

SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FISCAL YEAR 2005/2006

SCHOOL DISTRICT NUMBER 85	NAME OF SCHOOL DISTRICT Vancouver Island North	YEAR 2005/2006
OFFICE LOCATION 6975 Rupert Street		TELEPHONE NUMBER 250-949-6618
CITY / PROVINCE Port Hardy, BC		POSTAL CODE V0N 2P0
WEBSITE ADDRESS http://www.sd85.bc.ca/		
NAME OF SUPERINTENDENT Dan Boudreault		NAME OF SECRETARY - TREASURER John R Martin

DECLARATION AND SIGNATURES

SCHOOL DISTRICT MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and supporting schedules of The Board of School Trustees of School District No. 85 (Vancouver Island North) ("the Board") have been prepared by school district management which has responsibility for their preparation, integrity and objectivity. The financial statements and schedules, including notes, have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school district's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that the accounting records may be relied upon to properly reflect the school district's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong budgetary system of control.

The Board's Responsibility

The ultimate responsibility for the financial statements lies with the Board. The Board has reviewed and approved the financial statements.




External Auditors

The Board appoints external auditors to audit the financial statements. The external auditors have full and free access to school district records, and present their report to the Board.

Declaration of Management and Board Chairperson

To the best of our knowledge and belief, these financial statements and supporting schedules reflect, in all material respects, the financial position, revenue and expense and cash flows for the year in accordance with generally accepted accounting principles for not-for-profit organizations.

We, the undersigned, certify that the attached is a correct and true copy of the Audited Financial Statements of School District No. 85 (Vancouver Island North) for the year ended June 30, 2006.

SIGNATURE OF CHAIRPERSON OF THE BOARD OF SCHOOL TRUSTEES Original signed by 	DATE SIGNED OCT 02 2006
SIGNATURE OF SUPERINTENDENT Original signed by 	DATE SIGNED OCT 02 2006
SIGNATURE OF SECRETARY - TREASURER Original signed by 	DATE SIGNED OCT 02 2006

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
2005/2006 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, 2006 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, 2006 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 1, 2006

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2006

Statement 1

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
ASSETS					
Current Assets					
Cash	6,147,961	331,878		6,479,839	4,256,509
Short Term Investments	13,982			13,982	13,982
Accounts Receivable					
Due from Province - Ministry of Education	235,693			235,693	279,540
Due from Province - Other	897,163			897,163	0
Due from LEA / Direct Funding	79,245			79,245	79,245
Other Receivables	95,468			95,468	92,159
Interfund Loans		2,250,081	391,923		
Inventories				0	0
Prepaid Expenses	49,579			49,579	39,059
	7,519,091	2,581,959	391,923	7,850,969	4,760,494
Investments				0	0
Equity Investments				0	0
Capital Assets - Net			26,366,299	26,366,299	27,117,944
TOTAL ASSETS	7,519,091	2,581,959	26,758,222	34,217,268	31,878,438
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Bank Overdraft				0	0
Accounts Payable and Accrued Liabilities					
Due to Province - Ministry of Education				0	0
Due to Province - Other				0	0
Other	712,203			712,203	378,036
Bank Loans				0	0
Interfund Loans	2,642,004				
Other Current Liabilities	1,623,087			1,623,087	823,457
	4,977,294	0	0	2,335,290	1,201,493
Deferred Contributions					
Ministry of Education		2,083,525	12,756	2,096,281	1,558,937
Province - Other				0	0
Other		498,434		498,434	345,719
Accrued Employee Future Benefits	1,762,704			1,762,704	1,650,873
Deferred Capital Contributions			20,907,471	20,907,471	21,723,999
Bank Loans				0	0
Capital Lease Obligations				0	0
Other Long Term Liabilities				0	0
TOTAL LIABILITIES	6,739,998	2,581,959	20,920,227	27,600,180	26,481,021
Fund Balances					
Invested in Capital Assets			5,458,828	5,458,828	5,393,940
Endowment				0	0
Internally Restricted	613,803		379,167	992,970	610,178
Unrestricted	629,971			629,971	365,009
Unfunded Accrued Employee Future Benefits and Vacation Pay	(464,681)			(464,681)	(971,710)
TOTAL FUND BALANCES	779,093	0	5,837,995	6,617,088	5,397,417
TOTAL LIABILITIES AND FUND BALANCES	7,519,091	2,581,959	26,758,222	34,217,268	31,878,438

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
STATEMENT OF REVENUE AND EXPENSE
YEAR ENDED JUNE 30, 2006

Statement 2

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
REVENUE					
Provincial Grants - Ministry of Education	17,985,246	433,565		18,418,811	18,164,306
Provincial Grants - Other	981,460			981,460	0
Federal Grants	10,729			10,729	6,617
Other Revenue	22,456	479,921		502,377	547,897
Rentals and Leases	21,541			21,541	51,358
Investment Income	99,668	1,286	7,525	108,479	78,750
Gain (Loss) on Equity Investment				0	0
Amortization of Deferred Capital Contributions			1,012,228	1,012,228	1,004,211
Gain (Loss) on Disposal of Capital Assets				0	0
	19,121,100	914,772	1,019,753	21,055,625	19,853,139
EXPENSE					
Salaries					
Teachers	6,488,496			6,488,496	6,802,054
Principals and Vice Principals	1,365,222			1,365,222	1,273,679
Educational Assistants	1,219,983	136,270		1,356,253	1,121,566
Support Staff	2,467,553			2,467,553	2,256,485
Other Professionals	456,622			456,622	417,268
Substitutes	550,471	4,280		554,751	531,119
	12,548,347	140,550	0	12,688,897	12,402,171
Employee Benefits	2,626,793	40,789		2,667,582	2,596,852
Services and Supplies	2,525,571	696,686	47,614	3,269,871	3,126,685
Amortization of Capital Assets			1,233,815	1,233,815	1,308,305
Write-off/down of Buildings and Sites				0	0
	17,700,711	878,025	1,281,429	19,860,165	19,434,013
NET REVENUE (EXPENSE)	1,420,389	36,747	(261,676)	1,195,460	419,126

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006

Statement 3

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
FUND BALANCES, BEGINNING OF YEAR	(341,296)	0	5,738,713	5,397,417	36,936,804
Changes in Accounting Policies/ Prior Period Adjustments					
Accrued Employee Future Benefits				0	(1,445,791)
Accrued Vacation Pay				0	0
Accumulated Amortization of Capital Assets				0	(30,499,966)
Transfer Land Capital Reserve to Deferred Contributions				0	0
Transfer Capital Reserve to Deferred Contributions				0	(12,756)
School-Generated Funds				0	0
Related Entities				0	0
Correction to DCC Amort. from v3.2 of A.Tool			22,300	22,300	
Correction of asset values from v3.2 of A.Tool			2,151	2,151	
Correction of F.A. Amort. from v3.2 of A.Tool			(245)	(245)	
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	(341,296)	0	5,762,919	5,421,623	4,978,291
Changes for the Year					
Net Revenue (Expense) for the Year	1,420,389	36,747	(261,676)	1,195,460	419,126
Interfund Transfers					
Capital Assets Purchased		(36,747)	36,747	0	0
Local Capital	(300,000)		300,000	0	0
Other				0	0
Direct Increases in Fund Balances					
Endowment Contributions				0	0
Site Purchases				0	0
Comprehensive Income (Loss)				0	0
Correct cumulative rounding error			5	5	
Net Changes for the Year	1,120,389	0	75,076	1,195,465	419,126
FUND BALANCES, END OF YEAR	779,093	0	5,837,995	6,617,088	5,397,417

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006

Statement 4.1

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
CASH PROVIDED BY (USED FOR)					
OPERATIONS					
Net Revenue (Expense) for the Year	1,420,389	36,747	(261,676)	1,195,460	419,126
Changes In Non-Cash Working Capital					
Decrease (Increase)					
Accounts Receivable	(856,625)			(856,625)	(214,074)
Interfund Loans	704,789	(670,395)	(34,394)	0	0
Inventories				0	5,384
Prepaid Expenses	(10,520)			(10,520)	8,972
Increase (Decrease)					
Allowance for Doubtful Accounts				0	0
Accounts Payable/Accrued Liabilities	334,167			334,167	(224,900)
Other Current Liabilities	799,635			799,635	(46,718)
Deferred Contributions		690,059		690,059	444,677
Accrued Employee Future Benefits	111,831			111,831	1,450,873
Other Long Term Liabilities				0	0
Loss (Gain) on Disposal of Capital Assets				0	0
Items Not Involving Cash					
Amortization of Capital Assets			1,233,815	1,233,815	1,308,305
Amortization of Deferred Capital Contributions			(1,012,228)	(1,012,228)	(1,004,211)
Accounting Change - Accrued EFB				0	(1,445,791)
Accounting Change - Accrued Vacation Pay				0	0
Write-off/down of Buildings and Sites				0	0
Comprehensive Income (Loss)				0	0
Interfund Transfers	(300,000)	(36,747)	336,747	0	0
	<u>2,203,666</u>	<u>19,664</u>	<u>262,264</u>	<u>2,485,594</u>	<u>701,643</u>
FINANCING					
Bank Loan Received				0	0
Bank Loan Paid				0	0
Endowment Contributions				0	0
Increase (Decrease) Deferred Contributions - Capital				0	0
Proceeds from Disposal of Capital Assets				0	0
MEd Restricted Portion of Proceeds on Disposal				0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
INVESTING					
Capital Assets Purchased - Operating				0	0
Capital Assets Purchased - Special Purpose			(36,747)	(36,747)	0
Capital Assets Purchased - Local Capital			(225,517)	(225,517)	(37,496)
Decrease (Increase) in Investments				0	0
Decrease (Increase) in Equity Investments				0	0
	<u>0</u>	<u>0</u>	<u>(262,264)</u>	<u>(262,264)</u>	<u>(37,496)</u>
Net Increase (Decrease) in Cash	<u>2,203,666</u>	<u>19,664</u>	<u>0</u>	<u>2,223,330</u>	<u>664,147</u>

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006

Statement 4.2

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
NET INCREASE (DECREASE) IN CASH	2,203,666	19,664	0	2,223,330	664,147
Net Cash, Beginning of Year	3,958,277	312,214	0	4,270,491	3,293,835
Changes in Accounting Policies/ Prior Period Adjustments					
School-Generated Funds					312,513
Rounding					(4)
Net Cash, Beginning of Year, as Restated	3,958,277	312,214	0	4,270,491	3,606,344
NET CASH, END OF YEAR	6,161,943	331,878	0	6,493,821	4,270,491
Cash	6,147,961	331,878		6,479,839	4,256,509
Short Term Investments	13,982			13,982	13,982
Bank Overdraft				0	0
NET CASH, END OF YEAR	6,161,943	331,878	0	6,493,821	4,270,491

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.

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) 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.

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

c) 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

d) 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)

e) 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.

f) 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.

g) 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.

h) 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.

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

h) Employee Future Benefits (continued)

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 CAPITAL ASSETS

	2006		2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Sites	\$ 2,891,161	\$	\$ 2,891,161	\$ 2,891,161
Buildings	45,715,192	23,651,995	22,063,197	22,941,134
Furniture and Equipment	917,951	527,194	390,757	322,392
Vehicles	1,368,791	535,331	833,460	718,041
Computer Software	14,623	3,817	10,806	13,732
Computer Hardware	400,297	223,379	176,918	231,484
	<u>\$51,308,015</u>	<u>\$24,941,716</u>	<u>\$26,366,299</u>	<u>\$27,117,944</u>

NOTE 4 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.

	2006	2005
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1 (2005 – July 1)	\$ 1,718,619	\$ 1,645,791
Service Cost	114,778	109,577
Interest Cost	96,904	96,837
Benefit Payments	(201,332)	0
Actuarial (Gain)/Loss	84,359	(133,586)
Accrued Benefit Obligation – March 31	<u>\$ 1,813,328</u>	<u>\$ 1,718,619</u>

NOTE 4 EMPLOYEE FUTURE BENEFITS (Continued)

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation – March 31	\$ 1,813,328	\$ 1,718,619
Market Value of Plan Assets – March 31	0	0
Funded Status - Surplus/(Deficit)	(1,813,328)	(1,718,619)
Employer Contributions After Measurement Date	99,851	201,332
Unamortized Net Actuarial (Gain)/Loss	(49,227)	(133,586)
Accrued Benefit Asset/(Liability) – June 30	<u>\$ (1,762,704)</u>	<u>\$ (1,650,873)</u>

Components of Net Benefit Expense

Service Cost	\$ 114,778	\$ 109,577
Interest Cost	96,904	96,837
Amortization of Net Actuarial (Gain)/Loss	0	0
Net Benefit Expense (Income)	<u>\$ 211,682</u>	<u>\$ 206,414</u>

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

Discount Rate – April 1 (2005 – July 1)	5.50%	5.75%
Discount Rate – March 31	5.25%	5.50%
Salary Growth – April 1 (2005 – July 1)	3.25% + seniority	3.25% + seniority
Salary Growth – March 31	3.25% + seniority	3.25% + seniority
EARSLS	10.5	10.5

NOTE 5 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 45,000 active members from school districts, and approximately 23,000 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 late 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 No. 85 (Vancouver Island North) paid \$700,627 for employer contributions to these plans in the year ended June 30, 2006.

NOTE 6 UNFUNDED ACCRUED EMPLOYEE FUTURE BENEFITS AND VACATION PAY

The Ministry of Education provided funding to be used to reduce the unfunded liability for accrued employee future benefits and vacation pay. Once this unfunded liability is eliminated, Ministry funding can be used at the discretion of the Board.

It is planned that the unfunded liability will be eliminated in 2 years.

Unfunded liability, as at July 1, 2005	\$ 964,681
Reductions during the year	<u>(500,000)</u>
Unfunded liability, as at June 30, 2006	<u>\$ 464,681</u>

NOTE 7 OPERATING FUND BALANCE, END OF YEAR

Internally Restricted (appropriated) by Board for:		
Surplus Appropriated in approved 06-07 Budget	\$ 320,000	
School Supplies	200,658	
Learning Resources	16,158	
School Equipment	62,413	
Other	<u>14,574</u>	
		613,803
Unrestricted Operating Surplus (Deficit)		<u>629,971</u>
Total Available for Future Operations		<u>\$ 1,243,774</u>

NOTE 8 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, 2006, transfers were as follows:

- Transfer from Operating Fund to Capital Fund \$100,000
- Transfer from Operating Fund to Capital Fund \$200,000
- Transfer from Special Purpose Fund #13 Annual Facilities Grant to Capital Fund \$36,747

NOTE 9 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 10 BUDGET FIGURES

Budget figures included in the financial statements are not audited. They were approved by the Board through the adoption of an amended annual budget on February 13, 2006.

NOTE 11 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”.

NOTE 12 CORRECTION OF PRIOR ERROR

During the year the District discovered that in the previous year the deferred capital contributions, asset values and amortization of assets were calculated incorrectly. The effect of the corrections is as follows:

	\$
Decrease in opening balance of deferred capital contributions	22,300
Increase in opening balance of capital assets	2,151
Increase in opening balance of accumulated amortization of assets	<u>(245)</u>
Increase in opening balance of investment in capital assets	<u>24,206</u>

The 2005 comparative figures have not been restated for the correction described above.

SCHOOL DISTRICT NO. 85 (Vancouver Island North)

Schedule A1

OPERATING FUND
SURPLUS (DEFICIT)
YEAR ENDED JUNE 30, 2006

	2006	2006 AMENDED ANNUAL BUDGET	2005
	ACTUAL		ACTUAL
REVENUE			
Provincial Grants - Ministry of Education	17,985,246	17,794,460	17,578,749
Provincial Grants - Other	981,460	0	0
Federal Grants	10,729	8,344	6,481
Other Revenue	22,456	0	39,535
Rentals and Leases	21,541	26,779	29,082
Investment Income	99,668	70,000	48,851
	<u>19,121,100</u>	<u>17,899,583</u>	<u>17,702,698</u>
EXPENSE			
Salaries			
Teachers	6,488,496	6,266,775	6,741,513
Principals and Vice Principals	1,365,222	1,336,433	1,273,679
Educational Assistants	1,219,983	1,242,535	978,302
Support Staff	2,467,553	2,256,405	2,256,485
Other Professionals	456,622	438,097	417,268
Substitutes	550,471	727,266	530,519
	<u>12,548,347</u>	<u>12,267,511</u>	<u>12,197,766</u>
Employee Benefits	2,626,793	2,744,104	2,552,075
Services and Supplies	2,525,571	3,099,522	2,353,778
	<u>17,700,711</u>	<u>18,111,137</u>	<u>17,103,619</u>
NET REVENUE (EXPENSE), FOR THE YEAR	1,420,389	(211,554)	599,079
INTERFUND TRANSFERS			
Capital Assets Purchased	0	0	0
Local Capital	(300,000)	(100,000)	(100,000)
Other	0	0	131,420
OTHER ADJUSTMENTS TO OPERATING FUND BALANCE			
Reduce Unfunded Employee Future Benefits and Vacation Pay	(507,029)	(318,860)	(474,081)
Comprehensive Income (Loss)	0	0	0
BUDGETED ALLOCATION OF SURPLUS (DEFICIT)		630,414	
SURPLUS (DEFICIT), FOR THE YEAR	<u>613,360</u>	<u>0</u>	<u>156,418</u>
SURPLUS (DEFICIT), BEGINNING OF YEAR	630,414		473,996
Changes in Accounting Policies/ Prior Period Adjustments			
SURPLUS (DEFICIT), BEGINNING OF YEAR, AS RESTATED	<u>630,414</u>		<u>473,996</u>
SURPLUS (DEFICIT), END OF YEAR (Section 156 (12) of School Act)	<u>1,243,774</u>		<u>630,414</u>
SURPLUS (DEFICIT), END OF YEAR			
Internally Restricted	613,803		
Unrestricted	629,971		
	<u>1,243,774</u>		

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
OPERATING FUND
COMPARATIVE SCHEDULE OF REVENUE BY SOURCE
YEAR ENDED JUNE 30, 2006

Schedule A2

	2006	2006 AMENDED ANNUAL BUDGET	2005
	ACTUAL		ACTUAL
PROVINCIAL GRANTS - MINISTRY OF EDUCATION			
Operating Grant, Ministry of Education	17,377,136	17,731,992	17,176,843
Other Ministry of Education Grants			
GAAP Implementation Funding	118,860	118,860	170,019
Strike Savings Reduction		(362,635)	116,652
Pay Equity	115,216	115,216	115,235
Ready Set Learn	30,000	30,000	
Job Action Grants	253,247	236,429	
Phys. Activity/Innovation/Accountability Review	58,872		
Audit Adjustments		(75,402)	
TOC on Scale - Ready Report	31,915		
	<u>17,985,246</u>	<u>17,794,460</u>	<u>17,578,749</u>
PROVINCIAL GRANTS - OTHER	981,460	0	0
FEDERAL GRANTS	10,729	8,344	6,481
OTHER REVENUE			
Other School District/Education Authorities	5,600	0	5,440
Summer School Fees	0	0	0
Continuing Education	0	0	0
Offshore Tuition Fees	0	0	16,800
LEA/Direct Funding from First Nations	0	0	0
Miscellaneous			
Special Grants from First Nations			2,864
Resale of Supplies	8,535		3,430
Miscellaneous	8,321		11,001
	<u>22,456</u>	<u>0</u>	<u>39,535</u>
RENTALS AND LEASES	21,541	26,779	29,082
INVESTMENT INCOME	99,668	70,000	48,851
TOTAL OPERATING REVENUE	<u>19,121,100</u>	<u>17,899,583</u>	<u>17,702,698</u>

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
OPERATING FUND
COMPARATIVE SCHEDULE OF EXPENSE BY OBJECT
YEAR ENDED JUNE 30, 2006

Schedule A3

	2006	2006 AMENDED ANNUAL BUDGET	2005
	ACTUAL		ACTUAL
SALARIES			
Teachers	6,488,496	6,266,775	6,741,513
Principals and Vice Principals	1,365,222	1,336,433	1,273,679
Educational Assistants	1,219,983	1,242,535	978,302
Support Staff	2,467,553	2,256,405	2,256,485
Other Professionals	456,622	438,097	417,268
Substitutes	550,471	727,266	530,519
	<u>12,548,347</u>	<u>12,267,511</u>	<u>12,197,766</u>
EMPLOYEE BENEFITS			
	2,626,793	2,744,104	2,552,075
Total Salaries and Benefits	<u>15,175,140</u>	<u>15,011,615</u>	<u>14,749,841</u>
SERVICES AND SUPPLIES			
Services	508,938	621,054	498,567
Student Transportation	65,645	87,255	73,858
Professional Development and Travel	217,095	262,043	222,908
Rentals and Leases	59,453	92,500	90,960
Dues and Fees	21,086	20,870	20,682
Insurance	55,249	52,431	52,817
Interest	0	0	0
Supplies	936,362	1,244,944	788,056
Bad Debts	0	0	0
Utilities	661,743	718,425	605,930
Total Services and Supplies	<u>2,525,571</u>	<u>3,099,522</u>	<u>2,353,778</u>
TOTAL OPERATING EXPENSE	<u>17,700,711</u>	<u>18,111,137</u>	<u>17,103,619</u>

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
 OPERATING FUND
 EXPENSE BY FUNCTION AND PROGRAM
 YEAR ENDED JUNE 30, 2006

	TEACHERS SALARIES	PRINCIPALS AND VICE PRINCIPALS SALARIES	EDUCATIONAL ASSISTANTS SALARIES	SUPPORT STAFF SALARIES	OTHER PROFESSIONALS SALARIES	SUBSTITUTES SALARIES	TOTAL SALARIES
1 INSTRUCTION							
1.02 Regular Instruction	5,084,396	485,881		93,754		290,556	5,934,587
1.03 Career Programs	49,317					2,025	51,342
1.07 Library Services	109,593			127,893		10,001	247,487
1.08 Counselling	134,556					5,526	140,082
1.10 Special Education	943,717	83,608	1,021,446	13,150	68,685	87,792	2,218,398
1.30 English as a Second Language	61,494					2,526	64,020
1.31 Aboriginal Education	31,660	39,646	168,500	14,560		12,807	267,173
1.41 School Administration		820,442		457,197		43,055	1,120,694
1.60 Summer School	93,763		30,037				123,800
1.61 Continuing Education						5,079	5,079
1.62 Off Shore Students							0
1.64 Other							0
1.65 Conseil Scolaire Francophone							0
Total Function 1	6,488,496	1,229,577	1,219,983	706,554	68,685	459,367	10,172,662
4 DISTRICT ADMINISTRATION							
4.11 Educational Administration		135,645			157,992		293,637
4.40 School District Governance					52,750		52,750
4.41 Business Administration				118,181	61,607		179,788
4.65 Conseil Scolaire Francophone							0
Total Function 4	0	135,645	0	118,181	272,349	0	526,175
5 OPERATIONS AND MAINTENANCE							
5.41 Operations and Maintenance Administration				52,674	57,794	2,326	112,794
5.50 Maintenance Operations				1,201,297		61,026	1,262,323
5.52 Maintenance of Grounds				67,763			67,763
5.56 Utilities							0
5.65 Conseil Scolaire Francophone							0
Total Function 5	0	0	0	1,321,734	57,794	63,352	1,442,860
7 TRANSPORTATION AND HOUSING							
7.41 Transportation and Housing Administration				36,704	57,794		94,498
7.65 Conseil Scolaire Francophone							0
7.70 Student Transportation				284,380		27,752	312,132
7.73 Housing							0
Total Function 7	0	0	0	321,084	57,794	27,752	406,630
9 DEBT SERVICES (OPERATING)							
9.92 Interest on Bank Loans							0
9.94 Interest on Temporary Borrowing							0
Total Function 9	0	0	0	0	0	0	0
TOTAL FUNCTIONS 1 - 9	6,488,496	1,365,222	1,219,983	2,467,553	456,622	550,471	12,548,347

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
 OPERATING FUND
 EXPENSE BY FUNCTION AND PROGRAM
 YEAR ENDED JUNE 30, 2006

	2005			2006			2006			2005		
	TOTAL SALARIES	EMPLOYEE BENEFITS	TOTAL SALARIES AND BENEFITS	SERVICES AND SUPPLIES	ACTUAL	AMENDED ANNUAL BUDGET	ACTUAL	AMENDED ANNUAL BUDGET	ACTUAL	AMENDED ANNUAL BUDGET	ACTUAL	
1 INSTRUCTION												
1.02 Regular Instruction	5,934,587	1,243,975	7,178,562	716,773	7,895,335	7,879,648	7,895,335	7,879,648	7,895,335	7,879,648	7,895,335	
1.03 Career Programs	51,342	10,868	62,210	10,135	72,345	82,257	72,345	82,257	72,345	82,257	72,345	
1.07 Library Services	247,487	55,163	302,650	39,786	342,436	329,060	342,436	329,060	342,436	329,060	342,436	
1.08 Counselling	140,062	29,653	169,735	176,977	177,345	177,345	176,977	177,345	176,977	177,345	176,977	
1.10 Special Education	2,218,398	480,745	2,699,143	115,665	2,814,808	2,965,974	2,814,808	2,965,974	2,814,808	2,965,974	2,814,808	
1.30 English as a Second Language	64,020	13,552	77,572	16,146	93,718	113,483	93,718	113,483	93,718	113,483	93,718	
1.31 Aboriginal Education	287,173	54,271	341,444	178,547	499,991	496,175	499,991	496,175	499,991	496,175	499,991	
1.41 School Administration	1,120,694	229,716	1,350,410	39,412	1,389,822	1,382,859	1,389,822	1,382,859	1,389,822	1,382,859	1,389,822	
1.60 Summer School	0	29,645	29,645	0	29,645	0	29,645	0	29,645	0	29,645	
1.61 Continuing Education	128,879	0	128,879	44,530	173,409	240,158	173,409	240,158	173,409	240,158	173,409	
1.62 Off Shore Students	0	0	0	0	0	0	0	0	0	0	0	
1.64 Other	0	0	0	23,619	23,619	31,000	23,619	31,000	23,619	31,000	23,619	
1.65 Conseil Scolaire Francophone	0	0	0	0	0	0	0	0	0	0	0	
Total Function 1	10,172,662	2,147,588	12,320,250	1,191,855	13,512,105	13,697,959	13,512,105	13,697,959	13,512,105	13,697,959	13,512,105	
4 DISTRICT ADMINISTRATION												
4.11 Educational Administration	293,637	56,931	350,568	44,354	394,922	392,494	394,922	392,494	394,922	392,494	394,922	
4.40 School District Governance	52,750	990	53,740	44,541	98,281	114,466	98,281	114,466	98,281	114,466	98,281	
4.41 Business Administration	179,788	36,055	215,843	96,378	312,221	438,958	312,221	438,958	312,221	438,958	312,221	
4.65 Conseil Scolaire Francophone	0	0	0	0	0	0	0	0	0	0	0	
Total Function 4	526,175	93,976	620,151	185,273	805,424	945,918	805,424	945,918	805,424	945,918	805,424	
5 OPERATIONS AND MAINTENANCE												
5.41 Operations and Maintenance Administration	112,794	22,981	135,775	37,979	173,754	178,460	173,754	178,460	173,754	178,460	173,754	
5.50 Maintenance Operations	1,262,323	258,600	1,520,923	320,555	1,841,478	1,882,022	1,841,478	1,882,022	1,841,478	1,882,022	1,841,478	
5.52 Maintenance of Grounds	67,763	17,161	84,924	26,239	111,163	113,294	111,163	113,294	111,163	113,294	111,163	
5.56 Utilities	0	0	0	661,743	661,743	718,425	661,743	718,425	661,743	718,425	661,743	
5.65 Conseil Scolaire Francophone	0	0	0	0	0	0	0	0	0	0	0	
Total Function 5	1,442,860	298,742	1,741,602	1,046,516	2,788,138	2,892,201	2,788,138	2,892,201	2,788,138	2,892,201	2,788,138	
7 TRANSPORTATION AND HOUSING												
7.41 Transportation and Housing Administration	94,498	18,101	112,599	4,081	116,680	79,129	116,680	79,129	116,680	79,129	116,680	
7.65 Conseil Scolaire Francophone	0	0	0	0	0	0	0	0	0	0	0	
7.70 Student Transportation	312,132	68,386	380,518	95,159	475,677	492,930	475,677	492,930	475,677	492,930	475,677	
7.73 Housing	0	0	0	2,687	2,687	3,000	2,687	3,000	2,687	3,000	2,687	
Total Function 7	406,630	86,487	493,117	101,927	595,044	575,059	595,044	575,059	595,044	575,059	595,044	
9 DEBT SERVICES (OPERATING)												
9.92 Interest on Bank Loans	0	0	0	0	0	0	0	0	0	0	0	
9.94 Interest on Temporary Borrowing	0	0	0	0	0	0	0	0	0	0	0	
Total Function 9	0	0	0	0	0	0	0	0	0	0	0	
TOTAL FUNCTIONS 1 - 9	12,548,347	2,626,793	15,175,140	2,525,571	17,700,711	18,111,137	17,700,711	18,111,137	17,700,711	18,111,137	17,700,711	

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
OPERATING FUND
CHANGES IN DEFERRED CONTRIBUTIONS
YEAR ENDED JUNE 30, 2006

Schedule A5

BALANCE, BEGINNING OF YEAR	0
Changes in Accounting Policies/ Prior Period Adjustments	
BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>0</u>
Changes for the Year	
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	0
Rentals and Leases	0
Investment Income	0
	<u>0</u>
Net Changes for the Year	<u>0</u>
BALANCE, END OF YEAR	<u><u>0</u></u>

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
 SPECIAL PURPOSE FUNDS
 SUMMARY OF CHANGES
 YEAR ENDED JUNE 30, 2006

	MINISTRY OF EDUCATION DESIGNATED	OTHER	SCHOOL GENERATED FUNDS	RELATED ENTITIES	TOTAL
DEFERRED CONTRIBUTIONS					
DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	1,492,637	87,049	312,214	0	1,891,900
Add: Contributions Received					
Provincial Grants - Ministry of Education	784,578	269,000			1,053,578
Provincial Grants - Other					0
Federal Grants		1,200	498,585		499,785
Other Revenue	46,890	3,292	1,286		51,468
Rentals and Leases					0
Investment Income	831,468	273,492	499,871	0	1,604,831
Less: Allocated to Revenue Recovered	240,580	193,985	480,207		914,772
DEFERRED CONTRIBUTIONS, END OF YEAR	2,063,525	166,556	331,878	0	2,561,959
REVENUE AND EXPENSE					
REVENUE					
Provincial Grants - Ministry of Education	240,580	192,985			433,565
Provincial Grants - Other					0
Federal Grants		1,000	478,921		479,921
Other Revenue					0
Rentals and Leases					0
Investment Income			1,286		1,286
Gain (Loss) on Equity Investment					0
	240,580	193,985	480,207	0	914,772
EXPENSE					
Salaries					
Teachers					0
Principals and Vice Principals					0
Educational Assistants		136,270			136,270
Support Staff					0
Other Professionals					0
Substitutes		4,280			4,280
Employee Benefits	0	140,550	0	0	140,550
Services and Supplies	203,833	12,646	480,207		696,686
	203,833	193,985	480,207	0	878,025
NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS	36,747	0	0	0	36,747
INTERFUND TRANSFERS					
Capital Assets Purchased	(36,747)				(36,747)
Other					0
NET REVENUE (EXPENSE)	0	0	0	0	0

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
 SPECIAL PURPOSE FUNDS
 CHANGES IN MINISTRY OF EDUCATION DESIGNATED SPECIAL PURPOSE FUNDS
 YEAR ENDED JUNE 30, 2006

	207 Annual Facility Grant	250 Special Education Equipment	TOTAL
DEFERRED CONTRIBUTIONS			
DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	1,491,428	1,209	1,492,637
Add: Contributions Received			
Provincial Grants - Ministry of Education	778,106	6,472	784,578
Provincial Grants - Other			0
Federal Grants			0
Other Revenue			0
Rentals and Leases	46,890		46,890
Investment Income	824,996	6,472	831,468
Less: Allocated to Revenue Recovered	240,580		240,580
	2,075,844	7,881	2,083,525
DEFERRED CONTRIBUTIONS, END OF YEAR			
REVENUE AND EXPENSE			
REVENUE			
Provincial Grants - Ministry of Education	240,580		240,580
Provincial Grants - Other			0
Federal Grants			0
Other Revenue			0
Rentals and Leases			0
Investment Income			0
EXPENSE			
Salaries			0
Teachers			0
Principals and Vice Principals			0
Educational Assistants			0
Support Staff			0
Other Professionals			0
Substitutes			0
Employee Benefits			0
Services and Supplies	203,833		203,833
	203,833		203,833
NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS	36,747		36,747
INTERFUND TRANSFERS			
Capital Assets Purchased	(36,747)		(36,747)
Other	(36,747)		(36,747)
NET REVENUE (EXPENSE)			0

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
 SPECIAL PURPOSE FUNDS
 CHANGES IN OTHER SPECIAL PURPOSE FUNDS
 YEAR ENDED JUNE 30, 2006

	HRDC	Scholarships	Community Link	TOTAL
DEFERRED CONTRIBUTIONS				
DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	20,155	13,360	53,544	87,049
Add: Contributions Received				
Provincial Grants - Ministry of Education			269,000	269,000
Provincial Grants - Other				0
Federal Grants		1,200		1,200
Other Revenue		472	2,820	3,292
Rentals and Leases				0
Investment Income		1,672	271,820	273,492
Less: Allocated to Revenue Recovered		1,000	192,985	193,985
DEFERRED CONTRIBUTIONS, END OF YEAR	20,155	14,022	132,379	166,556
REVENUE AND EXPENSE				
REVENUE				
Provincial Grants - Ministry of Education			192,985	192,985
Provincial Grants - Other				0
Federal Grants		1,000		1,000
Other Revenue				0
Rentals and Leases				0
Investment Income		1,000	192,985	193,985
EXPENSE				
Salaries				0
Teachers				0
Principals and Vice Principals				0
Educational Assistants			136,270	136,270
Support Staff				0
Other Professionals				0
Substitutes			4,280	4,280
Employee Benefits			140,550	140,550
Services and Supplies		1,000	40,789	41,789
			11,646	11,646
			192,985	192,985
NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS				0
INTERFUND TRANSFERS				
Capital Assets Purchased				0
Other				0
NET REVENUE (EXPENSE)				0

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
 CAPITAL FUND
 CAPITAL ASSETS
 YEAR ENDED JUNE 30, 2006

	SITES	BUILDINGS	FURNITURE AND EQUIPMENT	VEHICLES	COMPUTER SOFTWARE	COMPUTER HARDWARE	TOTAL
COST, BEGINNING OF YEAR	2,891,161	45,676,447	1,137,136	1,139,795	14,624	441,493	51,302,656
Changes in Accounting Policy/ Prior Period Adjustments							
Correction of Asset Values from Amort. Tool			2,151				2,151
COST, BEGINNING OF YEAR, AS RESTATED	2,891,161	45,676,447	1,139,287	1,139,795	14,624	441,493	51,304,807
Changes for the Year							
Increase:							
Purchases from:							
Deferred Contributions - Bylaw				218,000			218,000
Deferred Contributions - Other							0
Operating Fund							0
Special Purpose Funds		36,747	180,788	10,997		33,732	36,747
Local Capital							225,517
Transferred from Work in Progress							0
Decrease:							
Disposed of							0
Deemed Disposals			402,123	1		74,927	477,051
Written-off/down During Year							0
COST, END OF YEAR	0	0	402,123	1	0	74,927	477,051
WORK IN PROGRESS, END OF YEAR	2,891,161	45,715,194	917,952	1,368,791	14,624	400,298	51,308,020
COST AND WORK IN PROGRESS, END OF YEAR	2,891,161	45,715,194	917,952	1,368,791	14,624	400,298	51,308,020
ACCUMULATED AMORTIZATION, BEGINNING OF YEAR			814,744	421,754	892	210,008	24,184,712
Changes in Accounting Policies/ Prior Period Adjustments							
Correction of Amort. from Amort. Tool			645	(400)			245
BALANCE, BEGINNING OF YEAR, AS RESTATED	0	22,737,314	815,389	421,354	892	210,008	24,184,957
Changes for the Year							
Increase: Amortization for the Year		914,664	113,929	113,979	2,925	86,298	1,233,815
Decrease:							
Disposed of							0
Deemed Disposals			402,123	1		74,927	477,051
Written-off During Year							0
ACCUMULATED AMORTIZATION, END OF YEAR	0	0	402,123	1	0	74,927	477,051
CAPITAL ASSETS - NET	2,891,161	22,063,196	390,757	833,459	10,807	176,919	26,366,299

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
 CAPITAL FUND
 CAPITAL ASSETS - WORK IN PROGRESS
 YEAR ENDED JUNE 30, 2006

	BUILDINGS	FURNITURE AND EQUIPMENT	COMPUTER SOFTWARE	COMPUTER HARDWARE	TOTAL
WORK IN PROGRESS, BEGINNING OF YEAR	0	0	0	0	0
Changes in Accounting Policy/ Prior Period Adjustments					
WORK IN PROGRESS, BEGINNING OF YEAR, AS RESTATED	0	0	0	0	0
Changes for the Year					
Increase:					
Deferred Contributions - Bylaw					0
Deferred Contributions - Other					0
Operating Fund					0
Special Purpose Funds					0
Local Capital					0
Decrease:					
Transferred to Capital Assets					0
Net Changes for the Year	0	0	0	0	0
WORK IN PROGRESS, END OF YEAR	0	0	0	0	0

SCHOOL DISTRICT NO. 85 (Vancouver Island North)

Schedule C3

**CAPITAL FUND
DEFERRED CAPITAL CONTRIBUTIONS
YEAR ENDED JUNE 30, 2006**

	BYLAW CAPITAL (NET)	OTHER PROVINCIAL (NET)	OTHER CAPITAL (NET)	TOTAL CAPITAL
DEFERRED CAPITAL CONTRIBUTIONS, BEGINNING OF YEAR	21,723,999	0	0	21,723,999
Changes in Accounting Policies/ Prior Period Adjustments				
Correction to DCC Amort. from Amort. Tool	(22,300)			(22,300)
DEFERRED CAPITAL CONTRIBUTIONS, BEGINNING OF YEAR, AS RESTATED	<u>21,701,699</u>	<u>0</u>	<u>0</u>	<u>21,701,699</u>
Changes for the Year				
Increase:				
Transferred from Deferred Contributions - Capital Additions	218,000			218,000
Transferred from Work in Progress				0
	<u>218,000</u>	<u>0</u>	<u>0</u>	<u>218,000</u>
Decrease:				
Amortization of Deferred Capital Contributions	1,012,228			1,012,228
Revenue Recognized on Disposal of Buildings				0
Revenue Recognized on Write-off/down of Buildings				0
	<u>1,012,228</u>	<u>0</u>	<u>0</u>	<u>1,012,228</u>
Net Changes for the Year	<u>(794,228)</u>	<u>0</u>	<u>0</u>	<u>(794,228)</u>
DEFERRED CAPITAL CONTRIBUTIONS, END OF YEAR	<u>20,907,471</u>	<u>0</u>	<u>0</u>	<u>20,907,471</u>
WORK IN PROGRESS, BEGINNING OF YEAR	0	0	0	0
Changes in Accounting Policies/ Prior Period Adjustments				
WORK IN PROGRESS, BEGINNING OF YEAR, AS RESTATED	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Changes for the Year				
Increase:				
Transferred from Deferred Contributions - Work in Progress				0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Decrease:				
Transferred to Deferred Capital Contributions				0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes for the Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
WORK IN PROGRESS, END OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
DEFERRED CAPITAL CONTRIBUTIONS AND WORK IN PROGRESS, END OF YEAR	<u>20,907,471</u>	<u>0</u>	<u>0</u>	<u>20,907,471</u>

SCHOOL DISTRICT NO. 85 (Vancouver Island North)
 CAPITAL FUND
 CHANGES IN DEFERRED CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2006

	BYLAW CAPITAL	MINISTRY OF EDUCATION RESTRICTED CAPITAL	OTHER PROVINCIAL CAPITAL	LAND CAPITAL	OTHER CAPITAL	TOTAL
BALANCE, BEGINNING OF YEAR	0	12,756	0	0	0	12,756
Changes in Accounting Policies/ Prior Period Adjustments						
BALANCE, BEGINNING OF YEAR, AS RESTATED	0	12,756	0	0	0	12,756
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education		218,000				218,000
Provincial Grants - Other						0
Other						0
Investment Income						0
MEd Restricted Portion of Proceeds on Disposal						0
	218,000	0	0	0	0	218,000
Decrease:						
Transferred to DCC - Capital Additions		218,000				218,000
Transferred to DCC - Work in Progress						0
Transferred to Invested in Capital Assets - Site Purchases						0
	218,000	0	0	0	0	218,000
Net Changes for the Year	0	0	0	0	0	0
BALANCE, END OF YEAR	0	12,756	0	0	0	12,756

SCHOOL DISTRICT NO. 85 (Vancouver Island North)

Schedule C5

**CAPITAL FUND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006**

	INVESTMENT IN CAPITAL	LOCAL CAPITAL	FUND BALANCE
BALANCE, BEGINNING OF YEAR	5,393,940	344,773	5,738,713
Changes in Accounting Policies/ Prior Period Adjustments			
Correction to DCC Amort. from Amort. Tool	22,300		22,300
Correction of Asset Values from Amort. Tool	2,151		2,151
Correction of Amort. from Amort. Tool	(245)		(245)
BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>5,418,146</u>	<u>344,773</u>	<u>5,762,919</u>
Changes for the Year			
Investment Income		7,525	7,525
Comprehensive Income (Loss)			0
Gain (Loss) on Disposal of Capital Assets			0
District Portion of Proceeds on Disposal			0
Write-off/down of Buildings and Sites			0
Amortization of Deferred Capital Contributions	1,012,228		1,012,228
Capital Assets Purchased from Local Capital	225,517	(225,517)	0
Interfund Transfers - Capital Assets Purchased	36,747		36,747
Interfund Transfers - Capital Assets WIP			0
Interfund Transfers - Local Capital		300,000	300,000
Amortization of Capital Assets	(1,233,815)		(1,233,815)
Transferred to Invested in Capital Assets			
- Site Purchases			0
Local Capital Below Capitalization Threshold		(47,614)	(47,614)
Correct Cumulative Rounding	5		5
Net Changes for the Year	<u>40,682</u>	<u>34,394</u>	<u>75,076</u>
BALANCE, END OF YEAR	<u>5,458,828</u>	<u>379,167</u>	<u>5,837,995</u>