0	0	0	0
<b>BALANCE, END OF YEAR</b>	0	12,756	0	0	0	12,756

**SCHOOL DISTRICT NO. 85 (Vancouver Island North)**  
**CAPITAL FUND**  
**CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2005**

Schedule C4

	FUND BALANCE	INVESTED IN CAPITAL ASSETS	LOCAL CAPITAL	CAPITAL RESERVE	LAND CAPITAL RESERVE	TOTAL
<b>BALANCE, BEGINNING OF YEAR</b>	36,462,808	36,160,504	289,548	12,756	0	302,304
<b>Changes in Accounting Policies/ Prior Period Adjustments</b>						
Accumulated Amortization of Capital Assets	(30,499,966)	(30,499,966)				0
Transfer Land Capital Reserve to Deferred Contributions						0
Transfer Capital Reserve to Deferred Contributions	(12,756)			(12,756)		(12,756)
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	5,950,886	5,660,538	289,548	0	0	289,548
<b>Changes for the Year</b>						
Investment Income	5,887		5,887			5,887
Gain (Loss) on Disposal of Capital Assets						0
District Portion of Proceeds on Disposal	6,234		6,234			6,234
Write-off/down of Buildings and Sites						0
Amortization of Deferred Capital Contributions	1,004,211	1,004,211				0
Capital Assets Purchased from Local Capital		37,496	(37,496)			(37,496)
Interfund Transfers - Capital Assets Purchased						0
Interfund Transfers - Local Capital	100,000		100,000			100,000
Amortization of Capital Assets	(1,308,305)	(1,308,305)				0
Transferred to Net Assets - Site Purchases						0
Other Expenses	(19,400)		(19,400)			(19,400)
<b>Net Changes for the Year</b>	(211,373)	(266,598)	55,225	0	0	55,225
<b>BALANCE, END OF YEAR</b>	5,739,713	5,393,940	344,773	0	0	344,773