

Audited Financial Statements of

School District No. 85 (Vancouver Island North)

And Independent Auditors' Report thereon

June 30, 2021

School District No. 85 (Vancouver Island North)

June 30, 2021

Table of Contents

Management Report	1
Independent Auditors' Report	2-3
Statement of Financial Position - Statement 1	4
Statement of Operations - Statement 2	5
Statement of Changes in Net Debt - Statement 4	6
Statement of Cash Flows - Statement 5	7
Notes to the Financial Statements	8-28
Schedule of Changes in Accumulated Surplus (Deficit) by Fund - Schedule 1 (Unaudited)	29
Schedule of Operating Operations - Schedule 2 (Unaudited)	30
Schedule 2A - Schedule of Operating Revenue by Source (Unaudited)	31
Schedule 2B - Schedule of Operating Expense by Object (Unaudited)	32
Schedule 2C - Operating Expense by Function, Program and Object (Unaudited)	33
Schedule of Special Purpose Operations - Schedule 3 (Unaudited)	35
Schedule 3A - Changes in Special Purpose Funds and Expense by Object (Unaudited)	36
Schedule of Capital Operations - Schedule 4 (Unaudited)	38
Schedule 4A - Tangible Capital Assets (Unaudited)	39
Schedule 4C - Deferred Capital Revenue (Unaudited)	40
Schedule 4D - Changes in Unspent Deferred Capital Revenue (Unaudited)	41

School District No. 85 (Vancouver Island North)

MANAGEMENT REPORT

Version: 6324-5578-3595

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

Date Signed

Signature of the Superintendent

Date Signed

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:

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, 2021, 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, 2021, 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 20, 2021

School District No. 85 (Vancouver Island North)

Statement 1

Statement of Financial Position

As at June 30, 2021

	2021 Actual	2020 Actual
Financial Assets	\$	\$
Cash and Cash Equivalents	7,549,147	6,628,454
Accounts Receivable		
Other (Note 3)	123,791	70,828
Portfolio Investments (Note 4)	8,500	9,074
Total Financial Assets	7,681,438	6,708,356
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	2,262,248	1,994,592
Deferred Revenue (Note 6)	427,014	321,819
Deferred Capital Revenue (Note 7)	22,765,346	21,433,483
Employee Future Benefits (Note 8)	1,495,308	1,526,569
Total Liabilities	26,949,916	25,276,463
Net Debt	(19,268,478)	(18,568,107)
Non-Financial Assets		
Tangible Capital Assets (Note 9)	32,873,070	31,772,617
Prepaid Expenses	164,095	62,638
Total Non-Financial Assets	33,037,165	31,835,255
Accumulated Surplus (Deficit)	13,768,687	13,267,148

Approved by the Board

Signature of the Chairperson of the Board of Education

Date Signed

Signature of the Superintendent

Date Signed

Signature of the Secretary Treasurer

Date Signed

School District No. 85 (Vancouver Island North)

Statement 2

Statement of Operations
Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	21,933,083	22,141,136	20,926,211
Tuition	5,500	11,000	
Other Revenue	346,500	279,708	362,362
Rentals and Leases	94,853	103,431	111,641
Investment Income	80,000	55,495	83,552
Amortization of Deferred Capital Revenue	1,142,533	1,142,533	1,125,790
Total Revenue	<u>23,602,469</u>	<u>23,733,303</u>	<u>22,609,556</u>
Expenses (Note 15)			
Instruction	17,308,879	16,516,033	15,786,239
District Administration	1,253,456	1,457,397	1,140,252
Operations and Maintenance	4,452,266	4,403,638	3,980,589
Transportation and Housing	1,008,951	854,696	755,006
Total Expense	<u>24,023,552</u>	<u>23,231,764</u>	<u>21,662,086</u>
Surplus (Deficit) for the year	<u>(421,083)</u>	<u>501,539</u>	<u>947,470</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		13,267,148	12,319,678
Accumulated Surplus (Deficit) from Operations, end of year		<u>13,768,687</u>	<u>13,267,148</u>

School District No. 85 (Vancouver Island North)

Statement 4

Statement of Changes in Net Debt

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Surplus (Deficit) for the year	(421,083)	501,539	947,470
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(2,860,065)	(2,654,961)	(2,143,395)
Amortization of Tangible Capital Assets	1,541,073	1,554,508	1,486,548
Total Effect of change in Tangible Capital Assets	(1,318,992)	(1,100,453)	(656,847)
Acquisition of Prepaid Expenses		(164,095)	(62,638)
Use of Prepaid Expenses		62,638	69,959
Total Effect of change in Other Non-Financial Assets	-	(101,457)	7,321
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(1,740,075)</u>	(700,371)	297,944
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		(700,371)	297,944
Net Debt, beginning of year		(18,568,107)	(18,866,051)
Net Debt, end of year		<u>(19,268,478)</u>	<u>(18,568,107)</u>

School District No. 85 (Vancouver Island North)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2021

	2021 Actual	2020 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	501,539	947,470
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(52,963)	24,758
Prepaid Expenses	(101,457)	7,321
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	267,656	(69,367)
Deferred Revenue	105,195	71,583
Employee Future Benefits	(31,261)	59,297
Amortization of Tangible Capital Assets	1,554,508	1,486,548
Amortization of Deferred Capital Revenue	(1,142,533)	(1,125,790)
Total Operating Transactions	1,100,684	1,401,820
Capital Transactions		
Tangible Capital Assets Purchased	(2,654,961)	(2,143,395)
Total Capital Transactions	(2,654,961)	(2,143,395)
Financing Transactions		
Capital Revenue Received	2,474,396	1,712,921
Total Financing Transactions	2,474,396	1,712,921
Investing Transactions		
Investments in Portfolio Investments	574	
Total Investing Transactions	574	-
Net Increase (Decrease) in Cash and Cash Equivalents	920,693	971,346
Cash and Cash Equivalents, beginning of year	6,628,454	5,657,108
Cash and Cash Equivalents, end of year	7,549,147	6,628,454
Cash and Cash Equivalents, end of year, is made up of:		
Cash	1,600	1,600
Cash Equivalents	7,547,547	6,626,854
	7,549,147	6,628,454

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021

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, 2020 and full-time beginning Sept 1, 2020 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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021

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

a) Basis of Accounting *(Continued)*

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
- 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, 2020 – increase annual surplus by \$621,705

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

Year-ended June 30, 2021 – increase annual surplus by \$1,330,206

June 30, 2021 – increase accumulated surplus and decrease deferred capital revenue by \$22,765,346

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 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, 2021

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. There are no measurement gains or losses during the periods presented; therefore, no statement of remeasurement gains or losses is included in these financial statements.

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, 2022. 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, 2021

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 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 and becomes effective July 1, 2023. 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, 2021

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2021	June 30, 2020
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, 2021	June 30, 2020
b) Accounts Receivable Other		
Due from Federal Government	\$63,083	\$11,066
Due from Other	\$60,708	\$59,762
	\$123,791	\$70,828

NOTE 4 PORTFOLIO INVESTMENTS

	June 30, 2021	June 30, 2020
Investments in the cost and amortized cost category:		
GIC's	\$8,500	\$9,074
	\$8,500	\$9,074

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2021	June 30, 2020
Trade payables	\$ 306,516	\$ 266,407
Salaries and benefits payable	\$ 1,664,664	\$ 1,472,652
Accrued vacation pay	\$ 241,182	\$ 198,900
Other payables	\$ 49,886	\$ 56,633
	\$ 2,262,248	\$ 1,994,592

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, 2021	June 30, 2020
Balance, beginning of year	\$ 321,819	\$ 250,236
Changes for the year:		
Increase – Grants:		
Provincial – Ministry of Education	\$ 2,843,359	\$ 2,058,220
School generated funds	\$ 281,251	\$ 396,293
Other	\$ 2,420	\$ 1,080
	\$ 3,127,030	\$ 2,455,593
Decrease – Allocated to Revenue:		
Provincial – Ministry of Education	\$ 2,746,890	\$ 2,021,908
School generated funds	\$ 269,645	\$ 357,302
Other	\$ 5,300	\$ 4,800
	\$ 3,021,835	\$ 2,384,010
Balance, end of year	\$ 427,014	\$ 321,819

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021

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, 2021	June 30, 2020
Deferred Capital Revenue		
Balance, beginning of year	\$21,420,727	\$20,799,022
Changes for the year:		
Increase:		
Capital Additions	\$ 2,472,739	\$ 1,747,495
Decrease:		
Amortization	\$ 1,142,533	\$ 1,125,790
	\$22,750,933	\$21,420,727
Unspent Deferred Capital Revenue		
Balance, beginning of year	\$ 12,756	\$ 47,330
Changes for the year:		
Increase:		
Provincial grants – Ministry of Education	\$ 2,472,739	\$ 1,712,921
Provincial grants – MCFD	\$ 1,657	
Decrease:		
Transfer to deferred capital revenue	\$ 2,472,739	\$ 1,747,495
	\$ 14,413	\$ 12,756
Total Deferred Capital Revenue balance, end of year	\$22,765,346	\$21,433,483

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021

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, 2021	June 30, 2020
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$1,285,533	\$1,271,989
Service Cost	121,164	114,819
Interest Cost	30,252	32,693
Benefit Payments	(131,552)	(78,931)
Actuarial (Gain) Loss	(17,781)	(55,037)
Accrued Benefit Obligation – March 31	\$1,287,616	\$1,285,533
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$1,287,616	\$1,285,533
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	\$(1,287,616)	\$(1,285,533)
Employer Contributions After Measurement Date	72,659	47,444
Benefits Expense After Measurement Date	(38,573)	(37,854)
Unamortized Net Actuarial (Gain) Loss	(241,778)	(250,627)
Accrued Benefit Liability – June 30	\$(1,495,308)	\$(1,526,570)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$1,526,570	\$1,467,272
Net expense for Fiscal Year	125,505	126,954
Employer Contributions	(156,767)	(67,655)
Accrued Benefit Liability – June 30	\$1,495,308	\$1,526,570
Components of Net Benefit Expense		
Service Cost	\$121,031	\$116,405
Interest Cost	31,104	32,083
Amortization of Net Actuarial Loss	(26,630)	(21,534)
Net Benefit Expense	\$125,505	\$126,954

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

Assumptions

Discount Rate – April 1	2.25%	2.50%
Discount Rate – March 31	2.50%	2.25%
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, 2021

NOTE 9 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2021	Net Book Value 2020
Sites	\$ 2,891,161	\$ 2,891,161
Buildings	28,164,323	27,245,126
Furniture & Equipment	550,035	524,989
Vehicles	1,223,469	1,033,170
Computer Hardware	44,082	78,171
Total	\$32,873,070	\$31,772,617

June 30, 2021

	Opening Cost	Additions	Disposals	Total 2021
Sites	\$ 2,891,161	\$ -	\$ -	\$ 2,891,161
Buildings	65,234,967	2,143,365	-	67,378,332
Furniture & Equipment	910,373	129,518	127,293	912,598
Vehicles	1,865,058	376,805	258,293	1,983,570
Computer Hardware	196,809	5,273	114,161	196,809
Total	\$71,098,368	\$2,654,961	\$499,747	\$73,253,582

	Opening Accumulated Amortization	Additions	Disposals	Total 2021
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	37,989,841	1,224,168	-	39,214,009
Furniture & Equipment	385,384	104,472	127,293	362,563
Vehicles	831,888	186,506	258,293	760,101
Computer Hardware	118,638	39,362	114,161	43,839
Total	\$39,325,751	\$1,554,508	\$499,747	\$40,380,512

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021

NOTE 9 TANGIBLE CAPITAL ASSETS *(Continued)*

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 & 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
Total	\$68,991,407	\$2,143,395	\$ 36,434	\$71,098,368

	Opening Accumulated Amortization	Additions	Disposals	Total 2020
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	36,801,996	1,187,845	-	37,989,841
Furniture & 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
Total	\$37,875,637	\$1,486,548	\$36,434	\$39,325,751

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021

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, 2020, the Teachers' Pension Plan has about 49,000 active members and approximately 40,000 retired members. As of December 31, 2020, the Municipal Pension Plan has about 220,000 active members, including approximately 28,000 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.

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 \$ 1,317,976 for employer contributions to the plans for the year ended June 30, 2021 (2020: \$1,302,593).

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

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, 2021**

NOTE 11 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2021, were as follows:

- | | |
|--|-----------|
| 1. Transfer from Special Purpose Funds to Capital Fund | \$137,327 |
|--|-----------|

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	2022	2023	2024	2025	2026	Thereafter
Future lease/rental revenue	\$33,380	\$26,430	\$24,780	\$19,575	\$15,200	\$9,600
	\$33,380	\$26,430	\$24,780	\$19,575	\$15,200	\$9,600

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, 2021**

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 8, 2021. 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, 2021	June 30, 2020
Salaries and benefits	\$18,111,623	\$16,978,094
Services and supplies	3,565,633	3,197,444
Amortization	1,554,508	1,486,548
	\$23,231,764	\$21,662,086

NOTE 16 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Internally Restricted (appropriated) by the Board for:

	June 30, 2021
Appropriation to 2021 – 2022 Annual Budget	\$ 812,288
District Budgets Carried Forward	167,953
School-Based Budgets Carried Forward	78,682
Pro-D Allocations Carried Forward	23,796
Internally Restricted Surplus	\$1,082,719
Unrestricted Operating Surplus	2,323,392
Total Available for Future Operations	\$3,406,111

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, 2021

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, 2021

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 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2021

	Operating Fund	Special Purpose Fund	Capital Fund	2021 Actual	2020 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	2,829,924		10,437,224	13,267,148	12,319,678
Changes for the year					
Surplus (Deficit) for the year	776,187	137,327	(411,975)	501,539	947,470
Interfund Transfers					
Tangible Capital Assets Purchased		(137,327)	137,327	-	
Local Capital	(200,000)		200,000	-	
Net Changes for the year	576,187	-	(74,648)	501,539	947,470
Accumulated Surplus (Deficit), end of year - Statement 2	3,406,111	-	10,362,576	13,768,687	13,267,148

School District No. 85 (Vancouver Island North)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	19,315,809	19,394,246	18,904,303
Tuition	5,500	11,000	
Other Revenue	4,000	4,763	260
Rentals and Leases	94,853	103,431	111,641
Investment Income	80,000	55,495	83,552
Total Revenue	<u>19,500,162</u>	<u>19,568,935</u>	<u>19,099,756</u>
Expenses			
Instruction	14,577,798	13,708,592	13,550,607
District Administration	1,253,456	1,457,397	1,140,252
Operations and Maintenance	3,086,648	2,988,885	2,655,971
Transportation and Housing	792,129	637,874	583,603
Total Expense	<u>19,710,031</u>	<u>18,792,748</u>	<u>17,930,433</u>
Operating Surplus (Deficit) for the year	<u>(209,869)</u>	<u>776,187</u>	<u>1,169,323</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>409,869</u>		
Net Transfers (to) from other funds			
Local Capital	(200,000)	(200,000)	(200,000)
Total Net Transfers	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>576,187</u>	<u>969,323</u>
Operating Surplus (Deficit), beginning of year		2,829,924	1,860,601
Operating Surplus (Deficit), end of year		<u>3,406,111</u>	<u>2,829,924</u>
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 16)		1,082,719	652,346
Unrestricted		2,323,392	2,177,578
Total Operating Surplus (Deficit), end of year		<u>3,406,111</u>	<u>2,829,924</u>

School District No. 85 (Vancouver Island North)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	18,676,019	18,748,073	18,235,338
Other Ministry of Education Grants			
Pay Equity	115,216	115,216	115,216
Student Transportation Fund	118,179	118,179	118,179
Carbon Tax Grant			23,221
Employer Health Tax Grant			140,056
Support Staff Benefits Grant	19,421	19,421	10,925
Support Staff Wage Increase Funding			104,618
Teachers' Labour Settlement Funding	346,474	346,474	143,056
Early Career Mentorship Funding	25,000	25,000	
FSA Scorer Grant	7,506	7,506	7,506
ELF Grant	1,610	1,609	
PLNet Funding	6,384	12,768	12,768
Other Ministry of Education Grants			(6,580)
Total Provincial Grants - Ministry of Education	19,315,809	19,394,246	18,904,303
Tuition			
International and Out of Province Students	5,500	11,000	
Total Tuition	5,500	11,000	-
Other Revenues			
Miscellaneous			
Sale of Assets	4,000	3,558	191
Other		1,205	69
Total Other Revenue	4,000	4,763	260
Rentals and Leases	94,853	103,431	111,641
Investment Income	80,000	55,495	83,552
Total Operating Revenue	19,500,162	19,568,935	19,099,756

School District No. 85 (Vancouver Island North)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Salaries			
Teachers	5,611,159	5,888,229	5,954,548
Principals and Vice Principals	1,817,273	1,812,124	1,748,144
Educational Assistants	2,361,954	1,604,752	1,691,242
Support Staff	2,030,615	2,470,321	2,187,184
Other Professionals	719,105	1,050,170	709,633
Substitutes	708,669	441,982	317,776
Total Salaries	13,248,775	13,267,578	12,608,527
Employee Benefits	3,274,582	2,725,319	2,701,566
Total Salaries and Benefits	16,523,357	15,992,897	15,310,093
Services and Supplies			
Services	839,391	848,385	755,367
Student Transportation	73,233	76,114	75,498
Professional Development and Travel	426,618	223,060	329,182
Rentals and Leases	18,000	6,695	6,871
Dues and Fees	18,339	15,266	21,311
Insurance	79,595	81,919	72,583
Supplies	878,938	701,864	563,158
Utilities	852,560	846,548	796,370
Total Services and Supplies	3,186,674	2,799,851	2,620,340
Total Operating Expense	19,710,031	18,792,748	17,930,433

School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2021

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	4,425,593	768,389		90,682		239,958	5,524,622
1.03 Career Programs	51,228					2,932	54,160
1.07 Library Services	190,779			50,372		11,189	252,340
1.08 Counselling	170,170					9,740	179,910
1.10 Special Education	760,170	142,712	1,410,617	16,333	46,451	90,761	2,467,044
1.30 English Language Learning	245,539					14,054	259,593
1.31 Indigenous Education	44,750	94,962	194,135	12,097		10,908	356,852
1.41 School Administration		774,407		489,300		32,285	1,295,992
1.64 Other							-
Total Function 1	5,888,229	1,780,470	1,604,752	658,784	46,451	411,827	10,390,513
4 District Administration							
4.11 Educational Administration		31,654		8,222	477,659		517,535
4.40 School District Governance					88,731		88,731
4.41 Business Administration				165,527	336,140		501,667
Total Function 4	-	31,654	-	173,749	902,530	-	1,107,933
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				81,882	50,595	589	133,066
5.50 Maintenance Operations				1,160,933		22,415	1,183,348
5.52 Maintenance of Grounds				39,881			39,881
5.56 Utilities							-
Total Function 5	-	-	-	1,282,696	50,595	23,004	1,356,295
7 Transportation and Housing							
7.41 Transportation and Housing Administration					50,594		50,594
7.70 Student Transportation				355,092		7,151	362,243
7.73 Housing							-
Total Function 7	-	-	-	355,092	50,594	7,151	412,837
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	5,888,229	1,812,124	1,604,752	2,470,321	1,050,170	441,982	13,267,578

School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2021

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	5,524,622	1,117,468	6,642,090	449,412	7,091,502	7,744,594	7,054,495
1.03 Career Programs	54,160	12,839	66,999	2,784	69,783	91,769	63,670
1.07 Library Services	252,340	62,683	315,023	11,036	326,059	313,185	314,787
1.08 Counselling	179,910	42,651	222,561	2,927	225,488	213,958	206,380
1.10 Special Education	2,467,044	531,845	2,998,889	140,418	3,139,307	3,374,620	3,047,503
1.30 English Language Learning	259,593	61,541	321,134	13,457	334,591	321,157	309,886
1.31 Indigenous Education	356,852	86,263	443,115	409,680	852,795	904,586	858,553
1.41 School Administration	1,295,992	281,165	1,577,157	46,184	1,623,341	1,561,539	1,611,895
1.64 Other	-	-	-	45,726	45,726	52,390	83,438
Total Function 1	10,390,513	2,196,455	12,586,968	1,121,624	13,708,592	14,577,798	13,550,607
4 District Administration							
4.11 Educational Administration	517,535	72,000	589,535	50,279	639,814	558,360	477,728
4.40 School District Governance	88,731	3,713	92,444	15,319	107,763	157,680	135,845
4.41 Business Administration	501,667	72,679	574,346	135,474	709,820	537,416	526,679
Total Function 4	1,107,933	148,392	1,256,325	201,072	1,457,397	1,253,456	1,140,252
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	133,066	29,355	162,421	57,936	220,357	207,431	196,513
5.50 Maintenance Operations	1,183,348	243,667	1,427,015	397,096	1,824,111	1,947,513	1,577,361
5.52 Maintenance of Grounds	39,881	11,338	51,219	46,650	97,869	79,144	85,727
5.56 Utilities	-	-	-	846,548	846,548	852,560	796,370
Total Function 5	1,356,295	284,360	1,640,655	1,348,230	2,988,885	3,086,648	2,655,971
7 Transportation and Housing							
7.41 Transportation and Housing Administration	50,594	10,005	60,599	1,182	61,781	90,195	59,447
7.70 Student Transportation	362,243	86,107	448,350	127,743	576,093	696,934	524,156
7.73 Housing	-	-	-	-	-	5,000	-
Total Function 7	412,837	96,112	508,949	128,925	637,874	792,129	583,603
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	13,267,578	2,725,319	15,992,897	2,799,851	18,792,748	19,710,031	17,930,433

School District No. 85 (Vancouver Island North)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	2,617,274	2,746,890	2,021,908
Other Revenue	342,500	274,945	362,102
Total Revenue	<u>2,959,774</u>	<u>3,021,835</u>	<u>2,384,010</u>
Expenses			
Instruction	2,731,081	2,807,441	2,235,632
Operations and Maintenance	11,051	46,751	9,473
Transportation and Housing	30,316	30,316	
Total Expense	<u>2,772,448</u>	<u>2,884,508</u>	<u>2,245,105</u>
Special Purpose Surplus (Deficit) for the year	<u>187,326</u>	<u>137,327</u>	<u>138,905</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(187,326)	(137,327)	(138,905)
Total Net Transfers	<u>(187,326)</u>	<u>(137,327)</u>	<u>(138,905)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 85 (Vancouver Island North)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2021

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Classroom Enhancement Fund - Overhead
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year			12,525	272,982					
Add: Restricted Grants									
Provincial Grants - Ministry of Education	148,378	67,768			96,000	17,150	8,856	322,035	122,970
Other			2,050	281,251					
Investment Income			370						
	148,378	67,768	2,420	281,251	96,000	17,150	8,856	322,035	122,970
Less: Allocated to Revenue	148,378	67,768	5,300	269,645	96,000	9,602	8,856	322,035	122,970
Deferred Revenue, end of year	-	-	9,645	284,588	-	7,548	-	-	-
Revenues									
Provincial Grants - Ministry of Education	148,378	67,768			96,000	9,602	8,856	322,035	122,970
Other Revenue			5,300	269,645					
	148,378	67,768	5,300	269,645	96,000	9,602	8,856	322,035	122,970
Expenses									
Salaries									
Teachers									
Educational Assistants		57,168						243,973	
Support Staff									
Substitutes								14,085	74,849
	-	57,168	-	-	-	-	-	258,058	74,849
Employee Benefits		10,600						63,667	12,545
Services and Supplies	11,051		5,300	269,645	96,000	9,602	8,856	310	35,576
	11,051	67,768	5,300	269,645	96,000	9,602	8,856	322,035	122,970
Net Revenue (Expense) before Interfund Transfers	137,327	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(137,327)								
	(137,327)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 85 (Vancouver Island North)

Changes in Special Purpose Funds and Expense by Object
 Year Ended June 30, 2021

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	Safe Return to School Grant	Federal Safe Return to Class Fund	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year		4	30,316		5,992			321,819
Add: Restricted Grants								
Provincial Grants - Ministry of Education	1,238,793	97,695	30,379	57,000	11,250	131,051	494,034	2,843,359
Other								283,301
Investment Income								370
	1,238,793	97,695	30,379	57,000	11,250	131,051	494,034	3,127,030
Less: Allocated to Revenue	1,238,793	18,993	30,316	45,546	12,548	131,051	494,034	3,021,835
Deferred Revenue, end of year	-	78,706	30,379	11,454	4,694	-	-	427,014
Revenues								
Provincial Grants - Ministry of Education	1,238,793	18,993	30,316	45,546	12,548	131,051	494,034	2,746,890
Other Revenue								274,945
	1,238,793	18,993	30,316	45,546	12,548	131,051	494,034	3,021,835
Expenses								
Salaries								
Teachers	978,922						178,591	1,157,513
Educational Assistants							1,258	302,399
Support Staff						81,816	39,124	120,940
Substitutes		15,540					4,086	108,560
	978,922	15,540	-	-	-	81,816	223,059	1,689,412
Employee Benefits	259,871	3,453				19,925	59,253	429,314
Services and Supplies			30,316	45,546	12,548	29,310	211,722	765,782
	1,238,793	18,993	30,316	45,546	12,548	131,051	494,034	2,884,508
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	137,327
Interfund Transfers								
Tangible Capital Assets Purchased								(137,327)
	-	-	-	-	-	-	-	(137,327)
Net Revenue (Expense)	-	-	-	-	-	-	-	-

School District No. 85 (Vancouver Island North)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual			2020 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Amortization of Deferred Capital Revenue	1,142,533	1,142,533		1,142,533	1,125,790
Total Revenue	<u>1,142,533</u>	<u>1,142,533</u>	<u>-</u>	<u>1,142,533</u>	<u>1,125,790</u>
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	1,354,567	1,368,002		1,368,002	1,315,145
Transportation and Housing	186,506	186,506		186,506	171,403
Total Expense	<u>1,541,073</u>	<u>1,554,508</u>	<u>-</u>	<u>1,554,508</u>	<u>1,486,548</u>
Capital Surplus (Deficit) for the year	<u>(398,540)</u>	<u>(411,975)</u>	<u>-</u>	<u>(411,975)</u>	<u>(360,758)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	187,326	137,327		137,327	138,905
Local Capital	200,000		200,000	200,000	200,000
Total Net Transfers	<u>387,326</u>	<u>137,327</u>	<u>200,000</u>	<u>337,327</u>	<u>338,905</u>
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		44,895	(44,895)	-	
Total Other Adjustments to Fund Balances		<u>44,895</u>	<u>(44,895)</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>(11,214)</u>	<u>(229,753)</u>	<u>155,105</u>	<u>(74,648)</u>	<u>(21,853)</u>
Capital Surplus (Deficit), beginning of year		<u>10,351,890</u>	<u>85,334</u>	<u>10,437,224</u>	<u>10,459,077</u>
Capital Surplus (Deficit), end of year		<u>10,122,137</u>	<u>240,439</u>	<u>10,362,576</u>	<u>10,437,224</u>

School District No. 85 (Vancouver Island North)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2021

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	2,891,161	65,234,967	910,373	1,865,058		196,809	71,098,368
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,006,038	125,000	341,701			2,472,739
Special Purpose Funds		137,327					137,327
Local Capital			4,518	35,104		5,273	44,895
	-	2,143,365	129,518	376,805	-	5,273	2,654,961
Decrease:							
Deemed Disposals			127,293	258,293		114,161	499,747
	-	-	127,293	258,293	-	114,161	499,747
Cost, end of year	2,891,161	67,378,332	912,598	1,983,570	-	87,921	73,253,582
Work in Progress, end of year							-
Cost and Work in Progress, end of year	2,891,161	67,378,332	912,598	1,983,570	-	87,921	73,253,582
Accumulated Amortization, beginning of year		37,989,841	385,384	831,888		118,638	39,325,751
Changes for the Year							
Increase: Amortization for the Year		1,224,168	104,472	186,506		39,362	1,554,508
Decrease:							
Deemed Disposals			127,293	258,293		114,161	499,747
			-	127,293	-	114,161	499,747
Accumulated Amortization, end of year		39,214,009	362,563	760,101	-	43,839	40,380,512
Tangible Capital Assets - Net	2,891,161	28,164,323	550,035	1,223,469	-	44,082	32,873,070

School District No. 85 (Vancouver Island North)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2021

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
Deferred Capital Revenue, beginning of year	\$ 21,276,411	\$ 144,316	\$	\$ 21,420,727
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,472,739			2,472,739
	<u>2,472,739</u>	-	-	<u>2,472,739</u>
Decrease:				
Amortization of Deferred Capital Revenue	1,129,098	13,435		1,142,533
	<u>1,129,098</u>	<u>13,435</u>	-	<u>1,142,533</u>
Net Changes for the Year	<u>1,343,641</u>	<u>(13,435)</u>	-	<u>1,330,206</u>
Deferred Capital Revenue, end of year	<u>22,620,052</u>	<u>130,881</u>	-	<u>22,750,933</u>
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Work in Progress, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Capital Revenue, end of year	<u>22,620,052</u>	<u>130,881</u>	-	<u>22,750,933</u>

School District No. 85 (Vancouver Island North)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2021

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
Balance, beginning of year	\$	\$ 12,756	\$	\$	\$	\$ 12,756
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	2,472,739					2,472,739
Provincial Grants - Other			1,657			1,657
	2,472,739	-	1,657	-	-	2,474,396
Decrease:						
Transferred to DCR - Capital Additions	2,472,739					2,472,739
	2,472,739	-	-	-	-	2,472,739
Net Changes for the Year	-	-	1,657	-	-	1,657
Balance, end of year	-	12,756	1,657	-	-	14,413