

Audited Financial Statements of

**School District No. 85 (Vancouver Island North)**

June 30, 2018



# School District No. 85 (Vancouver Island North)

June 30, 2018

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# School District No. 85 (Vancouver Island North)

## MANAGEMENT REPORT

Version: 6021-5276-3293

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 85 (Vancouver Island North) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.

The Board of Education of School District No. 85 (Vancouver Island North) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and externally audited financial statements yearly.

The external auditors, Chan Nowosad Boates, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 85 (Vancouver Island North) and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.

On behalf of School District No. 85 (Vancouver Island North)

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Signature of the Chairperson of the Board of Education

Date Signed

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Signature of the Superintendent

Date Signed

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Signature of the Secretary Treasurer

Date Signed



## INDEPENDENT AUDITORS' REPORT

To the Board of Education of School District No. 85 (Vancouver Island North) and the Minister of Education of the Province of British Columbia:

We have audited the accompanying financial statements of School District No. 85 (Vancouver Island North), which comprise the statement of financial position as at June 30, 2018, and the statements of operations, statement of changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements of School District No. 85 (Vancouver Island North) as at and for the year ended June 30, 2018 are prepared, in all material respects, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 (a) to the financial statements which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

### Other Matters

We draw attention to the Supplementary Financial Information included in Schedules 1 to 4D which has not been subjected to the auditing procedures applied in the financial statements and, accordingly, we express no opinion on it.

*Chan Nowosad Boates Inc.*

Chartered Professional Accountants  
Campbell River, BC

September 17, 2018

# School District No. 85 (Vancouver Island North)

## Statement of Financial Position

As at June 30, 2018

	2018 Actual	2017 Actual
	\$	\$
<b>Financial Assets</b>		
Cash and Cash Equivalents	4,072,923	2,914,241
Accounts Receivable		
Due from Province - Ministry of Education	254,000	
Other (Note 3)	142,972	127,514
Portfolio Investments (Note 4)	1,009,500	1,609,500
<b>Total Financial Assets</b>	<b>5,479,395</b>	<b>4,651,255</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education	8,893	
Other (Note 5)	2,039,756	1,810,826
Deferred Revenue (Note 6)	272,824	375,869
Deferred Capital Revenue (Note 7)	20,455,710	19,739,238
Employee Future Benefits (Note 8)	1,435,472	1,392,065
<b>Total Liabilities</b>	<b>24,212,655</b>	<b>23,317,998</b>
<b>Net Financial Assets (Debt)</b>	<b>(18,733,260)</b>	<b>(18,666,743)</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 9)	30,823,588	30,303,265
Prepaid Expenses	28,195	56,412
<b>Total Non-Financial Assets</b>	<b>30,851,783</b>	<b>30,359,677</b>
<b>Accumulated Surplus (Deficit)</b>	<b>12,118,523</b>	<b>11,692,934</b>

Approved by the Board

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Signature of the Chairperson of the Board of Education Date Signed

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Signature of the Superintendent Date Signed

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Signature of the Secretary Treasurer Date Signed

# School District No. 85 (Vancouver Island North)

Statement 2

Statement of Operations

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	20,116,193	<b>20,102,344</b>	18,971,392
Other Revenue	406,000	<b>521,190</b>	510,560
Rentals and Leases	103,000	<b>112,620</b>	118,205
Investment Income	60,000	<b>65,894</b>	67,357
Amortization of Deferred Capital Revenue	1,046,985	<b>1,052,569</b>	949,470
<b>Total Revenue</b>	<u>21,732,178</u>	<u><b>21,854,617</b></u>	<u>20,616,984</u>
<b>Expenses (Note 15)</b>			
Instruction	16,182,121	<b>15,600,223</b>	15,242,938
District Administration	1,132,147	<b>1,077,414</b>	934,955
Operations and Maintenance	3,948,691	<b>3,986,302</b>	4,099,362
Transportation and Housing	847,377	<b>765,089</b>	766,857
<b>Total Expense</b>	<u>22,110,336</u>	<u><b>21,429,028</b></u>	<u>21,044,112</u>
<b>Surplus (Deficit) for the year</b>	<u>(378,158)</u>	<u><b>425,589</b></u>	<u>(427,128)</u>
<b>Accumulated Surplus (Deficit) from Operations, beginning of year</b>		<b>11,692,934</b>	12,120,062
<b>Accumulated Surplus (Deficit) from Operations, end of year</b>		<u><u><b>12,118,523</b></u></u>	<u>11,692,934</u>

# School District No. 85 (Vancouver Island North)

## Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
<b>Surplus (Deficit) for the year</b>	(378,158)	<b>425,589</b>	(427,128)
<b>Effect of change in Tangible Capital Assets</b>			
Acquisition of Tangible Capital Assets		<b>(1,945,675)</b>	(3,216,642)
Amortization of Tangible Capital Assets		<b>1,425,352</b>	1,323,591
<b>Total Effect of change in Tangible Capital Assets</b>	-	<b>(520,323)</b>	(1,893,051)
Acquisition of Prepaid Expenses		<b>(28,195)</b>	(56,412)
Use of Prepaid Expenses		<b>56,412</b>	10,212
<b>Total Effect of change in Other Non-Financial Assets</b>	-	<b>28,217</b>	(46,200)
<b>(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)</b>	<u>(378,158)</u>	<b>(66,517)</b>	(2,366,379)
<b>Net Remeasurement Gains (Losses)</b>			
<b>(Increase) Decrease in Net Financial Assets (Debt)</b>		<b>(66,517)</b>	(2,366,379)
<b>Net Financial Assets (Debt), beginning of year</b>		<b>(18,666,743)</b>	(16,300,364)
<b>Net Financial Assets (Debt), end of year</b>		<b>(18,733,260)</b>	(18,666,743)



# School District No. 85 (Vancouver Island North)

Statement 5

Statement of Cash Flows  
Year Ended June 30, 2018

	2018 Actual	2017 Actual
	\$	\$
<b>Operating Transactions</b>		
Surplus (Deficit) for the year	425,589	(427,128)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(269,458)	23,559
Prepaid Expenses	28,217	(46,200)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	237,823	247,650
Deferred Revenue	(103,045)	41,047
Employee Future Benefits	43,407	(19,632)
Amortization of Tangible Capital Assets	1,425,352	1,323,591
Amortization of Deferred Capital Revenue	(1,052,569)	(949,470)
<b>Total Operating Transactions</b>	<u>735,316</u>	<u>193,417</u>
<b>Capital Transactions</b>		
Tangible Capital Assets Purchased	(1,945,675)	(3,216,642)
<b>Total Capital Transactions</b>	<u>(1,945,675)</u>	<u>(3,216,642)</u>
<b>Financing Transactions</b>		
Capital Revenue Received	1,769,041	2,867,401
<b>Total Financing Transactions</b>	<u>1,769,041</u>	<u>2,867,401</u>
<b>Investing Transactions</b>		
Proceeds on Disposal of Portfolio Investments	600,000	600,000
<b>Total Investing Transactions</b>	<u>600,000</u>	<u>600,000</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,158,682</b>	444,176
<b>Cash and Cash Equivalents, beginning of year</b>	<u>2,914,241</u>	2,470,065
<b>Cash and Cash Equivalents, end of year</b>	<u>4,072,923</u>	<u>2,914,241</u>
<b>Cash and Cash Equivalents, end of year, is made up of:</b>		
Cash	1,600	1,600
Cash Equivalents	4,071,323	2,912,641
	<u>4,072,923</u>	<u>2,914,241</u>

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 1      AUTHORITY AND PURPOSE**

The School District, established on July 1, 1965 operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 85 (Vancouver Island North)", and operates as "School District No. 85 (Vancouver Island North)." A board of education ("Board") elected for a four-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. School District No. 85 (Vancouver Island North) is exempt from federal and provincial corporate income taxes.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act of the Province of British Columbia*. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Notes 2 (f) and 2 (m).

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

As noted in Notes 2 (f) and 2 (m), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue.

The impact of the *Budget Transparency and Accountability Act* on the financial statements of the School District is as follows:

Year-ended June 30, 2017 – decrease annual surplus by \$1,917,931

June 30, 2017 – decrease accumulated surplus and increase deferred capital revenue by \$19,739,238

Year-ended June 30, 2018 – decrease annual surplus by \$704,847

June 30, 2018 – decrease accumulated surplus and increase deferred capital revenue by \$20,455,710

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

b) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid securities that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

c) Accounts Receivable

Accounts receivable are measured at amortized cost and shown net of allowance for doubtful accounts.

d) Portfolio Investments

The School District has investments in GIC's that have a maturity of greater than three months at the time of acquisition. GIC's and other investments not quoted in an active market are reported at cost or amortized cost.

Detailed information regarding portfolio investments is disclosed in Note 4.

f) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2 (m).

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 2 (a) for the impact of this policy on these financial statements.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

g) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements. The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing. The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2016 and projected to March 31, 2019. The next valuation will be performed at March 31, 2019 for use at June 30, 2019. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The School District and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

h) Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

i) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School District:
  - is directly responsible; or
  - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

j) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

Buildings	40 years
Furniture & Equipment	10 years
Vehicles	10 years
Computer Hardware	5 years

k) Prepaid Expenses

Prepaid expenses for services that extend beyond the current period, such as insurance premiums and membership fees, are included as prepaid expenses and stated at acquisition cost and are charged to expense over the periods expected to benefit from them.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

l) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Notes 11 – Interfund Transfers and Note 15 – Internally Restricted Surplus). Funds and reserves are disclosed on Schedules 2, 3 and 4.

m) Revenue Recognition

Revenues are recorded on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Contributions received or where eligibility criteria have been met are recognized as revenue except where the contribution meets the criteria for deferral as described below. Eligibility criteria are the criteria that the School District has to meet in order to receive the contributions including authorization by the transferring government.

For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized as follows:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year related expenses are incurred,
- Contributions restricted for site acquisitions are recorded as revenue when the sites are purchased, and
- Contributions restricted for tangible capital assets acquisitions other than sites are recorded as deferred capital revenue and amortized over the useful life of the related assets.

Donated tangible capital assets other than sites are recorded at fair market value and amortized over the useful life of the assets. Donated sites are recorded as revenue at fair market value when received or receivable.

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 2 (a) for the impact of this policy on these financial statements.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

n) Expenditures

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Categories of Salaries

- Principals and Vice-Principals employed under an individual employment contract are categorized as Principals and Vice-Principals.
- Trustees, Superintendents, Assistant Superintendents, Directors of Instruction, Secretary-Treasurers 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 related 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 program identification.

o) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The School District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable, accrued liabilities and other liabilities.



**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

o) Financial Instruments *(Continued)*

Except for portfolio investments in equity instruments quoted in an active market that are recorded at fair value, all financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

p) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2 (a) requires management to make estimates and assumptions that impact reported amounts of 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 potential impairment of assets, liabilities for contaminated sites, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 3      ACCOUNTS RECEIVABLE – OTHER RECEIVABLES**

	June 30, 2018	June 30, 2017
a) LEA/Direct Funding Receivable		
Due from Direct Funding (2002-2003)	\$79,245	\$79,245
Allowance for Doubtful Accounts	\$79,245	\$79,245
	\$ -	\$ -

	June 30, 2018	June 30, 2017
b) Accounts Receivable Other		
Due from Federal Government	\$ 30,491	\$ 39,843
Due from Other	\$112,481	\$ 87,671
	\$142,972	\$127,514

**NOTE 4      PORTFOLIO INVESTMENTS**

	June 30, 2018	June 30, 2017
Investments in the cost and amortized cost category:		
GIC's	\$1,009,500	\$1,609,500
	\$1,009,500	\$1,609,500

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 5      ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER**

	June 30, 2018	June 30, 2017
Trade payables	\$ 284,713	\$ 263,643
Salaries and benefits payable	\$1,439,773	\$1,336,338
Accrued vacation pay	\$ 217,177	\$ 192,764
Other payables	\$ 98,093	\$ 18,081
	\$2,039,756	\$1,810,826

**NOTE 6      DEFERRED REVENUE**

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled. Detailed information about the changes in deferred revenue is included in Schedule 3A.

	June 30, 2018	June 30, 2017
Balance, beginning of year	\$ 375,869	\$ 334,822
Changes for the year:		
Increase – Grants:		
Provincial – Ministry of Education	\$2,294,144	\$1,158,007
School generated funds	\$ 392,088	\$ 508,441
Other	\$ 1,149	\$ 2,389
	\$2,687,381	\$1,668,837
Decrease – Allocated to Revenue:		
Provincial – Ministry of Education	\$2,341,010	\$1,147,498
School generated funds	\$ 445,466	\$ 474,492
Other	\$ 3,950	\$ 5,800
	\$2,790,426	\$1,627,790
Balance, end of year	\$ 272,824	\$ 375,869

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 7 DEFERRED CAPITAL REVENUE**

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired. Detailed information about the changes in deferred capital revenue is included in Schedules 4C and 4D.

	June 30, 2018	June 30, 2017
<b>Deferred Capital Revenue</b>		
Balance, beginning of year	\$19,726,482	\$17,808,551
Changes for the year:		
Increase:		
Capital Additions	\$ 1,757,416	\$ 2,867,401
Decrease:		
Amortization	\$ 1,052,569	\$ 949,470
	\$20,431,329	\$19,726,482
<b>Unspent Deferred Capital Revenue</b>		
Balance, beginning of year	\$ 12,756	\$ 12,756
Changes for the year:		
Increase:		
Provincial grants – Ministry of Education	\$ 1,757,416	\$ 2,811,561
Provincial grants – ITA	\$ 11,625	\$ 55,840
Decrease:		
Transfer to deferred capital revenue	\$ 1,757,416	\$ 2,867,401
	\$ 24,381	\$ 12,756
<b>Total Deferred Capital Revenue balance, end of year</b>	<b>\$20,455,710</b>	<b>\$19,739,238</b>

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

**NOTE 8 EMPLOYEE FUTURE BENEFITS**

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. Funding is provided when the benefits are paid and accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits.

	June 30, 2018	June 30, 2017
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued Benefit Obligation – April 1	\$1,251,035	\$1,262,613
Service Cost	105,988	106,244
Interest Cost	35,377	32,633
Benefit Payments	(76,243)	(110,126)
Actuarial (Gain) Loss	(63,276)	(40,329)
Accrued Benefit Obligation – March 31	\$1,252,881	\$1,251,035
<b>Reconciliation of Funded Status at End of Fiscal Year</b>		
Accrued Benefit Obligation – March 31	\$ 1,252,881	\$ 1,251,035
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	\$(1,252,881)	\$(1,251,035)
Employer Contributions After Measurement Date	71,569	62,589
Benefits Expense After Measurement Date	(36,502)	(35,341)
Unamortized Net Actuarial (Gain) Loss	(217,658)	(168,278)
Accrued Benefit Liability – June 30	\$(1,435,472)	\$(1,392,065)
<b>Reconciliation of Change in Accrued Benefit Liability</b>		
Accrued Benefit Liability – July 1	\$1,392,065	\$1,411,697
Net expense for Fiscal Year	128,630	129,337
Employer Contributions	(85,223)	(148,969)
Accrued Benefit Liability – June 30	\$1,435,472	\$1,392,065
<b>Components of Net Benefit Expense</b>		
Service Cost	\$ 107,078	\$ 106,180
Interest Cost	35,448	33,319
Amortization of Net Actuarial Loss	(13,896)	(10,161)
Net Benefit Expense	\$ 128,630	\$ 129,337

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

**Assumptions**

Discount Rate – April 1	2.75%	2.50%
Discount Rate – March 31	2.75%	2.75%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	10.8	10.8

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

**NOTE 9 TANGIBLE CAPITAL ASSETS**

**Net Book Value:**

	Net Book Value 2018	Net Book Value 2017
Sites	\$ 2,891,161	\$ 2,891,161
Buildings	26,551,624	25,794,858
Furniture & Equipment	331,935	412,208
Vehicles	934,393	1,060,296
Computer Hardware	114,475	144,742
<b>Total</b>	<b>\$30,823,588</b>	<b>\$30,303,265</b>

**June 30, 2018**

	Opening Cost	Additions	Disposals	Total 2018
Sites	\$ 2,891,161	\$ -	\$ -	\$ 2,891,161
Buildings	60,288,693	1,893,163	-	62,181,856
Furniture & Equipment	802,728	-	166,385	636,343
Vehicles	1,692,889	43,386	264,638	1,471,637
Computer Hardware	196,965	9,126	10,594	195,497
<b>Total</b>	<b>\$65,872,436</b>	<b>\$1,945,675</b>	<b>\$441,617</b>	<b>\$67,376,494</b>

	Opening Accumulated Amortization	Additions	Disposals	Total 2018
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	34,493,835	1,136,397	-	35,630,232
Furniture & Equipment	390,520	80,273	166,385	304,408
Vehicles	632,593	169,289	264,638	537,244
Computer Hardware	52,223	39,393	10,594	81,022
<b>Total</b>	<b>\$35,569,171</b>	<b>\$1,425,352</b>	<b>\$441,617</b>	<b>\$36,552,906</b>

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 9 TANGIBLE CAPITAL ASSETS** *(Continued)*

**June 30, 2017**

	Opening Cost	Additions	Disposals	Total 2017
Sites	\$ 2,891,161	\$ -	\$ -	\$ 2,891,161
Buildings	57,709,486	2,579,207	-	60,288,693
Furniture & Equipment	748,755	82,267	28,294	802,728
Vehicles	1,183,548	522,515	13,174	1,692,889
Computer Hardware	232,408	32,653	68,096	196,965
<b>Total</b>	<b>\$62,765,358</b>	<b>\$3,216,642</b>	<b>\$109,564</b>	<b>\$65,872,436</b>

	Opening Accumulated Amortization	Additions	Disposals	Total 2017
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	33,409,957	1,083,878	-	34,493,835
Furniture & Equipment	343,938	74,876	28,294	390,520
Vehicles	527,412	118,355	13,174	632,593
Computer Hardware	73,837	46,482	68,096	52,223
<b>Total</b>	<b>\$34,355,144</b>	<b>\$1,323,591</b>	<b>\$109,564</b>	<b>\$35,569,171</b>

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 10     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, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2016, the Teachers' Pension Plan has about 45,000 active members and approximately 36,000 retired members. As of December 31, 2016, the Municipal Pension Plan has about 193,000 active members, including approximately 24,000 from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014, indicated a \$449 million surplus for basic pension benefits on a going concern basis. As a result of the 2014 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, the employer basic contribution rate decreased.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rate remained unchanged.

The School District paid \$1,482,378 for employer contributions to the plans for the year ended June 30, 2018 (2017: \$1,439,060)

The next valuation for the Teachers' Pension Plan will be as at December 31, 2017, with results available in late 2018. The next valuation for the Municipal Pension Plan will be as at December 31, 2018, with results available in 2019.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.



**SCHOOL DISTRICT NO. 85  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018**

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**NOTE 11 INTERFUND TRANSFERS**

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2018, were as follows:

- |  |         |
|--|---------|
| 1. Transfer from Special Purpose Funds to Capital Fund | 135,747 |
|--|---------|

This transfer was made in order to fund the cost of capital building programs.

**NOTE 12 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 considered to be in the normal course of operations and are recorded at the exchange amount.

**NOTE 13 CONTRACTUAL RIGHTS**

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The School District's contractual rights arise because of contracts entered into for leases of vacant buildings. The following table summarizes the contractual rights of the School District for future assets:

Contractual rights	2019	2020	2021	2022	2023	Thereafter
Future lease/rental revenue	\$89,102	\$89,102	\$89,102	\$ -	\$ -	\$ -
	\$89,102	\$89,102	\$89,102	\$ -	\$ -	\$ -

Future lease and rental revenue is calculated by management based on the current lease/rental agreements that exist between the School District and its tenants.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 14 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 bylaw on February 20, 2018. The amended budget is based on a more accurate estimation of revenue and expenditure than the budget approved before the commencement of the fiscal year.

**NOTE 15 EXPENSE BY OBJECT**

Total expenses as per Statement 2, detailed by object.

	June 30, 2018	June 30, 2017
Salaries and benefits	\$16,604,162	\$16,153,177
Services and supplies	3,399,514	3,567,344
Amortization	1,425,352	1,323,591
	\$21,429,028	\$21,044,112

**NOTE 16 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND**

Internally Restricted (appropriated) by the Board for:

Appropriation to 2018 – 2019 Annual Budget	\$ 497,148	
Incomplete Seismic Assessments (SRG3)	101,320	
District Budget Carried Forward	10,000	
School-Based Budgets Carried Forward	99,805	
Pro-D Allocations Carried Forward	21,588	
Internally Restricted Surplus		\$ 729,861
Unrestricted Operating Surplus		791,791
Total Available for Future Operations		\$1,521,652

**NOTE 17 ECONOMIC DEPENDENCE**

The 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 on a going concern basis.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018**

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**NOTE 18 RISK MANAGEMENT**

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, amounts receivable and investments. The School District is not exposed to significant credit risk associated with its amounts receivable.

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits and investments as they are placed in recognized British Columbia institutions and the School District invests solely in guaranteed investment certificates.

b) Market risk :

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that the School District is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its investments. It is management's opinion that the School District is not exposed to significant interest rate risk as it invests solely in guaranteed investment certificates that have a maturity date of no more than 5 years.

c) Liquidity risk

Liquidity risk is the risk that the School District will not be able to meet its financial obligations as they become due.

The School District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the School District's reputation.

Risk Management and insurance services for all School Districts in British Columbia are provided by the Risk Management Branch of the Ministry of Finance.

# School District No. 85 (Vancouver Island North)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund  
 Year Ended June 30, 2018

	Operating Fund	Special Purpose Fund	Capital Fund	2018 Actual	2017 Actual
	\$	\$	\$	\$	\$
<b>Accumulated Surplus (Deficit), beginning of year</b>	859,027		10,833,907	<b>11,692,934</b>	12,120,062
<b>Changes for the year</b>					
Surplus (Deficit) for the year	662,625	135,747	(372,783)	<b>425,589</b>	(427,128)
Interfund Transfers					
Tangible Capital Assets Purchased		(135,747)	135,747	-	
<b>Net Changes for the year</b>	<b>662,625</b>	<b>-</b>	<b>(237,036)</b>	<b>425,589</b>	<b>(427,128)</b>
<b>Accumulated Surplus (Deficit), end of year - Statement 2</b>	<b>1,521,652</b>	<b>-</b>	<b>10,596,871</b>	<b>12,118,523</b>	11,692,934

# School District No. 85 (Vancouver Island North)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	17,576,400	<b>17,761,334</b>	17,823,894
Other Revenue	63,000	<b>71,823</b>	30,268
Rentals and Leases	103,000	<b>112,620</b>	118,205
Investment Income	60,000	<b>65,845</b>	67,357
<b>Total Revenue</b>	<u>17,802,400</u>	<u><b>18,011,622</b></u>	<u>18,039,724</u>
<b>Expenses</b>			
Instruction	13,447,834	<b>12,958,174</b>	13,817,010
District Administration	1,132,147	<b>1,077,414</b>	934,955
Operations and Maintenance	2,686,307	<b>2,717,609</b>	2,856,235
Transportation and Housing	678,088	<b>595,800</b>	648,502
<b>Total Expense</b>	<u>17,944,376</u>	<u><b>17,348,997</b></u>	<u>18,256,702</u>
<b>Operating Surplus (Deficit) for the year</b>	<u>(141,976)</u>	<u><b>662,625</b></u>	<u>(216,978)</u>
<b>Budgeted Appropriation (Retirement) of Surplus (Deficit)</b>	<u>141,976</u>		
<b>Net Transfers (to) from other funds</b>			
Local Capital			(100,000)
<b>Total Net Transfers</b>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
<b>Total Operating Surplus (Deficit), for the year</b>	<u>-</u>	<u><b>662,625</b></u>	<u>(316,978)</u>
<b>Operating Surplus (Deficit), beginning of year</b>		<b>859,027</b>	1,176,005
<b>Operating Surplus (Deficit), end of year</b>		<u><b>1,521,652</b></u>	<u>859,027</u>
<b>Operating Surplus (Deficit), end of year</b>			
Internally Restricted (Note 16)		<b>729,861</b>	478,617
Unrestricted		<b>791,791</b>	380,410
<b>Total Operating Surplus (Deficit), end of year</b>		<u><b>1,521,652</b></u>	<u>859,027</u>

# School District No. 85 (Vancouver Island North)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
<b>Provincial Grants - Ministry of Education</b>			
Operating Grant, Ministry of Education	17,242,822	<b>17,256,606</b>	17,372,097
Other Ministry of Education Grants			
Pay Equity	115,216	<b>115,216</b>	115,216
Transportation Supplement	118,179	<b>118,179</b>	118,179
Economic Stability Dividend		<b>8,117</b>	7,226
Return of Administrative Savings	89,257	<b>89,257</b>	89,257
Carbon Tax Grant		<b>22,049</b>	34,157
Student Learning Grant			68,356
FSA/My Ed Training		<b>7,506</b>	8,506
Aboriginal Language Grant		<b>10,000</b>	
Shoulder Tapper		<b>17,079</b>	10,900
Support Staff Benefits	10,926	<b>10,925</b>	
SRG3 Grants		<b>106,400</b>	
<b>Total Provincial Grants - Ministry of Education</b>	<b>17,576,400</b>	<b>17,761,334</b>	17,823,894
<b>Other Revenues</b>			
Miscellaneous			
Sale of Assets	8,000	<b>1,577</b>	25,771
Other		<b>6,146</b>	4,497
Recruitment & Retention grant	35,000	<b>35,000</b>	
Forestry Grant	20,000	<b>20,000</b>	
SOGI Grant		<b>4,100</b>	
Trades Grant		<b>5,000</b>	
<b>Total Other Revenue</b>	<b>63,000</b>	<b>71,823</b>	30,268
<b>Rentals and Leases</b>	<b>103,000</b>	<b>112,620</b>	118,205
<b>Investment Income</b>	<b>60,000</b>	<b>65,845</b>	67,357
<b>Total Operating Revenue</b>	<b>17,802,400</b>	<b>18,011,622</b>	18,039,724

# School District No. 85 (Vancouver Island North)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
<b>Salaries</b>			
Teachers	5,620,438	<b>5,687,360</b>	5,945,663
Principals and Vice Principals	1,630,545	<b>1,624,017</b>	1,596,054
Educational Assistants	1,348,371	<b>1,493,495</b>	1,589,402
Support Staff	2,219,992	<b>2,217,121</b>	2,183,384
Other Professionals	689,403	<b>711,369</b>	661,177
Substitutes	454,990	<b>464,701</b>	560,493
<b>Total Salaries</b>	<b>11,963,739</b>	<b>12,198,063</b>	12,536,173
<b>Employee Benefits</b>	3,102,394	<b>2,436,180</b>	2,777,278
<b>Total Salaries and Benefits</b>	<b>15,066,133</b>	<b>14,634,243</b>	15,313,451
<b>Services and Supplies</b>			
Services	738,948	<b>700,963</b>	741,418
Student Transportation	64,661	<b>68,624</b>	76,576
Professional Development and Travel	425,588	<b>365,592</b>	327,046
Rentals and Leases	18,900	<b>6,757</b>	13,599
Dues and Fees	19,366	<b>19,726</b>	18,820
Insurance	111,216	<b>85,526</b>	87,806
Supplies	841,164	<b>633,575</b>	837,053
Utilities	658,400	<b>833,991</b>	840,933
<b>Total Services and Supplies</b>	<b>2,878,243</b>	<b>2,714,754</b>	2,943,251
<b>Total Operating Expense</b>	<b>17,944,376</b>	<b>17,348,997</b>	18,256,702

# School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

	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	4,383,721	668,932		82,951		208,077	5,343,681
1.03 Career Programs	46,936					2,088	49,024
1.07 Library Services	200,650			43,598		9,061	253,309
1.08 Counselling	165,448					7,362	172,810
1.10 Special Education	671,767	141,347	1,289,626	14,251	39,052	114,958	2,271,001
1.30 English Language Learning	178,356					7,937	186,293
1.31 Aboriginal Education	40,482	87,758	203,869	16,646		12,052	360,807
1.41 School Administration		696,728		431,537		51,344	1,179,609
1.64 Other							-
<b>Total Function 1</b>	<b>5,687,360</b>	<b>1,594,765</b>	<b>1,493,495</b>	<b>588,983</b>	<b>39,052</b>	<b>412,879</b>	<b>9,816,534</b>
<b>4 District Administration</b>							
4.11 Educational Administration		29,252			308,317		337,569
4.40 School District Governance					82,721		82,721
4.41 Business Administration				147,308	192,177		339,485
<b>Total Function 4</b>	<b>-</b>	<b>29,252</b>	<b>-</b>	<b>147,308</b>	<b>583,215</b>	<b>-</b>	<b>759,775</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration				69,847	44,551	383	114,781
5.50 Maintenance Operations				1,039,754		34,346	1,074,100
5.52 Maintenance of Grounds				36,047			36,047
5.56 Utilities							-
<b>Total Function 5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,145,648</b>	<b>44,551</b>	<b>34,729</b>	<b>1,224,928</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration					44,551		44,551
7.70 Student Transportation				335,182		17,093	352,275
7.73 Housing							-
<b>Total Function 7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335,182</b>	<b>44,551</b>	<b>17,093</b>	<b>396,826</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>5,687,360</b>	<b>1,624,017</b>	<b>1,493,495</b>	<b>2,217,121</b>	<b>711,369</b>	<b>464,701</b>	<b>12,198,063</b>



# School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$	\$	\$	\$	\$
<b>1 Instruction</b>							
1.02 Regular Instruction	5,343,681	931,800	6,275,481	542,405	6,817,886	7,471,182	7,600,331
1.03 Career Programs	49,024	11,041	60,065	3,988	64,053	86,784	64,288
1.07 Library Services	253,309	57,969	311,278	16,104	327,382	319,759	324,461
1.08 Counselling	172,810	38,920	211,730	1,615	213,345	209,496	233,563
1.10 Special Education	2,271,001	538,897	2,809,898	157,905	2,967,803	2,893,276	3,083,648
1.30 English Language Learning	186,293	41,956	228,249	16,594	244,843	241,243	243,427
1.31 Aboriginal Education	360,807	60,952	421,759	362,703	784,462	734,516	719,728
1.41 School Administration	1,179,609	256,310	1,435,919	48,817	1,484,736	1,436,408	1,482,760
1.64 Other	-	-	-	53,664	53,664	55,170	64,804
<b>Total Function 1</b>	<b>9,816,534</b>	<b>1,937,845</b>	<b>11,754,379</b>	<b>1,203,795</b>	<b>12,958,174</b>	<b>13,447,834</b>	<b>13,817,010</b>
<b>4 District Administration</b>							
4.11 Educational Administration	337,569	54,047	391,616	51,902	443,518	489,592	394,437
4.40 School District Governance	82,721	1,275	83,996	55,036	139,032	136,129	124,314
4.41 Business Administration	339,485	58,346	397,831	97,033	494,864	506,426	416,204
<b>Total Function 4</b>	<b>759,775</b>	<b>113,668</b>	<b>873,443</b>	<b>203,971</b>	<b>1,077,414</b>	<b>1,132,147</b>	<b>934,955</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration	114,781	27,380	142,161	60,930	203,091	208,719	220,027
5.50 Maintenance Operations	1,074,100	247,849	1,321,949	281,674	1,603,623	1,744,150	1,690,272
5.52 Maintenance of Grounds	36,047	10,322	46,369	30,536	76,905	75,038	105,003
5.56 Utilities	-	-	-	833,990	833,990	658,400	840,933
<b>Total Function 5</b>	<b>1,224,928</b>	<b>285,551</b>	<b>1,510,479</b>	<b>1,207,130</b>	<b>2,717,609</b>	<b>2,686,307</b>	<b>2,856,235</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration	44,551	8,649	53,200	2,561	55,761	82,511	72,874
7.70 Student Transportation	352,275	90,467	442,742	92,297	535,039	590,577	570,628
7.73 Housing	-	-	-	5,000	5,000	5,000	5,000
<b>Total Function 7</b>	<b>396,826</b>	<b>99,116</b>	<b>495,942</b>	<b>99,858</b>	<b>595,800</b>	<b>678,088</b>	<b>648,502</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>12,198,063</b>	<b>2,436,180</b>	<b>14,634,243</b>	<b>2,714,754</b>	<b>17,348,997</b>	<b>17,944,376</b>	<b>18,256,702</b>

# School District No. 85 (Vancouver Island North)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	2,539,793	<b>2,341,010</b>	1,147,498
Other Revenue	343,000	<b>449,367</b>	480,292
Investment Income		<b>49</b>	
<b>Total Revenue</b>	<u>2,882,793</u>	<u><b>2,790,426</b></u>	<u>1,627,790</u>
<b>Expenses</b>			
Instruction	2,734,287	<b>2,642,049</b>	1,425,928
Operations and Maintenance	11,905	<b>12,630</b>	37,891
<b>Total Expense</b>	<u>2,746,192</u>	<u><b>2,654,679</b></u>	<u>1,463,819</u>
<b>Special Purpose Surplus (Deficit) for the year</b>	<u>136,601</u>	<u><b>135,747</b></u>	<u>163,971</u>
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	(136,601)	<b>(135,747)</b>	(163,971)
<b>Total Net Transfers</b>	<u>(136,601)</u>	<u><b>(135,747)</b></u>	<u>(163,971)</u>
<b>Total Special Purpose Surplus (Deficit) for the year</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Special Purpose Surplus (Deficit), beginning of year</b>			
<b>Special Purpose Surplus (Deficit), end of year</b>		<u><u>-</u></u>	<u><u>-</u></u>

**School District No. 85 (Vancouver Island North)**

Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2018

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Coding and Curriculum Implementation
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>			23,056	305,947					34,689
<b>Add:</b> Restricted Grants									
Provincial Grants - Ministry of Education	148,377	69,159			96,000	17,150	9,650	308,263	
Other			1,100	392,088					
Investment Income			49						
	148,377	69,159	1,149	392,088	96,000	17,150	9,650	308,263	-
<b>Less:</b> Allocated to Revenue	148,377	69,159	3,950	445,466	96,000	17,150	9,650	308,263	34,689
<b>Deferred Revenue, end of year</b>	-	-	<b>20,255</b>	<b>252,569</b>	-	-	-	-	-
<b>Revenues</b>									
Provincial Grants - Ministry of Education	148,377	69,159			96,000	17,150	9,650	308,263	34,689
Other Revenue			3,901	445,466					
Investment Income			49						
	148,377	69,159	3,950	445,466	96,000	17,150	9,650	308,263	34,689
<b>Expenses</b>									
Salaries									
Teachers									
Educational Assistants		55,934						243,307	
Support Staff									
Substitutes								6,414	
	-	55,934	-	-	-	-	-	249,721	-
Employee Benefits		13,225						57,140	
Services and Supplies	12,630		3,950	445,466	96,000	17,150	9,650	1,402	34,689
	12,630	69,159	3,950	445,466	96,000	17,150	9,650	308,263	34,689
<b>Net Revenue (Expense) before Interfund Transfers</b>	135,747	-	-	-	-	-	-	-	-
<b>Interfund Transfers</b>									
Tangible Capital Assets Purchased	(135,747)								
	(135,747)	-	-	-	-	-	-	-	-
<b>Net Revenue (Expense)</b>	-	-	-	-	-	-	-	-	-

# School District No. 85 (Vancouver Island North)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2018

	Priority Measures	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	TOTAL
	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>	12,177			375,869
<b>Add:</b> Restricted Grants				
Provincial Grants - Ministry of Education	(12,177)	166,475	1,491,247	2,294,144
Other				393,188
Investment Income				49
	(12,177)	166,475	1,491,247	2,687,381
<b>Less:</b> Allocated to Revenue	-	166,475	1,491,247	2,790,426
<b>Deferred Revenue, end of year</b>	-	-	-	<b>272,824</b>
<b>Revenues</b>				
Provincial Grants - Ministry of Education		166,475	1,491,247	2,341,010
Other Revenue				449,367
Investment Income				49
	-	166,475	1,491,247	2,790,426
<b>Expenses</b>				
Salaries				
Teachers			1,095,446	1,095,446
Educational Assistants				299,241
Support Staff		13,730		13,730
Substitutes		89,179	17,500	113,093
	-	102,909	1,112,946	1,521,510
Employee Benefits		13,472	378,301	462,138
Services and Supplies		50,094		671,031
	-	166,475	1,491,247	2,654,679
<b>Net Revenue (Expense) before Interfund Transfers</b>	-	-	-	135,747
<b>Interfund Transfers</b>				
Tangible Capital Assets Purchased				(135,747)
	-	-	-	(135,747)
<b>Net Revenue (Expense)</b>	-	-	-	-

# School District No. 85 (Vancouver Island North)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2018

	2018 Budget	2018 Actual			2017 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Amortization of Deferred Capital Revenue	1,046,985	1,052,569		1,052,569	949,470
<b>Total Revenue</b>	<u>1,046,985</u>	<u>1,052,569</u>	<u>-</u>	<u>1,052,569</u>	<u>949,470</u>
<b>Expenses</b>					
Amortization of Tangible Capital Assets					
Operations and Maintenance	1,250,479	1,256,063		1,256,063	1,205,236
Transportation and Housing	169,289	169,289		169,289	118,355
<b>Total Expense</b>	<u>1,419,768</u>	<u>1,425,352</u>	<u>-</u>	<u>1,425,352</u>	<u>1,323,591</u>
<b>Capital Surplus (Deficit) for the year</b>	<u>(372,783)</u>	<u>(372,783)</u>	<u>-</u>	<u>(372,783)</u>	<u>(374,121)</u>
<b>Net Transfers (to) from other funds</b>					
Tangible Capital Assets Purchased	136,601	135,747		135,747	163,971
Local Capital				-	100,000
<b>Total Net Transfers</b>	<u>136,601</u>	<u>135,747</u>	<u>-</u>	<u>135,747</u>	<u>263,971</u>
<b>Other Adjustments to Fund Balances</b>					
Tangible Capital Assets Purchased from Local Capital		52,512	(52,512)	-	
<b>Total Other Adjustments to Fund Balances</b>		<u>52,512</u>	<u>(52,512)</u>	<u>-</u>	
<b>Total Capital Surplus (Deficit) for the year</b>	<u>(236,182)</u>	<u>(184,524)</u>	<u>(52,512)</u>	<u>(237,036)</u>	<u>(110,150)</u>
<b>Capital Surplus (Deficit), beginning of year</b>		10,576,783	257,124	10,833,907	10,944,057
<b>Capital Surplus (Deficit), end of year</b>		<u>10,392,259</u>	<u>204,612</u>	<u>10,596,871</u>	<u>10,833,907</u>

# School District No. 85 (Vancouver Island North)

Schedule 4A (Unaudited)

Tangible Capital Assets  
Year Ended June 30, 2018

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost, beginning of year</b>	2,891,161	60,288,693	802,728	1,692,889		196,965	65,872,436
<b>Changes for the Year</b>							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		1,757,416					1,757,416
Special Purpose Funds		135,747					135,747
Local Capital				43,386		9,126	52,512
	-	1,893,163	-	43,386	-	9,126	1,945,675
Decrease:							
Deemed Disposals			166,385	264,638		10,594	441,617
	-	-	166,385	264,638	-	10,594	441,617
<b>Cost, end of year</b>	2,891,161	62,181,856	636,343	1,471,637	-	195,497	67,376,494
<b>Work in Progress, end of year</b>							-
<b>Cost and Work in Progress, end of year</b>	2,891,161	62,181,856	636,343	1,471,637	-	195,497	67,376,494
<b>Accumulated Amortization, beginning of year</b>		34,493,835	390,520	632,593		52,223	35,569,171
<b>Changes for the Year</b>							
Increase: Amortization for the Year		1,136,397	80,273	169,289		39,393	1,425,352
Decrease:							
Deemed Disposals			166,385	264,638		10,594	441,617
			-	166,385	-	10,594	441,617
<b>Accumulated Amortization, end of year</b>		35,630,232	304,408	537,244	-	81,022	36,552,906
<b>Tangible Capital Assets - Net</b>	<b>2,891,161</b>	<b>26,551,624</b>	<b>331,935</b>	<b>934,393</b>	<b>-</b>	<b>114,475</b>	<b>30,823,588</b>

# School District No. 85 (Vancouver Island North)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2018

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
<b>Deferred Capital Revenue, beginning of year</b>	19,670,642	55,840		<b>19,726,482</b>
<b>Changes for the Year</b>				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,757,416			<b>1,757,416</b>
	<u>1,757,416</u>	-	-	<u>1,757,416</u>
Decrease:				
Amortization of Deferred Capital Revenue	1,046,985	5,584		<b>1,052,569</b>
	<u>1,046,985</u>	<u>5,584</u>	-	<u>1,052,569</u>
<b>Net Changes for the Year</b>	<u>710,431</u>	<u>(5,584)</u>	-	<u><b>704,847</b></u>
<b>Deferred Capital Revenue, end of year</b>	<u>20,381,073</u>	<u>50,256</u>	-	<u><b>20,431,329</b></u>
<b>Work in Progress, beginning of year</b>				-
<b>Changes for the Year</b>				
<b>Net Changes for the Year</b>	-	-	-	-
<b>Work in Progress, end of year</b>	-	-	-	-
<b>Total Deferred Capital Revenue, end of year</b>	<u><b>20,381,073</b></u>	<u><b>50,256</b></u>	-	<u><b>20,431,329</b></u>

# School District No. 85 (Vancouver Island North)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2018

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
<b>Balance, beginning of year</b>	\$	\$ 12,756	\$	\$	\$	\$ 12,756
<b>Changes for the Year</b>						
Increase:						
Provincial Grants - Ministry of Education	1,757,416					1,757,416
Provincial Grants - Other			11,625			11,625
	1,757,416	-	11,625	-	-	1,769,041
Decrease:						
Transferred to DCR - Capital Additions	1,757,416					1,757,416
	1,757,416	-	-	-	-	1,757,416
<b>Net Changes for the Year</b>	-	-	11,625	-	-	11,625
<b>Balance, end of year</b>	-	12,756	11,625	-	-	24,381