

Audited Financial Statements of

School District No. 85 (Vancouver Island North)

And Independent Auditors' Report thereon

June 30, 2022

School District No. 85 (Vancouver Island North)

June 30, 2022

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School District No. 85 (Vancouver Island North)

MANAGEMENT REPORT

Version: 1242-9496-7514

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, 2022, 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, 2022, 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, 2022

School District No. 85 (Vancouver Island North)

Statement of Financial Position

As at June 30, 2022

	2022 Actual	2021 Actual (Restated - Note 20)
	\$	\$
Financial Assets		
Cash and Cash Equivalents	8,243,032	7,549,147
Accounts Receivable		
Due from Province - Ministry of Education and Child Care (Note 3a)	206,421	
Other (Note 3c)	60,140	123,791
Portfolio Investments (Note 4)	9,440	8,500
Total Financial Assets	8,519,033	7,681,438
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	2,155,893	2,262,248
Deferred Revenue (Note 6)	464,868	427,014
Deferred Capital Revenue (Note 7)	24,413,525	22,148,685
Employee Future Benefits (Note 8)	1,504,519	1,495,308
Total Liabilities	28,538,805	26,333,255
Net Debt	(20,019,772)	(18,651,817)
Non-Financial Assets		
Tangible Capital Assets (Note 9)	34,342,110	32,100,445
Prepaid Expenses	217,786	164,095
Total Non-Financial Assets	34,559,896	32,264,540
Accumulated Surplus (Deficit)	14,540,124	13,612,723

Contractual Obligations (Note 18)

Contractual Rights (Note 13)

Contingent Liabilities (Note 14)

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 of Operations
Year Ended June 30, 2022

	2022 Budget (Note 15) \$	2022 Actual \$	2021 Actual (Restated - Note 20) \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	21,950,880	21,970,154	22,141,136
Other	16,290	16,290	
Tuition		11,000	11,000
Other Revenue	323,000	354,580	279,708
Rentals and Leases	103,000	140,397	103,431
Investment Income	68,150	55,653	55,495
Amortization of Deferred Capital Revenue	1,257,099	1,262,748	1,190,906
Total Revenue	<u>23,718,419</u>	<u>23,810,822</u>	<u>23,781,676</u>
Expenses (Note 16)			
Instruction	17,863,267	16,210,599	16,516,033
District Administration	1,499,200	1,238,795	1,457,397
Operations and Maintenance	4,580,743	4,505,778	4,406,141
Transportation and Housing	1,054,287	928,249	854,696
Total Expense	<u>24,997,497</u>	<u>22,883,421</u>	<u>23,234,267</u>
Surplus (Deficit) for the year	<u>(1,279,078)</u>	<u>927,401</u>	<u>547,409</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		13,612,723	13,065,314
Accumulated Surplus (Deficit) from Operations, end of year		<u>14,540,124</u>	<u>13,612,723</u>

School District No. 85 (Vancouver Island North)

Statement of Changes in Net Debt

Year Ended June 30, 2022

	2022 Budget (Note 15) \$	2022 Actual \$	2021 Actual (Restated - Note 20) \$
Surplus (Deficit) for the year	(1,279,078)	927,401	547,409
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(3,416,202)	(3,859,119)	(2,654,961)
Amortization of Tangible Capital Assets	1,603,964	1,617,454	1,557,011
Total Effect of change in Tangible Capital Assets	(1,812,238)	(2,241,665)	(1,097,950)
Acquisition of Prepaid Expenses		(217,786)	(164,095)
Use of Prepaid Expenses		164,095	62,638
Total Effect of change in Other Non-Financial Assets	-	(53,691)	(101,457)
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(3,091,316)</u>	(1,367,955)	(651,998)
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		(1,367,955)	(651,998)
Net Debt, beginning of year		(18,651,817)	(17,999,819)
Net Debt, end of year		<u>(20,019,772)</u>	<u>(18,651,817)</u>

School District No. 85 (Vancouver Island North)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2022

	2022 Actual	2021 Actual (Restated - Note 20)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	927,401	547,409
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(142,770)	(52,963)
Prepaid Expenses	(53,691)	(101,457)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(106,355)	267,656
Deferred Revenue	37,854	105,195
Employee Future Benefits	9,211	(31,261)
Amortization of Tangible Capital Assets	1,617,454	1,557,011
Amortization of Deferred Capital Revenue	(1,262,748)	(1,190,906)
Total Operating Transactions	1,026,356	1,100,684
Capital Transactions		
Tangible Capital Assets Purchased	(3,859,119)	(2,654,961)
Total Capital Transactions	(3,859,119)	(2,654,961)
Financing Transactions		
Capital Revenue Received	3,527,588	2,474,396
Total Financing Transactions	3,527,588	2,474,396
Investing Transactions		
Investments in Portfolio Investments	(940)	574
Total Investing Transactions	(940)	574
Net Increase (Decrease) in Cash and Cash Equivalents	693,885	920,693
Cash and Cash Equivalents, beginning of year	7,549,147	6,628,454
Cash and Cash Equivalents, end of year	8,243,032	7,549,147
Cash and Cash Equivalents, end of year, is made up of:		
Cash	1,100	1,600
Cash Equivalents	8,241,932	7,547,547
	8,243,032	7,549,147

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

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, 2022

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, 2021 – increase annual surplus by \$713,545

June 30, 2021 – increase accumulated surplus and decrease deferred capital revenue by \$22,148,685 (restated)

Year-ended June 30, 2022 – increase annual surplus by \$2,264,840

June 30, 2022 – increase accumulated surplus and decrease deferred capital revenue by \$24,413,525

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

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, 2022

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, 2022 and projected to March 31, 2025. The next valuation will be performed at March 31, 2025 for use at June 30, 2025. 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 impact of changes in assumptions between the March 31, 2022 measurement date and the June 30, 2022 reporting date have been considered and are not considered to be material.

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, 2022

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, 2022

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

- In the year of acquisition amortization is recorded as half of the annual rate for the year.

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, 2022

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 17 – Internally Restricted Surplus). Funds and reserves are disclosed on Schedules 2, 3 and 4.

m) Revenue Recognition

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

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

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

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

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

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

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

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

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 Indigenous 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, 2022

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, 2022

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. 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, 2022

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2022	June 30, 2021
a) Due From Province		
MECC – Ventilation Grant	\$ 64,326	\$ -
MECC – Capital Advances	\$142,095	-
	\$206,421	\$ -
b) LEA/Direct Funding Receivable		
	June 30, 2022	June 30, 2021
Due from Direct Funding (2002-2003)	\$79,245	\$79,245
Allowance for Doubtful Accounts	(\$79,245)	(\$79,245)
	\$ -	\$ -
c) Accounts Receivable Other		
	June 30, 2022	June 30, 2021
Due from Federal Government	\$57,728	\$63,083
Due from Other	\$ 2,412	\$60,708
	\$60,140	\$123,791

NOTE 4 PORTFOLIO INVESTMENTS

	June 30, 2022	June 30, 2021
Investments in the cost and amortized cost category:		
GIC's	\$9,440	\$8,500
	\$9,440	\$8,500

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2022	June 30, 2021
Trade payables	\$ 685,873	\$ 306,516
Salaries and benefits payable	\$ 1,110,472	\$ 1,664,664
Accrued vacation pay	\$ 267,170	\$ 241,182
Other payables	\$ 92,378	\$ 49,886
	\$ 2,155,893	\$ 2,262,248

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, 2022	June 30, 2021
Balance, beginning of year	\$ 427,014	\$ 321,819
Changes for the year:		
Increase – Grants:		
Provincial – Ministry of Education	\$ 2,145,290	\$ 2,843,359
School generated funds	\$ 393,367	\$ 281,251
Other	\$ 5,690	\$ 2,420
	\$ 2,544,347	\$ 3,127,030
Decrease – Allocated to Revenue:		
Provincial – Ministry of Education	\$ 2,154,911	\$ 2,746,890
School generated funds	\$ 346,532	\$ 269,645
Other	\$ 5,050	\$ 5,300
	\$ 2,506,493	\$ 3,021,835
Balance, end of year	\$ 464,868	\$ 427,014

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

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, 2022	June 30, 2021
Deferred Capital Revenue		
Balance, beginning of year	\$22,134,272	\$21,420,727
Changes for the year:		
Increase:		
Capital Additions	\$ 3,527,588	\$ 2,472,739
Decrease:		
Amortization	\$ 1,262,748	\$ 1,142,533
Prior Period Adjustment (Half Year Rule)	\$	\$ 616,661
	\$24,399,112	\$22,134,272
Unspent Deferred Capital Revenue		
Balance, beginning of year	\$ 14,413	\$ 12,756
Changes for the year:		
Increase:		
Provincial grants – Ministry of Education	\$ 3,527,588	\$ 1,712,921
Provincial grants – MCFD	\$	\$ 1,657
Decrease:		
Transfer to deferred capital revenue	\$ 3,527,588	\$ 2,472,739
	\$ 14,413	\$ 14,413
	\$24,413,525	\$22,148,685
Total Deferred Capital Revenue balance, end of year		

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

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, 2022	June 30, 2021
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$1,287,616	\$1,285,533
Service Cost	120,633	121,164
Interest Cost	33,658	30,252
Benefit Payments	(131,909)	(131,552)
Actuarial (Gain) Loss	(84,296)	(17,781)
Accrued Benefit Obligation – March 31	\$1,225,702	\$1,287,616
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$1,225,702	\$1,287,616
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	\$(1,225,702)	\$(1,287,616)
Employer Contributions After Measurement Date	56,599	72,659
Benefits Expense After Measurement Date	(37,619)	(38,573)
Unamortized Net Actuarial (Gain) Loss	(297,797)	(241,778)
Accrued Benefit Liability – June 30	\$(1,504,519)	\$(1,495,308)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$1,495,308	\$1,526,570
Net expense for Fiscal Year	125,061	125,505
Employer Contributions	(115,849)	(156,767)
Accrued Benefit Liability – June 30	\$1,504,519	\$1,495,308
Components of Net Benefit Expense		
Service Cost	\$117,937	\$121,031
Interest Cost	35,400	31,104
Amortization of Net Actuarial Loss	(28,277)	(26,630)
Net Benefit Expense	\$125,061	\$125,505

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

Assumptions

Discount Rate – April 1	2.50%	2.25%
Discount Rate – March 31	3.25%	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	10.3	10.8

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

NOTE 9 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2022	Net Book Value 2021
Sites	\$ 2,891,161	\$ 2,891,161
Buildings	29,886,074	27,531,429
Furniture & Equipment	557,644	517,839
Vehicles	977,369	1,124,716
Computer Hardware	29,862	35,300
Total	\$34,342,110	\$32,100,445

June 30, 2022

	Opening Cost	Additions	Disposals	Total 2022
Sites	\$ 2,891,161	\$ -	\$ -	\$ 2,891,161
Buildings	67,378,332	3,660,206	-	71,038,538
Furniture & Equipment	912,598	137,018	17,956	1,031,660
Vehicles	1,983,570	52,016	30,882	2,004,704
Computer Hardware	87,921	9,879	32,653	65,147
Total	\$73,253,582	\$3,859,119	\$81,491	\$77,031,210

	Opening Accumulated Amortization	Additions	Disposals	Total 2022
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	39,846,903	1,305,561	-	41,152,464
Furniture & Equipment	394,759	97,213	17,956	474,016
Vehicles	858,854	199,373	30,882	1,027,335
Computer Hardware	52,621	15,307	32,653	35,285
Total	\$41,153,137	\$1,617,454	\$81,491	\$42,689,100

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

NOTE 9 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2021 (see Note 20)

	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	1,857,062	-	39,846,903
Furniture & Equipment	385,384	136,668	127,293	394,759
Vehicles	831,888	285,259	258,293	858,854
Computer Hardware	118,638	48,144	114,161	52,621
Total	\$39,325,751	\$2,327,133	\$499,747	\$41,153,137

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

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, 2021, the Teachers' Pension Plan has about 50,000 active members and approximately 40,000 retired members. As of December 31, 2021, the Municipal Pension Plan has about 227,000 active members, including approximately 29,000 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, 2020, indicated a \$1,584 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 \$1,313,740 for employer contributions to the plans for the year ended June 30, 2022 (2021: \$1,317,976).

The next valuation for the Teachers' Pension Plan will be as at December 31, 2023. 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, 2022**

NOTE 11 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2022, were as follows:

1. Transfer from Special Purpose Funds to Capital Fund	\$132,618
2. Transfer from Operating Fund to Capital Fund	\$350,000

These transfers were 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	2023	2024	2025	2026	2027	Thereafter
Future lease/rental revenue	\$112,482	\$104,032	\$92,177	\$88,937	\$28,602	\$18,002
	\$112,482	\$104,032	\$92,177	\$88,937	\$28,602	\$18,002

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.

NOTE 14 CONTINGENT LIABILITIES

In the ordinary course of operations, the School District has legal proceedings brought against it and provisions have been included in liabilities where appropriate. It is the opinion of management that final determination of these claims will not have a material effect on the financial position or operations of the School District. The resulting loss on the District, if any, will be recorded in the period in which it is determinable

**SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022**

NOTE 15 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 14, 2022. 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 16 EXPENSE BY OBJECT

Total expenses as per Statement 2, detailed by object.

	June 30, 2022	June 30, 2021
Salaries and benefits	\$17,516,548	\$18,111,623
Services and supplies	3,749,419	3,565,633
Amortization	1,617,454	1,554,508
	\$22,883,421	\$23,231,764

NOTE 17 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Internally Restricted (appropriated) by the Board for:

	June 30, 2022
Appropriation to 2022 – 2023 Annual Budget	\$1,555,873
District Budgets Carried Forward	231,220
School-Based Budgets Carried Forward	149,907
	\$1,937,000
Internally Restricted Surplus	\$1,937,000
Unrestricted Operating Surplus	2,268,600
Total Available for Future Operations	\$4,205,600

NOTE 18 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, 2022

NOTE 19 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 20 PRIOR PERIOD ADJUSTMENT

On May 28, 2021, the Office of the Comptroller General directed all school districts to apply the half-year rule method of amortization beginning in the fiscal year an asset is placed into service. This directive applies to both past and future purchases. Prior to this directive, the district did not recognize amortization in the first partial service year. The School District has made a retroactive adjustment to recognize amortization of all assets and deferred capital contributions beginning in the first service year. The impact of the prior period adjustment on the June 30, 2021 comparative amounts is as follows:

	Increase (Decrease)
Tangible Capital Assets - Net	\$(772,625)
Deferred Capital Revenue	(616,661)
Accumulated Surplus (Deficit)	45,870
Amortization of Deferred Capital Revenue	48,373
Operations & Maintenance Expense – Asset amortization	2,503
Accumulated Surplus – beginning of the year July 1, 2020	(201,834)

NOTE 21 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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022

NOTE 21 **RISK MANAGEMENT** *(continued)*

b) Market risk:

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

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

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

c) Liquidity risk:

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

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

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

School District No. 85 (Vancouver Island North)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2022

	Operating Fund	Special Purpose Fund	Capital Fund	2022 Actual	2021 Actual (Restated - Note 20)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	3,406,111		10,206,612	13,612,723	13,267,148
Prior Period Adjustments					(201,834)
Accumulated Surplus (Deficit), beginning of year, as restated	3,406,111	-	10,206,612	13,612,723	13,065,314
Changes for the year					
Surplus (Deficit) for the year	1,149,489	132,618	(354,706)	927,401	547,409
Interfund Transfers					
Tangible Capital Assets Purchased		(132,618)	132,618	-	
Local Capital	(350,000)		350,000	-	
Net Changes for the year	799,489	-	127,912	927,401	547,409
Accumulated Surplus (Deficit), end of year - Statement 2	4,205,600	-	10,334,524	14,540,124	13,612,723

School District No. 85 (Vancouver Island North)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2022

	2022 Budget (Note 15) \$	2022 Actual \$	2021 Actual (Restated - Note 20) \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	19,767,354	19,815,243	19,394,246
Other	16,290	16,290	
Tuition		11,000	11,000
Other Revenue		2,998	4,763
Rentals and Leases	103,000	140,397	103,431
Investment Income	68,150	55,653	55,495
Total Revenue	<u>19,954,794</u>	<u>20,041,581</u>	<u>19,568,935</u>
Expenses			
Instruction	15,564,031	14,044,475	13,708,592
District Administration	1,499,200	1,238,795	1,457,397
Operations and Maintenance	3,160,921	2,964,207	2,988,885
Transportation and Housing	795,472	644,615	637,874
Total Expense	<u>21,019,624</u>	<u>18,892,092</u>	<u>18,792,748</u>
Operating Surplus (Deficit) for the year	<u>(1,064,830)</u>	<u>1,149,489</u>	<u>776,187</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>1,414,830</u>		
Net Transfers (to) from other funds			
Local Capital	(350,000)	(350,000)	(200,000)
Total Net Transfers	<u>(350,000)</u>	<u>(350,000)</u>	<u>(200,000)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>799,489</u>	<u>576,187</u>
Operating Surplus (Deficit), beginning of year		3,406,111	2,829,924
Operating Surplus (Deficit), end of year		<u>4,205,600</u>	<u>3,406,111</u>
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 17)		1,937,000	1,082,719
Unrestricted		2,268,600	2,323,392
Total Operating Surplus (Deficit), end of year		<u>4,205,600</u>	<u>3,406,111</u>

School District No. 85 (Vancouver Island North)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2022

	2022 Budget (Note 15)	2022 Actual	2021 Actual (Restated - Note 20)
	\$	\$	\$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	19,426,906	19,474,057	18,748,073
Other Ministry of Education and Child Care Grants			
Pay Equity	115,216	115,216	115,216
Student Transportation Fund	118,179	118,179	118,179
Support Staff Benefits Grant	19,421	19,676	19,421
Teachers' Labour Settlement Funding			346,474
Early Career Mentorship Funding			25,000
FSA Scorer Grant	7,506	7,506	7,506
ELF Implementation	1,126	1,609	1,609
Equity Grant	79,000	79,000	
PLNet			12,768
Total Provincial Grants - Ministry of Education and Child Care	19,767,354	19,815,243	19,394,246
Provincial Grants - Other	16,290	16,290	
Tuition			
International and Out of Province Students		11,000	11,000
Total Tuition	-	11,000	11,000
Other Revenues			
Miscellaneous			
Sale of Assets		2,998	3,558
Other			1,205
Total Other Revenue	-	2,998	4,763
Rentals and Leases	103,000	140,397	103,431
Investment Income	68,150	55,653	55,495
Total Operating Revenue	19,954,794	20,041,581	19,568,935

School District No. 85 (Vancouver Island North)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2022

	2022 Budget (Note 15) \$	2022 Actual \$	2021 Actual (Restated - Note 20) \$
Salaries			
Teachers	6,232,289	5,852,813	5,888,229
Principals and Vice Principals	1,860,825	1,976,181	1,812,124
Educational Assistants	1,905,420	1,704,219	1,604,752
Support Staff	2,722,964	2,446,520	2,470,321
Other Professionals	770,448	819,329	1,050,170
Substitutes	580,568	354,603	441,982
Total Salaries	14,072,514	13,153,665	13,267,578
Employee Benefits	3,353,386	2,672,279	2,725,319
Total Salaries and Benefits	17,425,900	15,825,944	15,992,897
Services and Supplies			
Services	1,023,771	955,522	848,385
Student Transportation	86,634	79,372	76,114
Professional Development and Travel	482,484	260,314	223,060
Rentals and Leases	18,000	12,157	6,695
Dues and Fees	20,690	16,690	15,266
Insurance	86,250	79,873	81,919
Supplies	1,002,022	652,630	701,864
Utilities	873,873	1,009,590	846,548
Total Services and Supplies	3,593,724	3,066,148	2,799,851
Total Operating Expense	21,019,624	18,892,092	18,792,748

School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2022

	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	4,388,500	822,354		88,705		122,214	5,421,773
1.03 Career Programs	101,899					5,242	107,141
1.07 Library Services	190,092			50,214		9,905	250,211
1.08 Counselling	165,660					8,523	174,183
1.10 Special Education	107,705	858,095	1,537,963	15,673	40,013	99,152	2,658,601
1.30 English Language Learning		221,675				11,405	233,080
1.31 Indigenous Education	97,033	41,713	166,256	39,651		8,555	353,208
1.41 School Administration	801,924			522,238		25,386	1,349,548
1.64 Other							-
Total Function 1	5,852,813	1,943,837	1,704,219	716,481	40,013	290,382	10,547,745
4 District Administration							
4.11 Educational Administration		32,344		22,739	325,679		380,762
4.40 School District Governance					89,441		89,441
4.41 Business Administration				151,230	261,846		413,076
Total Function 4	-	32,344	-	173,969	676,966	-	883,279
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				77,438	51,175	86	128,699
5.50 Maintenance Operations				1,125,549		45,715	1,171,264
5.52 Maintenance of Grounds				39,719			39,719
5.56 Utilities							-
Total Function 5	-	-	-	1,242,706	51,175	45,801	1,339,682
7 Transportation and Housing							
7.41 Transportation and Housing Administration					51,175		51,175
7.70 Student Transportation				313,364		18,420	331,784
7.73 Housing							-
Total Function 7	-	-	-	313,364	51,175	18,420	382,959
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	5,852,813	1,976,181	1,704,219	2,446,520	819,329	354,603	13,153,665

School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2022

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2022 Actual	2022 Budget (Note 15)	2021 Actual (Restated - Note 20)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	5,421,773	1,069,370	6,491,143	568,462	7,059,605	8,321,941	7,091,502
1.03 Career Programs	107,141	21,450	128,591	7,905	136,496	163,296	69,783
1.07 Library Services	250,211	56,346	306,557	10,718	317,275	334,054	326,059
1.08 Counselling	174,183	34,871	209,054	2,708	211,762	224,780	225,488
1.10 Special Education	2,658,601	553,327	3,211,928	161,538	3,373,466	3,640,852	3,139,307
1.30 English Language Learning	233,080	46,662	279,742	15,955	295,697	315,786	334,591
1.31 Indigenous Education	353,208	85,433	438,641	461,263	899,904	939,462	852,795
1.41 School Administration	1,349,548	281,315	1,630,863	42,134	1,672,997	1,566,460	1,623,341
1.64 Other	-	-	-	77,273	77,273	57,400	45,726
Total Function 1	10,547,745	2,148,774	12,696,519	1,347,956	14,044,475	15,564,031	13,708,592
4 District Administration							
4.11 Educational Administration	380,762	79,657	460,419	41,297	501,716	579,793	639,814
4.40 School District Governance	89,441	3,513	92,954	38,697	131,651	230,318	107,763
4.41 Business Administration	413,076	60,105	473,181	132,247	605,428	689,089	709,820
Total Function 4	883,279	143,275	1,026,554	212,241	1,238,795	1,499,200	1,457,397
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	128,699	28,727	157,426	59,736	217,162	196,208	220,357
5.50 Maintenance Operations	1,171,264	244,759	1,416,023	216,351	1,632,374	2,008,543	1,824,111
5.52 Maintenance of Grounds	39,719	11,351	51,070	54,011	105,081	82,296	97,869
5.56 Utilities	-	-	-	1,009,590	1,009,590	873,874	846,548
Total Function 5	1,339,682	284,837	1,624,519	1,339,688	2,964,207	3,160,921	2,988,885
7 Transportation and Housing							
7.41 Transportation and Housing Administration	51,175	9,391	60,566	1,743	62,309	95,922	61,781
7.70 Student Transportation	331,784	86,002	417,786	151,899	569,685	694,550	576,093
7.73 Housing	-	-	-	12,621	12,621	5,000	-
Total Function 7	382,959	95,393	478,352	166,263	644,615	795,472	637,874
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	13,153,665	2,672,279	15,825,944	3,066,148	18,892,092	21,019,624	18,792,748

School District No. 85 (Vancouver Island North)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2022

	2022 Budget (Note 15) \$	2022 Actual \$	2021 Actual (Restated - Note 20) \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	2,183,526	2,154,911	2,746,890
Other Revenue	323,000	351,582	274,945
Total Revenue	<u>2,506,526</u>	<u>2,506,493</u>	<u>3,021,835</u>
Expenses			
Instruction	2,299,236	2,166,124	2,807,441
Operations and Maintenance	12,630	123,490	46,751
Transportation and Housing	62,043	84,261	30,316
Total Expense	<u>2,373,909</u>	<u>2,373,875</u>	<u>2,884,508</u>
Special Purpose Surplus (Deficit) for the year	<u>132,617</u>	<u>132,618</u>	<u>137,327</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(132,617)	(132,618)	(137,327)
Total Net Transfers	<u>(132,617)</u>	<u>(132,618)</u>	<u>(137,327)</u>
Total Special Purpose Surplus (Deficit) for the year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u><u>-</u></u>	<u><u>-</u></u>

School District No. 85 (Vancouver Island North)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2022

	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			9,645	284,588		7,548			
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	145,248	66,956			96,000	17,150	8,515	329,761	122,970
Other			5,690	393,367					
	145,248	66,956	5,690	393,367	96,000	17,150	8,515	329,761	122,970
Less: Allocated to Revenue	145,248	66,956	5,050	346,532	96,000	10,474	8,515	329,761	122,970
Deferred Revenue, end of year	-	-	10,285	331,423	-	14,224	-	-	-
Revenues									
Provincial Grants - Ministry of Education and Child Care	145,248	66,956			96,000	10,474	8,515	329,761	122,970
Other Revenue			5,050	346,532					
	145,248	66,956	5,050	346,532	96,000	10,474	8,515	329,761	122,970
Expenses									
Salaries									
Teachers									
Educational Assistants		56,274						247,925	
Support Staff									
Substitutes								19,500	83,022
	-	56,274	-	-	-	-	-	267,425	83,022
Employee Benefits		10,682						60,910	12,545
Services and Supplies	12,630		5,050	346,532	96,000	10,474	8,515	1,426	27,403
	12,630	66,956	5,050	346,532	96,000	10,474	8,515	329,761	122,970
Net Revenue (Expense) before Interfund Transfers	132,618	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(132,618)								
	(132,618)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 85 (Vancouver Island North)

Changes in Special Purpose Funds and Expense by Object
 Year Ended June 30, 2022

	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 / Restart: Health & Safety Grant	Federal Safe Return to Class / Ventilation Fund	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year		78,706	30,379	11,454	4,694			427,014
Add: Restricted Grants								
Provincial Grants - Ministry of Education and Child Care	1,085,051	(45,010)	53,882	134,657	19,250	46,534	64,326	2,145,290
Other								399,057
	1,085,051	(45,010)	53,882	134,657	19,250	46,534	64,326	2,544,347
Less: Allocated to Revenue	1,085,051	33,696	84,261	44,074	17,045	46,534	64,326	2,506,493
Deferred Revenue, end of year	-	-	-	102,037	6,899	-	-	464,868
Revenues								
Provincial Grants - Ministry of Education and Child Care	1,085,051	33,696	84,261	44,074	17,045	46,534	64,326	2,154,911
Other Revenue								351,582
	1,085,051	33,696	84,261	44,074	17,045	46,534	64,326	2,506,493
Expenses								
Salaries								
Teachers	809,539							809,539
Educational Assistants								304,199
Support Staff			22,218			37,642		59,860
Substitutes		32,817		459	9,828			145,626
	809,539	32,817	22,218	459	9,828	37,642	-	1,319,224
Employee Benefits	275,512	879			1,960	8,892		371,380
Services and Supplies			62,043	43,615	5,257		64,326	683,271
	1,085,051	33,696	84,261	44,074	17,045	46,534	64,326	2,373,875
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	132,618
Interfund Transfers								
Tangible Capital Assets Purchased								(132,618)
	-	-	-	-	-	-	-	(132,618)
Net Revenue (Expense)	-	-	-	-	-	-	-	-

School District No. 85 (Vancouver Island North)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2022

	2022	2022 Actual			2021
	Budget (Note 15)	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual (Restated - Note 20)
	\$	\$	\$	\$	\$
Revenues					
Amortization of Deferred Capital Revenue	1,257,099	1,262,748		1,262,748	1,190,906
Total Revenue	1,257,099	1,262,748	-	1,262,748	1,190,906
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	1,407,192	1,418,081		1,418,081	1,370,505
Transportation and Housing	196,772	199,373		199,373	186,506
Total Expense	1,603,964	1,617,454	-	1,617,454	1,557,011
Capital Surplus (Deficit) for the year	(346,865)	(354,706)	-	(354,706)	(366,105)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	132,617	132,618		132,618	137,327
Local Capital	350,000		350,000	350,000	200,000
Total Net Transfers	482,617	132,618	350,000	482,618	337,327
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		198,913	(198,913)	-	
Total Other Adjustments to Fund Balances		198,913	(198,913)	-	
Total Capital Surplus (Deficit) for the year	135,752	(23,175)	151,087	127,912	(28,778)
Capital Surplus (Deficit), beginning of year		9,966,173	240,439	10,206,612	10,437,224
Prior Period Adjustments					(201,834)
Half-Year Rule on PY Additions					(201,834)
Capital Surplus (Deficit), beginning of year, as restated		9,966,173	240,439	10,206,612	10,235,390
Capital Surplus (Deficit), end of year		9,942,998	391,526	10,334,524	10,206,612

School District No. 85 (Vancouver Island North)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2022

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	2,891,161	67,378,332	912,598	1,983,570		87,921	73,253,582
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		3,527,588					3,527,588
Special Purpose Funds		132,618					132,618
Local Capital			137,018	52,016		9,879	198,913
	-	3,660,206	137,018	52,016	-	9,879	3,859,119
Decrease:							
Deemed Disposals			17,956	30,882	2	32,653	81,493
	-	-	17,956	30,882	2	32,653	81,493
Cost, end of year	2,891,161	71,038,538	1,031,660	2,004,704	(2)	65,147	77,031,208
Work in Progress, end of year							-
Cost and Work in Progress, end of year	2,891,161	71,038,538	1,031,660	2,004,704	(2)	65,147	77,031,208
Accumulated Amortization, beginning of year		39,214,009	362,563	760,101		43,839	40,380,512
Prior Period Adjustments							
Half-Year Rule on PY Additions		632,894	32,196	98,743		8,792	772,625
Accumulated Amortization, beginning of year, as restated		39,846,903	394,759	858,844	-	52,631	41,153,137
Changes for the Year							
Increase: Amortization for the Year		1,305,561	97,213	199,373		15,307	1,617,454
Decrease:							
Deemed Disposals			17,956	30,882	2	32,653	81,493
			17,956	30,882	2	32,653	81,493
Accumulated Amortization, end of year		41,152,464	474,016	1,027,335	(2)	35,285	42,689,098
Tangible Capital Assets - Net	2,891,161	29,886,074	557,644	977,369	-	29,862	34,342,110

School District No. 85 (Vancouver Island North)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2022

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
Deferred Capital Revenue, beginning of year	\$ 22,620,052	\$ 130,881	\$ -	\$ 22,750,933
Prior Period Adjustments				
Half-Year Rule on PY Additions	(604,758)	(11,903)	-	(616,661)
Deferred Capital Revenue, beginning of year, as restated	<u>22,015,294</u>	<u>118,978</u>	<u>-</u>	<u>22,134,272</u>
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	3,527,588	-	-	3,527,588
	<u>3,527,588</u>	<u>-</u>	<u>-</u>	<u>3,527,588</u>
Decrease:				
Amortization of Deferred Capital Revenue	1,245,856	16,892	-	1,262,748
	<u>1,245,856</u>	<u>16,892</u>	<u>-</u>	<u>1,262,748</u>
Net Changes for the Year	<u>2,281,732</u>	<u>(16,892)</u>	<u>-</u>	<u>2,264,840</u>
Deferred Capital Revenue, end of year	<u>24,297,026</u>	<u>102,086</u>	<u>-</u>	<u>24,399,112</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>24,297,026</u>	<u>102,086</u>	<u>-</u>	<u>24,399,112</u>

School District No. 85 (Vancouver Island North)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2022

	Bylaw Capital	MECC Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
Balance, beginning of year	\$	\$ 12,756	\$ 1,657	\$	\$	\$ 14,413
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	3,527,588					3,527,588
	3,527,588	-	-	-	-	3,527,588
Decrease:						
Transferred to DCR - Capital Additions	3,527,588					3,527,588
	3,527,588	-	-	-	-	3,527,588
Net Changes for the Year	-	-	-	-	-	-
Balance, end of year	-	12,756	1,657	-	-	14,413