

Audited Financial Statements of

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

And Independent Auditors' Report thereon

June 30, 2020

# School District No. 85 (Vancouver Island North)

June 30, 2020

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# School District No. 85 (Vancouver Island North)

## MANAGEMENT REPORT

Version: 3418-2672-9690

### 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.

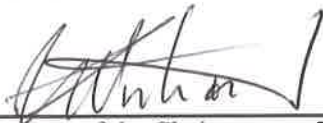
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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)



Signature of the Chairperson of the Board of Education

SEP 14 2020

Date Signed



Signature of the Superintendent

SEP 14 2020

Date Signed



Signature of the Secretary Treasurer

SEP 14 2020

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:

### Opinion

We have audited the accompanying financial statements of School District #85 (Vancouver Island North) (the "School District"), which comprise the statement of financial position as at June 30, 2020, the statement of operations and 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 (hereinafter referred to as the "financial statements").

In our opinion, the School District's financial statements present fairly, in all material respects, the financial position of the School District as at June 30, 2020, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the School District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Emphasis of Matter

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

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the School District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends for the School District to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the School District's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the School District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Other Matters**

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

*Chan Nawrood Boates Inc*

Chartered Professional Accountants  
Campbell River, BC

September 14, 2020

# School District No. 85 (Vancouver Island North)

## Statement of Financial Position

As at June 30, 2020

	2020 Actual \$	2019 Actual \$
<b>Financial Assets</b>		
Cash and Cash Equivalents	6,628,454	5,657,108
Accounts Receivable		
Other (Note 3)	70,828	95,585
Portfolio Investments (Note 4)	9,074	9,074
<b>Total Financial Assets</b>	<b>6,708,356</b>	<b>5,761,767</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	1,994,592	2,063,959
Deferred Revenue (Note 6)	321,819	250,236
Deferred Capital Revenue (Note 7)	21,433,483	20,846,352
Employee Future Benefits (Note 8)	1,526,569	1,467,271
<b>Total Liabilities</b>	<b>25,276,463</b>	<b>24,627,818</b>
<b>Net Debt</b>	<b>(18,568,107)</b>	<b>(18,866,051)</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 9)	31,772,617	31,115,770
Prepaid Expenses	62,638	69,959
<b>Total Non-Financial Assets</b>	<b>31,835,255</b>	<b>31,185,729</b>
<b>Accumulated Surplus (Deficit)</b>	<b>13,267,148</b>	<b>12,319,678</b>

Approved by the Board



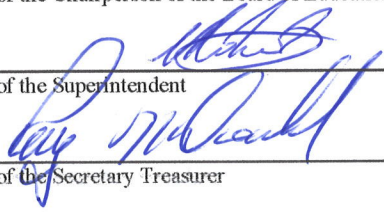
Signature of the Chairperson of the Board of Education

SEP 14 2020

Date Signed

SEP 14 2020

Signature of the Superintendent



Date Signed

SEP 14 2020

Signature of the Secretary Treasurer

Date Signed

# School District No. 85 (Vancouver Island North)

Statement of Operations  
Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	20,684,648	<b>20,926,211</b>	20,162,152
Tuition	5,500		11,000
Other Revenue	351,000	<b>362,362</b>	554,331
Rentals and Leases	103,000	<b>111,641</b>	125,368
Investment Income	70,000	<b>83,552</b>	86,904
Amortization of Deferred Capital Revenue	1,125,790	<b>1,125,790</b>	1,068,119
<b>Total Revenue</b>	<b>22,339,938</b>	<b>22,609,556</b>	<b>22,007,874</b>
<b>Expenses (Note 15)</b>			
Instruction	16,648,762	<b>15,786,239</b>	15,822,565
District Administration	1,309,746	<b>1,140,252</b>	1,094,308
Operations and Maintenance	4,286,405	<b>3,980,589</b>	4,105,381
Transportation and Housing	872,495	<b>755,006</b>	784,465
<b>Total Expense</b>	<b>23,117,408</b>	<b>21,662,086</b>	<b>21,806,719</b>
<b>Surplus (Deficit) for the year</b>	<b>(777,470)</b>	<b>947,470</b>	201,155
<b>Accumulated Surplus (Deficit) from Operations, beginning of year</b>		<b>12,319,678</b>	12,118,523
<b>Accumulated Surplus (Deficit) from Operations, end of year</b>		<b>13,267,148</b>	12,319,678

# School District No. 85 (Vancouver Island North)

## Statement of Changes in Net Debt

Year Ended June 30, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
<b>Surplus (Deficit) for the year</b>	(777,470)	<b>947,470</b>	201,155
<b>Effect of change in Tangible Capital Assets</b>			
Acquisition of Tangible Capital Assets	(338,905)	<b>(2,143,395)</b>	(1,713,843)
Amortization of Tangible Capital Assets	1,486,548	<b>1,486,548</b>	1,421,661
<b>Total Effect of change in Tangible Capital Assets</b>	1,147,643	<b>(656,847)</b>	(292,182)
Acquisition of Prepaid Expenses		<b>(62,638)</b>	(69,959)
Use of Prepaid Expenses		<b>69,959</b>	28,195
<b>Total Effect of change in Other Non-Financial Assets</b>	-	<b>7,321</b>	(41,764)
<b>(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)</b>	370,173	<b>297,944</b>	(132,791)
<b>Net Remeasurement Gains (Losses)</b>			
<b>(Increase) Decrease in Net Debt</b>		<b>297,944</b>	(132,791)
<b>Net Debt, beginning of year</b>		<b>(18,866,051)</b>	(18,733,260)
<b>Net Debt, end of year</b>		<b>(18,568,107)</b>	(18,866,051)

# School District No. 85 (Vancouver Island North)

Statement 5

Statement of Cash Flows  
Year Ended June 30, 2020

	2020 Actual	2019 Actual
	\$	\$
<b>Operating Transactions</b>		
Surplus (Deficit) for the year	947,470	201,155
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	24,758	301,387
Prepaid Expenses	7,321	(41,764)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(69,367)	15,310
Deferred Revenue	71,583	(22,588)
Employee Future Benefits	59,297	31,799
Amortization of Tangible Capital Assets	1,486,548	1,421,661
Amortization of Deferred Capital Revenue	(1,125,790)	(1,068,119)
<b>Total Operating Transactions</b>	<b>1,401,820</b>	<b>838,841</b>
<b>Capital Transactions</b>		
Tangible Capital Assets Purchased	(2,143,395)	(1,633,843)
Capital Asset Donation		(80,000)
<b>Total Capital Transactions</b>	<b>(2,143,395)</b>	<b>(1,713,843)</b>
<b>Financing Transactions</b>		
Capital Revenue Received	1,712,921	1,458,761
<b>Total Financing Transactions</b>	<b>1,712,921</b>	<b>1,458,761</b>
<b>Investing Transactions</b>		
Proceeds on Disposal of Portfolio Investments		1,000,426
<b>Total Investing Transactions</b>	-	1,000,426
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>971,346</b>	<b>1,584,185</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>5,657,108</b>	<b>4,072,923</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>6,628,454</b>	<b>5,657,108</b>
<b>Cash and Cash Equivalents, end of year, is made up of:</b>		
Cash	1,600	1,600
Cash Equivalents	6,626,854	5,655,508
	<b>6,628,454</b>	<b>5,657,108</b>

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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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.

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instruction in March 2020 and the District remained open to continue to support students and families in a variety of ways. Parents were given the choice to send their children back to school on a gradual and part-time basis beginning June 1 with new health and safety guidelines. The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the District is not practicable at this time.

**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 that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

The impact of this difference on the financial statements of the School District is as follows:

Year-ended June 30, 2019 – increase annual surplus by \$ 367,693

June 30, 2019 – increase accumulated surplus and decrease deferred capital revenue by \$20,846,352

Year-ended June 30, 2020 – increase annual surplus by \$ 621,705

June 30, 2020 – increase accumulated surplus and decrease deferred capital revenue by \$21,443,483

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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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, 2020**

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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, 2019 and projected to March 31, 2022. The next valuation will be performed at March 31, 2022 for use at June 30, 2022. 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

A liability is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

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, 2020**

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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 and 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, 2020**

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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 and 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, 2020**

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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, with revenue associated with the donated tangible assets being recorded in the year the donated tangible assets are received. The donated tangible assets are 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.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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

m) Revenue Recognition *(Continued)*

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.

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, 2020**

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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.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. 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.

q) Future Changes in Accounting Policies

***PS 3280 Asset Retirement Obligations*** issued August 2018 establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective July 1, 2021. A liability will be recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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

q) Future Changes in Accounting Policies *(Continued)*

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 [Consolidated] Statement of Operations.

A modified retroactive application has been recommended by Government pending approval in the Fall of 2020. Management is in the process of assessing the impact of adopting this standard on the School District's financial results.

***PS 3400 Revenue*** issued November 2018 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

Revenue from transactions with performance obligations should be recognized when (or as) the school district satisfies a performance obligation by providing the promised goods or services to a payor.

Revenue from transactions with no performance obligations should be recognized when a school district:

- (a) has the authority to claim or retain an inflow of economic resources; and
- (b) identifies a past transaction or event that gives rise to an asset.

This standard may be applied retroactively or prospectively. Management is in the process of assessing the impact of adopting this standard on the School District's financial results

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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**NOTE 3      ACCOUNTS RECEIVABLE – OTHER RECEIVABLES**

	June 30, 2020	June 30, 2019
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, 2020	June 30, 2019
b) Accounts Receivable Other		
Due from Federal Government	\$11,066	\$21,725
Due from Other	\$59,762	\$73,860
	\$70,828	\$95,585

**NOTE 4      PORTFOLIO INVESTMENTS**

	June 30, 2020	June 30, 2019
Investments in the cost and amortized cost category:		
GIC's	\$9,074	\$9,074
	\$9,074	\$9,074

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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

	June 30, 2020	June 30, 2019
Trade payables	\$ 266,407	\$ 395,587
Salaries and benefits payable	\$1,472,652	\$1,369,720
Accrued vacation pay	\$ 198,900	\$ 209,301
Other payables	\$ 56,633	\$ 89,351
	\$1,994,592	\$2,063,959

**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, 2020	June 30, 2019
Balance, beginning of year	\$ 250,236	\$ 272,824
Changes for the year:		
Increase – Grants:		
Provincial – Ministry of Education	\$2,058,220	\$1,957,543
School generated funds	\$ 396,293	\$ 427,803
Other	\$ 1,080	\$ 2,840
	\$2,455,593	\$2,388,186
Decrease – Allocated to Revenue:		
Provincial – Ministry of Education	\$2,021,908	\$1,957,543
School generated funds	\$ 357,302	\$ 446,382
Other	\$ 4,800	\$ 6,850
	\$2,384,010	\$2,410,775
Balance, end of year	\$ 321,819	\$ 250,236

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

**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, 2020	June 30, 2019
<b>Deferred Capital Revenue</b>		
Balance, beginning of year	\$20,799,022	\$20,431,329
Changes for the year:		
Increase:		
Capital Additions	\$ 1,747,495	\$ 1,435,812
Decrease:		
Amortization	\$ 1,125,790	\$ 1,068,119
	\$21,420,727	\$20,799,022
<b>Unspent Deferred Capital Revenue</b>		
Balance, beginning of year	\$ 47,330	\$ 24,381
Changes for the year:		
Increase:		
Provincial grants – Ministry of Education	\$ 1,712,921	\$ 1,357,307
Provincial grants – ITA	\$	\$ 66,880
Provincial grants – MCFD	\$	\$ 34,574
Decrease:		
Transfer to deferred capital revenue	\$ 1,747,495	\$ 1,435,812
	\$ 12,756	\$ 47,330
<b>Total Deferred Capital Revenue balance, end of year</b>	<b>\$21,433,483</b>	<b>\$20,846,352</b>

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

**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, 2020	June 30, 2019
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued Benefit Obligation – April 1	\$1,271,989	\$1,252,881
Service Cost	114,819	110,346
Interest Cost	32,693	35,663
Benefit Payments	(78,931)	(107,680)
Actuarial (Gain) Loss	(55,037)	(19,221)
Accrued Benefit Obligation – March 31	\$1,285,533	\$1,271,989
<b>Reconciliation of Funded Status at End of Fiscal Year</b>		
Accrued Benefit Obligation – March 31	\$1,285,533	\$1,271,989
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	\$(1,285,533)	\$(1,271,989)
Employer Contributions After Measurement Date	47,445	58,720
Benefits Expense After Measurement Date	(37,854)	(36,877)
Unamortized Net Actuarial (Gain) Loss	(250,627)	(217,125)
Accrued Benefit Liability – June 30	\$(1,526,569)	\$(1,467,271)
<b>Reconciliation of Change in Accrued Benefit Liability</b>		
Accrued Benefit Liability – July 1	\$1,467,271	\$1,435,472
Net expense for Fiscal Year	126,955	126,630
Employer Contributions	(67,657)	(94,831)
Accrued Benefit Liability – June 30	\$1,526,569	\$1,467,271
<b>Components of Net Benefit Expense</b>		
Service Cost	\$116,405	\$111,464
Interest Cost	32,083	34,921
Amortization of Net Actuarial Loss	(21,534)	(19,755)
Net Benefit Expense	\$126,954	\$126,630

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

**Assumptions**

Discount Rate – April 1	2.75%	2.75%
Discount Rate – March 31	2.50%	2.50%
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, 2020**

**NOTE 9 TANGIBLE CAPITAL ASSETS**

**Net Book Value:**

	Net Book Value 2020	Net Book Value 2019
Sites	\$ 2,891,161	\$ 2,891,161
Buildings	27,245,126	26,501,599
Furniture and Equipment	524,989	573,754
Vehicles	1,033,170	1,053,545
Computer Hardware	78,171	95,711
<b>Total</b>	<b>\$31,772,617</b>	<b>\$31,115,770</b>

**June 30, 2020**

	Opening Cost	Additions	Disposals	Total 2020
Sites	\$ 2,891,161	\$ -	\$ -	\$ 2,891,161
Buildings	63,303,595	1,931,372	-	65,234,967
Furniture and Equipment	892,252	40,461	22,340	910,373
Vehicles	1,714,030	151,028	-	1,865,058
Computer Hardware	190,369	20,534	14,094	196,809
<b>Total</b>	<b>\$68,991,407</b>	<b>\$2,143,395</b>	<b>\$ 36,434</b>	<b>\$71,098,368</b>

	Opening Accumulated Amortization	Additions	Disposals	Total 2020
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	36,801,996	1,187,845	-	37,989,841
Furniture and Equipment	318,498	89,226	22,340	385,384
Vehicles	660,485	171,403	-	831,888
Computer Hardware	94,658	38,074	14,094	118,638
<b>Total</b>	<b>\$37,875,637</b>	<b>\$1,486,548</b>	<b>\$36,434</b>	<b>\$39,325,751</b>

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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

**June 30, 2019**

	Opening Cost	Additions	Disposals	Total 2019
Sites	\$ 2,891,161	\$ -	\$ -	\$ 2,891,161
Buildings	62,181,856	1,121,739	-	63,303,595
Furniture and Equipment	636,343	305,453	49,544	892,252
Vehicles	1,471,637	266,316	23,923	1,714,030
Computer Hardware	195,497	20,335	25,463	190,369
<b>Total</b>	<b>\$67,376,494</b>	<b>\$1,713,843</b>	<b>\$ 98,930</b>	<b>\$68,991,407</b>

	Opening Accumulated Amortization	Additions	Disposals	Total 2019
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	35,630,232	1,171,764	-	36,801,996
Furniture and Equipment	304,408	63,634	49,544	318,498
Vehicles	537,244	147,164	23,923	660,485
Computer Hardware	81,022	39,099	25,463	94,658
<b>Total</b>	<b>\$36,552,906</b>	<b>\$1,421,661</b>	<b>\$ 98,930</b>	<b>\$37,875,637</b>

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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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, 2018, the Teachers' Pension Plan has about 48,000 active members and approximately 38,000 retired members. As of December 31, 2018, the Municipal Pension Plan has about 205,000 active members, including approximately 26,000 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, 2017, indicated a \$1,656 million surplus for basic pension benefits on a going concern basis. As a result of the 2017 basic account actuarial valuation surplus, plan enhancements and contribution rate adjustments were made; the remaining \$644 million surplus was transferred to the rate stabilization account.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The school district paid \$1,302,593 for employer contributions to the plans for the year ended June 30, 2020 (2019: \$1,359,182)

The next valuation for the Teachers' Pension Plan will be as at December 31, 2020, with results available in 2021. The next valuation for the Municipal Pension Plan will be as at December 31, 2021, with results available in 2022.

**SCHOOL DISTRICT NO. 85  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020**

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**NOTE 11 INTERFUND TRANSFERS**

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2020, were as follows:

- 1. Transfer from Special Purpose Funds to Capital Fund \$138,905

This transfer was made in order to fund the cost of capital 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	2021	2022	2023	2024	2025	Thereafter
Future lease/rental revenue	\$109,081	\$14,091	\$ -	\$ -	\$ -	\$ -
	<u>\$109,081</u>	<u>\$14,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020**

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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 10, 2020. 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, 2020	June 30, 2019
Salaries and benefits	\$16,978,094	\$16,785,131
Services and supplies	3,197,444	3,599,927
Amortization	1,486,548	1,421,661
	\$21,662,086	\$21,806,719

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

Internally Restricted (appropriated) by the Board for:

Appropriation to 2020 – 2021 Annual Budget	\$423,780	
District Budgets Carried Forward	123,664	
School-Based Budgets Carried Forward	87,461	
Pro-D Allocations Carried Forward	17,441	
Internally Restricted Surplus		\$ 652,346
Unrestricted Operating Surplus		2,177,578
Total Available for Future Operations		\$2,829,924

**NOTE 17 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES**

Certain schools in the School District contain or may contain asbestos. No amount has been recorded in these financial statements with regard to this potential liability since the fair value for the future removal costs cannot be reasonably estimated due to unknown timelines.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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**NOTE 18      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.

**NOTE 19      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.

**SCHOOL DISTRICT NO. 85**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020**

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**NOTE 19**     **RISK MANAGEMENT** *(Continued)*

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, 2020

	Operating Fund	Special Purpose Fund	Capital Fund	2020 Actual	2019 Actual
	\$	\$	\$	\$	\$
<b>Accumulated Surplus (Deficit), beginning of year</b>	1,860,601		10,459,077	<b>12,319,678</b>	12,118,523
<b>Changes for the year</b>					
Surplus (Deficit) for the year	1,169,323	138,905	(360,758)	<b>947,470</b>	201,155
Interfund Transfers					
Tangible Capital Assets Purchased		(138,905)	138,905	-	
Local Capital	(200,000)		200,000	-	
<b>Net Changes for the year</b>	<b>969,323</b>	<b>-</b>	<b>(21,853)</b>	<b>947,470</b>	<b>201,155</b>
<b>Accumulated Surplus (Deficit), end of year - Statement 2</b>	<b>2,829,924</b>	<b>-</b>	<b>10,437,224</b>	<b>13,267,148</b>	12,319,678

# School District No. 85 (Vancouver Island North)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	18,633,186	<b>18,904,303</b>	18,204,609
Tuition	5,500		11,000
Other Revenue	8,000	<b>260</b>	21,100
Rentals and Leases	103,000	<b>111,641</b>	125,368
Investment Income	70,000	<b>83,552</b>	86,904
<b>Total Revenue</b>	<b>18,819,686</b>	<b>19,099,756</b>	<b>18,448,981</b>
<b>Expenses</b>			
Instruction	14,402,678	<b>13,550,607</b>	13,560,169
District Administration	1,309,746	<b>1,140,252</b>	1,094,308
Operations and Maintenance	2,961,787	<b>2,655,971</b>	2,818,254
Transportation and Housing	701,092	<b>583,603</b>	637,301
<b>Total Expense</b>	<b>19,375,303</b>	<b>17,930,433</b>	<b>18,110,032</b>
<b>Operating Surplus (Deficit) for the year</b>	<b>(555,617)</b>	<b>1,169,323</b>	<b>338,949</b>
<b>Budgeted Appropriation (Retirement) of Surplus (Deficit)</b>	<b>755,617</b>		
<b>Net Transfers (to) from other funds</b>			
Local Capital	(200,000)	<b>(200,000)</b>	
<b>Total Net Transfers</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>-</b>
<b>Total Operating Surplus (Deficit), for the year</b>	<b>-</b>	<b>969,323</b>	<b>338,949</b>
<b>Operating Surplus (Deficit), beginning of year</b>		<b>1,860,601</b>	1,521,652
<b>Operating Surplus (Deficit), end of year</b>		<b>2,829,924</b>	<b>1,860,601</b>
<b>Operating Surplus (Deficit), end of year</b>			
Internally Restricted (Note 16)		<b>652,346</b>	795,537
Unrestricted		<b>2,177,578</b>	1,065,064
<b>Total Operating Surplus (Deficit), end of year</b>		<b>2,829,924</b>	<b>1,860,601</b>

# School District No. 85 (Vancouver Island North)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
<b>Provincial Grants - Ministry of Education</b>			
Operating Grant, Ministry of Education	18,224,304	<b>18,235,338</b>	17,752,454
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			15,726
Carbon Tax Grant	17,000	<b>23,221</b>	23,221
Employer Health Tax Grant	140,056	<b>140,056</b>	42,560
Strategic Priorities - Mental Health Grant			37,000
Support Staff Benefits Grant	10,925	<b>10,925</b>	10,925
BCTEA - LEA Capacity Building Grant			68,490
Support Staff Wage Increase Funding		<b>104,618</b>	
Teachers' Labour Settlement Funding		<b>143,056</b>	
FSA	7,506	<b>7,506</b>	7,506
PLNet Grant Funds		<b>12,768</b>	
Other Ministry of Education Grants		<b>(6,580)</b>	13,332
<b>Total Provincial Grants - Ministry of Education</b>	<b>18,633,186</b>	<b>18,904,303</b>	<b>18,204,609</b>
<b>Tuition</b>			
International and Out of Province Students	5,500		11,000
<b>Total Tuition</b>	<b>5,500</b>	<b>-</b>	<b>11,000</b>
<b>Other Revenues</b>			
Miscellaneous			
Sale of Assets	8,000	<b>191</b>	16,636
Other		<b>69</b>	4,464
<b>Total Other Revenue</b>	<b>8,000</b>	<b>260</b>	<b>21,100</b>
<b>Rentals and Leases</b>	<b>103,000</b>	<b>111,641</b>	<b>125,368</b>
<b>Investment Income</b>	<b>70,000</b>	<b>83,552</b>	<b>86,904</b>
<b>Total Operating Revenue</b>	<b>18,819,686</b>	<b>19,099,756</b>	<b>18,448,981</b>

# School District No. 85 (Vancouver Island North)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
<b>Salaries</b>			
Teachers	5,794,378	<b>5,954,548</b>	5,862,848
Principals and Vice Principals	1,704,426	<b>1,748,144</b>	1,677,436
Educational Assistants	2,207,788	<b>1,691,242</b>	1,444,993
Support Staff	1,902,414	<b>2,187,184</b>	2,250,752
Other Professionals	727,546	<b>709,633</b>	691,020
Substitutes	530,436	<b>317,776</b>	533,645
<b>Total Salaries</b>	<b>12,866,988</b>	<b>12,608,527</b>	12,460,694
<b>Employee Benefits</b>	3,283,273	<b>2,701,566</b>	2,692,550
<b>Total Salaries and Benefits</b>	<b>16,150,261</b>	<b>15,310,093</b>	15,153,244
<b>Services and Supplies</b>			
Services	830,353	<b>755,367</b>	847,756
Student Transportation	76,855	<b>75,498</b>	75,176
Professional Development and Travel	486,817	<b>329,182</b>	434,400
Rentals and Leases	18,000	<b>6,871</b>	3,192
Dues and Fees	18,339	<b>21,311</b>	15,502
Insurance	79,595	<b>72,583</b>	89,922
Supplies	862,523	<b>563,158</b>	720,121
Utilities	852,560	<b>796,370</b>	770,719
<b>Total Services and Supplies</b>	<b>3,225,042</b>	<b>2,620,340</b>	2,956,788
<b>Total Operating Expense</b>	<b>19,375,303</b>	<b>17,930,433</b>	18,110,032

# School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2020

	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	4,597,096	706,130	81,422			125,033	5,509,681
1.03 Career Programs	48,104					2,086	50,190
1.07 Library Services	185,374	5,994		48,792		8,528	248,688
1.08 Counselling	161,322					6,996	168,318
1.10 Special Education	686,352	151,847	1,415,403	16,508	44,103	81,155	2,395,368
1.30 English Language Learning	234,650					10,176	244,826
1.31 Indigenous Education	41,650	93,110	194,417	17,220		6,698	353,095
1.41 School Administration		760,026		468,968		28,931	1,257,925
1.64 Other							-
<b>Total Function 1</b>	<b>5,954,548</b>	<b>1,717,107</b>	<b>1,691,242</b>	<b>551,488</b>	<b>44,103</b>	<b>269,603</b>	<b>10,228,091</b>
<b>4 District Administration</b>							
4.11 Educational Administration		31,037		8,376	321,713		361,126
4.40 School District Governance					86,736		86,736
4.41 Business Administration				155,370	209,465		364,835
<b>Total Function 4</b>	<b>-</b>	<b>31,037</b>	<b>-</b>	<b>163,746</b>	<b>617,914</b>	<b>-</b>	<b>812,697</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration				71,227	47,616	468	119,311
5.50 Maintenance Operations				976,921		37,203	1,014,124
5.52 Maintenance of Grounds				39,987		2,682	42,669
5.56 Utilities							-
<b>Total Function 5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,088,135</b>	<b>47,616</b>	<b>40,353</b>	<b>1,176,104</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration				47,615			47,615
7.70 Student Transportation				336,200		7,820	344,020
7.73 Housing							-
<b>Total Function 7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>383,815</b>	<b>-</b>	<b>7,820</b>	<b>391,635</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>5,954,548</b>	<b>1,748,144</b>	<b>1,691,242</b>	<b>2,187,184</b>	<b>709,633</b>	<b>317,776</b>	<b>12,608,527</b>

# School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2020

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$	\$	\$	\$	\$
<b>1 Instruction</b>							
1.02 Regular Instruction	5,509,681	1,125,489	6,635,170	419,325	7,054,495	7,685,227	7,320,593
1.03 Career Programs	50,190	10,397	60,587	3,083	63,670	88,828	66,994
1.07 Library Services	248,688	55,687	304,375	10,412	314,787	321,886	326,300
1.08 Counselling	168,318	34,867	203,185	3,195	206,380	208,426	212,506
1.10 Special Education	2,395,368	511,810	2,907,178	140,325	3,047,503	3,335,471	2,989,459
1.30 English Language Learning	244,826	50,716	295,542	14,344	309,886	312,395	257,404
1.31 Indigenous Education	353,095	77,777	430,872	427,681	858,553	900,234	743,139
1.41 School Administration	1,257,925	291,392	1,549,317	62,578	1,611,895	1,498,541	1,587,228
1.64 Other	-	-	-	83,438	83,438	51,670	56,546
<b>Total Function 1</b>	<b>10,228,091</b>	<b>2,158,135</b>	<b>12,386,226</b>	<b>1,164,381</b>	<b>13,550,607</b>	<b>14,402,678</b>	<b>13,560,169</b>
<b>4 District Administration</b>							
4.11 Educational Administration	361,126	70,626	431,752	45,976	477,728	518,146	472,118
4.40 School District Governance	86,736	4,391	91,127	44,718	135,845	239,915	147,420
4.41 Business Administration	364,835	69,018	433,853	92,826	526,679	551,685	474,770
<b>Total Function 4</b>	<b>812,697</b>	<b>144,035</b>	<b>956,732</b>	<b>183,520</b>	<b>1,140,252</b>	<b>1,309,746</b>	<b>1,094,308</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration	119,311	27,588	146,899	49,614	196,513	191,662	216,061
5.50 Maintenance Operations	1,014,124	267,870	1,281,994	295,367	1,577,361	1,838,821	1,755,054
5.52 Maintenance of Grounds	42,669	12,027	54,696	31,031	85,727	78,744	76,420
5.56 Utilities	-	-	-	796,370	796,370	852,560	770,719
<b>Total Function 5</b>	<b>1,176,104</b>	<b>307,485</b>	<b>1,483,589</b>	<b>1,172,382</b>	<b>2,655,971</b>	<b>2,961,787</b>	<b>2,818,254</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration	47,615	9,413	57,028	2,419	59,447	84,540	60,980
7.70 Student Transportation	344,020	82,498	426,518	97,638	524,156	611,552	571,321
7.73 Housing	-	-	-	-	-	5,000	5,000
<b>Total Function 7</b>	<b>391,635</b>	<b>91,911</b>	<b>483,546</b>	<b>100,057</b>	<b>583,603</b>	<b>701,092</b>	<b>637,301</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>12,608,527</b>	<b>2,701,566</b>	<b>15,310,093</b>	<b>2,620,340</b>	<b>17,930,433</b>	<b>19,375,303</b>	<b>18,110,032</b>

# School District No. 85 (Vancouver Island North)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	2,051,462	<b>2,021,908</b>	1,957,543
Other Revenue	343,000	<b>362,102</b>	453,231
<b>Total Revenue</b>	<u>2,394,462</u>	<u><b>2,384,010</b></u>	<u>2,410,774</u>
<b>Expenses</b>			
Instruction	2,246,084	<b>2,235,632</b>	2,262,396
Operations and Maintenance	9,473	<b>9,473</b>	12,630
<b>Total Expense</b>	<u>2,255,557</u>	<u><b>2,245,105</b></u>	<u>2,275,026</u>
<b>Special Purpose Surplus (Deficit) for the year</b>	<u>138,905</u>	<u><b>138,905</b></u>	<u>135,748</u>
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	(138,905)	<b>(138,905)</b>	(135,748)
<b>Total Net Transfers</b>	<u>(138,905)</u>	<u><b>(138,905)</b></u>	<u>(135,748)</u>
<b>Total Special Purpose Surplus (Deficit) for the year</b>	<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>

# School District No. 85 (Vancouver Island North)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2020

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Classroom Enhancement Fund - Overhead
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>			16,245	233,991					
<b>Add:</b> Restricted Grants									
Provincial Grants - Ministry of Education	148,378	67,713			96,474	17,442	9,650	314,494	137,948
Other			1,050	396,293					
Investment Income			30						
	148,378	67,713	1,080	396,293	96,474	17,442	9,650	314,494	137,948
<b>Less:</b> Allocated to Revenue	148,378	67,713	4,800	357,302	96,474	17,442	9,650	314,494	137,948
<b>Deferred Revenue, end of year</b>	-	-	<b>12,525</b>	<b>272,982</b>	-	-	-	-	-
<b>Revenues</b>									
Provincial Grants - Ministry of Education	148,378	67,713			96,474	17,442	9,650	314,494	137,948
Other Revenue			4,800	357,302					
	148,378	67,713	4,800	357,302	96,474	17,442	9,650	314,494	137,948
<b>Expenses</b>									
Salaries									
Teachers									
Educational Assistants		56,562						255,250	
Support Staff								5,001	
Substitutes							1,085		83,022
	-	56,562	-	-	-	-	1,085	260,251	83,022
Employee Benefits		11,151					124	53,827	12,545
Services and Supplies	9,473		4,800	357,302	96,474	17,442	8,441	416	42,381
	9,473	67,713	4,800	357,302	96,474	17,442	9,650	314,494	137,948
<b>Net Revenue (Expense) before Interfund Transfers</b>	138,905	-	-	-	-	-	-	-	-
<b>Interfund Transfers</b>									
Tangible Capital Assets Purchased	(138,905)								
	(138,905)	-	-	-	-	-	-	-	-
<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, 2020

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	TOTAL
	\$	\$	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>						250,236
<b>Add:</b> Restricted Grants						
Provincial Grants - Ministry of Education	1,169,314	20,124	30,316	32,500	13,867	2,058,220
Other						397,343
Investment Income						30
	1,169,314	20,124	30,316	32,500	13,867	2,455,593
<b>Less:</b> Allocated to Revenue	1,169,314	20,120	-	32,500	7,875	2,384,010
<b>Deferred Revenue, end of year</b>	<b>-</b>	<b>4</b>	<b>30,316</b>	<b>-</b>	<b>5,992</b>	<b>321,819</b>
<b>Revenues</b>						
Provincial Grants - Ministry of Education	1,169,314	20,120		32,500	7,875	2,021,908
Other Revenue						362,102
	1,169,314	20,120	-	32,500	7,875	2,384,010
<b>Expenses</b>						
Salaries						
Teachers	872,195					872,195
Educational Assistants						311,812
Support Staff						5,001
Substitutes		18,167				102,274
	872,195	18,167	-	-	-	1,291,282
Employee Benefits	297,119	1,953				376,719
Services and Supplies				32,500	7,875	577,104
	1,169,314	20,120	-	32,500	7,875	2,245,105
<b>Net Revenue (Expense) before Interfund Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,905</b>
<b>Interfund Transfers</b>						
Tangible Capital Assets Purchased						(138,905)
	-	-	-	-	-	(138,905)
<b>Net Revenue (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# School District No. 85 (Vancouver Island North)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2020

	2020 Budget	2020 Actual			2019 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Other Revenue				-	80,000
Amortization of Deferred Capital Revenue	1,125,790	1,125,790		1,125,790	1,068,119
<b>Total Revenue</b>	<u>1,125,790</u>	<u>1,125,790</u>	-	<u>1,125,790</u>	<u>1,148,119</u>
<b>Expenses</b>					
Amortization of Tangible Capital Assets					
Operations and Maintenance	1,315,145	1,315,145		1,315,145	1,274,497
Transportation and Housing	171,403	171,403		171,403	147,164
<b>Total Expense</b>	<u>1,486,548</u>	<u>1,486,548</u>	-	<u>1,486,548</u>	<u>1,421,661</u>
<b>Capital Surplus (Deficit) for the year</b>	<u>(360,758)</u>	<u>(360,758)</u>	-	<u>(360,758)</u>	<u>(273,542)</u>
<b>Net Transfers (to) from other funds</b>					
Tangible Capital Assets Purchased	138,905	138,905		138,905	135,748
Local Capital	200,000		200,000	200,000	
<b>Total Net Transfers</b>	<u>338,905</u>	<u>138,905</u>	<u>200,000</u>	<u>338,905</u>	<u>135,748</u>
<b>Other Adjustments to Fund Balances</b>					
Tangible Capital Assets Purchased from Local Capital		256,995	(256,995)	-	
<b>Total Other Adjustments to Fund Balances</b>		<u>256,995</u>	<u>(256,995)</u>	<u>-</u>	
<b>Total Capital Surplus (Deficit) for the year</b>	<u>(21,853)</u>	<u>35,142</u>	<u>(56,995)</u>	<u>(21,853)</u>	<u>(137,794)</u>
<b>Capital Surplus (Deficit), beginning of year</b>		<u>10,316,748</u>	<u>142,329</u>	<u>10,459,077</u>	<u>10,596,871</u>
<b>Capital Surplus (Deficit), end of year</b>		<u>10,351,890</u>	<u>85,334</u>	<u>10,437,224</u>	<u>10,459,077</u>

# School District No. 85 (Vancouver Island North)

Schedule 4A (Unaudited)

Tangible Capital Assets  
Year Ended June 30, 2020

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost, beginning of year</b>	2,891,161	63,303,595	892,252	1,714,030	-	190,369	<b>68,991,407</b>
<b>Changes for the Year</b>							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		1,712,921					<b>1,712,921</b>
Deferred Capital Revenue - Other			34,574				<b>34,574</b>
Special Purpose Funds		138,905					<b>138,905</b>
Local Capital		79,546	5,887	151,028		20,534	<b>256,995</b>
	-	1,931,372	40,461	151,028	-	20,534	<b>2,143,395</b>
Decrease:							
Deemed Disposals			22,340			14,094	<b>36,434</b>
	-	-	22,340	-	-	14,094	<b>36,434</b>
<b>Cost, end of year</b>	2,891,161	65,234,967	910,373	1,865,058	-	196,809	<b>71,098,368</b>
<b>Work in Progress, end of year</b>							<b>-</b>
<b>Cost and Work in Progress, end of year</b>	2,891,161	65,234,967	910,373	1,865,058	-	196,809	<b>71,098,368</b>
<b>Accumulated Amortization, beginning of year</b>		36,801,996	318,498	660,485		94,658	<b>37,875,637</b>
<b>Changes for the Year</b>							
Increase: Amortization for the Year		1,187,845	89,226	171,403		38,074	<b>1,486,548</b>
Decrease:							
Deemed Disposals			22,340			14,094	<b>36,434</b>
			22,340	-	-	14,094	<b>36,434</b>
<b>Accumulated Amortization, end of year</b>		37,989,841	385,384	831,888	-	118,638	<b>39,325,751</b>
<b>Tangible Capital Assets - Net</b>	<b>2,891,161</b>	<b>27,245,126</b>	<b>524,989</b>	<b>1,033,170</b>	<b>-</b>	<b>78,171</b>	<b>31,772,617</b>

# School District No. 85 (Vancouver Island North)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2020

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
<b>Deferred Capital Revenue, beginning of year</b>	\$ 20,675,845	\$ 123,177	\$	\$ 20,799,022
<b>Changes for the Year</b>				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,712,921	34,574		1,747,495
	<u>1,712,921</u>	<u>34,574</u>	-	<u>1,747,495</u>
Decrease:				
Amortization of Deferred Capital Revenue	1,112,355	13,435		1,125,790
	<u>1,112,355</u>	<u>13,435</u>	-	<u>1,125,790</u>
<b>Net Changes for the Year</b>	<u>600,566</u>	<u>21,139</u>	-	<u>621,705</u>
<b>Deferred Capital Revenue, end of year</b>	<u>21,276,411</u>	<u>144,316</u>	-	<u>21,420,727</u>
<b>Work in Progress, beginning of year</b>				-
<b>Changes for the Year</b>				
<b>Net Changes for the Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Work in Progress, end of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Deferred Capital Revenue, end of year</b>	<u>21,276,411</u>	<u>144,316</u>	-	<u>21,420,727</u>

# School District No. 85 (Vancouver Island North)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2020

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
<b>Balance, beginning of year</b>	\$	\$ 12,756	\$ 34,574	\$	\$	\$ 47,330
<b>Changes for the Year</b>						
Increase:						
Provincial Grants - Ministry of Education	1,712,921					1,712,921
	1,712,921	-	-	-	-	1,712,921
Decrease:						
Transferred to DCR - Capital Additions	1,712,921		34,574			1,747,495
	1,712,921	-	34,574	-	-	1,747,495
<b>Net Changes for the Year</b>	-	-	(34,574)	-	-	(34,574)
<b>Balance, end of year</b>	-	12,756	-	-	-	12,756