

Audited Financial Statements of

School District No. 85 (Vancouver Island North)

And Independent Auditors' Report thereon

June 30, 2023

School District No. 85 (Vancouver Island North)

June 30, 2023

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School District No. 85 (Vancouver Island North)

MANAGEMENT REPORT

Version: 6537-5791-3809

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, 2023, 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, 2023, 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 Bontis Inc

Chartered Professional Accountants
Campbell River, BC

September 18, 2023

School District No. 85 (Vancouver Island North)

Statement of Financial Position

As at June 30, 2023

| | 2023 Actual | 2022 Actual (Restated - Note 21) |
|--|---------------------|--|
| | \$ | \$ |
| Financial Assets | | |
| Cash and Cash Equivalents | 8,208,661 | 8,243,032 |
| Accounts Receivable | | |
| Due from Province - Ministry of Education and Child Care (Note 3a) | | 206,421 |
| Other (Note 3c) | 63,790 | 60,140 |
| Portfolio Investments (Note 4) | | 9,440 |
| Total Financial Assets | 8,272,451 | 8,519,033 |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | | |
| Other (Note 5) | 2,487,787 | 2,155,893 |
| Deferred Revenue (Note 6) | 598,661 | 464,868 |
| Deferred Capital Revenue (Note 7) | 25,735,297 | 24,413,525 |
| Employee Future Benefits (Note 8) | 1,551,181 | 1,504,519 |
| Asset Retirement Obligation (Note 16) | 4,048,585 | 4,048,585 |
| Total Liabilities | 34,421,511 | 32,587,390 |
| Net Debt | (26,149,060) | (24,068,357) |
| Non-Financial Assets | | |
| Tangible Capital Assets (Note 9) | 36,135,219 | 34,345,802 |
| Prepaid Expenses | 144,548 | 217,786 |
| Total Non-Financial Assets | 36,279,767 | 34,563,588 |
| Accumulated Surplus (Deficit) | 10,130,707 | 10,495,231 |
| Accumulated Surplus (Deficit) is comprised of: | | |
| Accumulated Surplus (Deficit) from Operations | 10,130,707 | 10,495,231 |
| Accumulated Remeasurement Gains (Losses) | 10,130,707 | 10,495,231 |

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, 2023

| | 2023 Budget (Note 15) \$ | 2023 Actual \$ | 2022 Actual (Restated - Note 21) \$ |
|---|-----------------------------------|----------------------|--|
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education and Child Care | 22,167,756 | 22,888,992 | 21,970,154 |
| Other | | 10,500 | 16,290 |
| Tuition | | | 11,000 |
| Other Revenue | 303,000 | 302,426 | 354,580 |
| Rentals and Leases | 103,000 | 125,690 | 140,397 |
| Investment Income | 90,000 | 251,891 | 55,653 |
| Amortization of Deferred Capital Revenue | 1,298,057 | 1,305,966 | 1,262,748 |
| Total Revenue | <u>23,961,813</u> | <u>24,885,465</u> | <u>23,810,822</u> |
| Expenses (Note 17) | | | |
| Instruction | 19,513,278 | 18,060,342 | 16,210,599 |
| District Administration | 1,436,527 | 1,434,092 | 1,238,795 |
| Operations and Maintenance | 4,688,099 | 4,803,062 | 4,508,153 |
| Transportation and Housing | 962,361 | 952,493 | 928,249 |
| Total Expense | <u>26,600,265</u> | <u>25,249,989</u> | <u>22,885,796</u> |
| Surplus (Deficit) for the year | <u>(2,638,452)</u> | <u>(364,524)</u> | 925,026 |
| Accumulated Surplus (Deficit) from Operations, beginning of year | | 10,495,231 | 9,570,205 |
| Accumulated Surplus (Deficit) from Operations, end of year | | <u>10,130,707</u> | <u>10,495,231</u> |

School District No. 85 (Vancouver Island North)

Statement of Changes in Net Debt

Year Ended June 30, 2023

| | 2023 Budget (Note 15) \$ | 2023 Actual \$ | 2022 Actual (Restated - Note 21) \$ |
|---|-----------------------------------|----------------------------|--|
| Surplus (Deficit) for the year | (2,638,452) | (364,524) | 925,026 |
| Effect of change in Tangible Capital Assets | | | |
| Acquisition of Tangible Capital Assets | (2,957,433) | (3,480,666) | (3,859,119) |
| Amortization of Tangible Capital Assets | 1,667,435 | 1,691,249 | 1,619,829 |
| Total Effect of change in Tangible Capital Assets | (1,289,998) | (1,789,417) | (2,239,290) |
| Acquisition of Prepaid Expenses | | (144,548) | (217,786) |
| Use of Prepaid Expenses | | 217,786 | 164,095 |
| Total Effect of change in Other Non-Financial Assets | - | 73,238 | (53,691) |
| (Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses) | <u>(3,928,450)</u> | (2,080,703) | (1,367,955) |
| Net Remeasurement Gains (Losses) | | | |
| (Increase) Decrease in Net Debt | | (2,080,703) | (1,367,955) |
| Net Debt, beginning of year | | (24,068,357) | (22,700,402) |
| Net Debt, end of year | | <u>(26,149,060)</u> | <u>(24,068,357)</u> |

School District No. 85 (Vancouver Island North)

Statement of Cash Flows
Year Ended June 30, 2023

| | 2023 Actual | 2022 Actual (Restated - Note 21) |
|---|--------------------|--|
| | \$ | \$ |
| Operating Transactions | | |
| Surplus (Deficit) for the year | (364,524) | 925,026 |
| Changes in Non-Cash Working Capital | | |
| Decrease (Increase) | | |
| Accounts Receivable | 202,771 | (142,770) |
| Prepaid Expenses | 73,238 | (53,691) |
| Increase (Decrease) | | |
| Accounts Payable and Accrued Liabilities | 331,894 | (106,355) |
| Deferred Revenue | 133,793 | 37,854 |
| Employee Future Benefits | 46,662 | 9,211 |
| Amortization of Tangible Capital Assets | 1,691,249 | 1,619,829 |
| Amortization of Deferred Capital Revenue | (1,305,966) | (1,262,748) |
| Total Operating Transactions | 809,117 | 1,026,356 |
| Capital Transactions | | |
| Tangible Capital Assets Purchased | (3,480,666) | (3,859,119) |
| Total Capital Transactions | (3,480,666) | (3,859,119) |
| Financing Transactions | | |
| Capital Revenue Received | 2,627,738 | 3,527,588 |
| Total Financing Transactions | 2,627,738 | 3,527,588 |
| Investing Transactions | | |
| Investments in Portfolio Investments | 9,440 | (940) |
| Total Investing Transactions | 9,440 | (940) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (34,371) | 693,885 |
| Cash and Cash Equivalents, beginning of year | 8,243,032 | 7,549,147 |
| Cash and Cash Equivalents, end of year | 8,208,661 | 8,243,032 |
| Cash and Cash Equivalents, end of year, is made up of: | | |
| Cash | 1,100 | 1,100 |
| Cash Equivalents | 8,207,561 | 8,241,932 |
| | 8,208,661 | 8,243,032 |

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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. 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 School 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 Note 2 (1).

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 (1), 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, 2023

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, 2022 – increase annual surplus by \$2,264,840

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

Year-ended June 30, 2023 – increase annual surplus by \$1,322,255

June 30, 2022 – increase accumulated surplus and decrease deferred capital revenue by \$25,735,297

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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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

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.

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 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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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

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.

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the School District has been initially recognized using the modified retroactive method. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The resulting costs have been capitalized into the carrying amount of tangible capital assets and are being amortized on the same basis as the related tangible capital asset (see note 2 i). Assumptions used in the calculations are reviewed annually. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets.

i) 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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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

i) Tangible Capital Assets *(Continued)*

- 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 Software | 5 years |
| Computer Hardware | 5 years |

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

j) 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.

k) 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.

l) 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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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

l) Revenue Recognition *(Continued)*

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

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

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

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

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

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

m) 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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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

m) Expenditures *(Continued)*

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.

n) 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.

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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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

n) Financial Instruments *(Continued)*

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.

o) 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, asset retirement obligations, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

p) Future Changes in Accounting Policies

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, 2023

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

| | June 30, 2023 | June 30, 2022 |
|-------------------------------------|------------------|------------------|
| a) Due From Province | | |
| MECC – Ventilation Grant | \$ - | \$ 64,326 |
| MECC – Capital Advances | \$ - | \$142,095 |
| | \$ - | \$206,421 |
| | | |
| b) LEA/Direct Funding Receivable | June 30, 2023 | June 30, 2022 |
| Due from Direct Funding (2002-2003) | \$79,245 | \$79,245 |
| Allowance for Doubtful Accounts | (\$79,245) | (\$79,245) |
| | \$ - | \$ - |
| | | |
| c) Accounts Receivable Other | June 30, 2023 | June 30, 2022 |
| Due from Federal Government | \$59,352 | \$57,728 |
| Due from Other | \$ 4,438 | \$ 2,412 |
| | \$63,790 | \$60,140 |

NOTE 4 PORTFOLIO INVESTMENTS

| | June 30, 2023 | June 30, 2022 |
|--|------------------|------------------|
| Investments in the cost and amortized cost category: | | |
| GIC's | \$ - | \$9,440 |
| | \$ - | \$9,440 |

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

| | June 30, 2023 | June 30, 2022 |
|-------------------------------|------------------|------------------|
| Trade payables | \$ 564,237 | \$ 685,873 |
| Salaries and benefits payable | \$ 1,514,897 | \$ 1,110,472 |
| Accrued vacation pay | \$ 328,198 | \$ 267,170 |
| Other payables | \$ 80,455 | \$ 92,378 |
| | \$ 2,487,787 | \$ 2,155,893 |

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, 2023 | June 30, 2022 |
|------------------------------------|------------------|------------------|
| Balance, beginning of year | \$ 464,868 | \$ 427,014 |
| Changes for the year: | | |
| Increase – Grants: | | |
| Provincial – Ministry of Education | \$ 2,756,350 | \$ 2,145,290 |
| School generated funds | \$ 287,535 | \$ 393,367 |
| Other | \$ 2,600 | \$ 5,690 |
| | \$ 3,046,485 | \$ 2,544,347 |
| Decrease – Allocated to Revenue: | | |
| Provincial – Ministry of Education | \$ 2,622,804 | \$ 2,154,911 |
| School generated funds | \$ 284,229 | \$ 346,532 |
| Other | \$ 5,659 | \$ 5,050 |
| | \$ 2,912,692 | \$ 2,506,493 |
| Balance, end of year | \$ 598,661 | \$ 464,868 |

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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, 2023 | June 30, 2022 |
|--|---------------------|---------------------|
| Deferred Capital Revenue | | |
| Balance, beginning of year | \$24,399,112 | \$22,134,272 |
| Changes for the year: | | |
| Increase: | | |
| Capital Additions | \$ 2,628,221 | \$ 3,527,588 |
| Decrease: | | |
| Amortization | \$ 1,305,966 | \$ 1,262,748 |
| | \$25,721,367 | \$24,399,112 |
| Unspent Deferred Capital Revenue | | |
| Balance, beginning of year | \$ 14,413 | \$ 14,413 |
| Changes for the year: | | |
| Increase: | | |
| Provincial grants – Ministry of Education | \$ 2,627,738 | \$ 3,527,588 |
| Decrease: | | |
| Transfer to deferred capital revenue | \$ 2,628,221 | \$ 3,527,588 |
| | \$ 13,930 | \$ 14,413 |
| Total Deferred Capital Revenue balance, end of year | \$25,735,297 | \$24,413,525 |

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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, 2023 | June 30, 2022 |
|--|---------------|---------------|
| Reconciliation of Accrued Benefit Obligation | | |
| Accrued Benefit Obligation – April 1 | \$1,225,702 | \$1,287,616 |
| Service Cost | 109,849 | 120,633 |
| Interest Cost | 40,627 | 33,658 |
| Benefit Payments | (92,102) | (131,909) |
| Actuarial (Gain) Loss | (89,512) | (84,296) |
| Accrued Benefit Obligation – March 31 | \$1,194,564 | \$1,225,702 |
| Reconciliation of Funded Status at End of Fiscal Year | | |
| Accrued Benefit Obligation – March 31 | \$1,194,564 | \$1,225,702 |
| Market Value of Plan Assets – March 31 | - | - |
| Funded Status – Deficit | \$(1,194,564) | \$(1,225,702) |
| Employer Contributions After Measurement Date | 33,613 | 56,599 |
| Benefits Expense After Measurement Date | (39,294) | (37,619) |
| Unamortized Net Actuarial (Gain) Loss | (350,937) | (297,797) |
| Accrued Benefit Liability – June 30 | \$(1,551,181) | \$(1,504,519) |
| Reconciliation of Change in Accrued Benefit Liability | | |
| Accrued Benefit Liability – July 1 | \$1,504,519 | \$1,495,308 |
| Net expense for Fiscal Year | 115,778 | 125,061 |
| Employer Contributions | (69,116) | (115,849) |
| Accrued Benefit Liability – June 30 | \$1,551,181 | \$1,504,519 |
| Components of Net Benefit Expense | | |
| Service Cost | \$109,262 | \$117,937 |
| Interest Cost | 42,889 | 35,400 |
| Amortization of Net Actuarial Loss | (36,373) | (28,277) |
| Net Benefit Expense | \$115,778 | \$125,061 |

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

Assumptions

| | | |
|------------------------------------|-------------------|-------------------|
| Discount Rate – April 1 | 3.25% | 2.50% |
| Discount Rate – March 31 | 4.00% | 3.25% |
| 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 | 10.3 | 10.3 |

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

NOTE 9 TANGIBLE CAPITAL ASSETS

Net Book Value:

| | Net Book Value 2023 | Net Book Value 2022 (restated see Note 21) |
|-----------------------|------------------------|--|
| Sites | \$ 2,891,161 | \$ 2,891,161 |
| Buildings | 31,750,800 | 29,889,766 |
| Furniture & Equipment | 596,312 | 557,644 |
| Vehicles | 822,320 | 977,369 |
| Computer Software | 34,256 | - |
| Computer Hardware | 40,370 | 29,862 |
| Total | \$36,135,219 | \$34,345,802 |

June 30, 2023

| | Opening Cost | Additions | Disposals | Total 2023 |
|-----------------------|---------------------|--------------------|------------------|---------------------|
| Sites | \$ 2,891,161 | \$ - | \$ - | \$ 2,891,161 |
| Buildings | 75,087,123 | 3,245,470 | - | 78,332,593 |
| Furniture & Equipment | 1,031,660 | 141,323 | 151,547 | 1,021,436 |
| Vehicles | 2,004,704 | 30,672 | 324,847 | 1,710,529 |
| Computer Software | - | 38,062 | - | 38,062 |
| Computer Hardware | 65,147 | 25,139 | 9,126 | 81,160 |
| Total | \$81,079,795 | \$3,480,666 | \$485,520 | \$84,074,941 |

| | Opening Accumulated Amortization | Additions | Disposals | Total 2023 |
|-----------------------|--|--------------------|------------------|---------------------|
| Sites | \$ - | \$ - | \$ - | \$ - |
| Buildings | 45,197,357 | 1,384,436 | - | 46,581,793 |
| Furniture & Equipment | 474,016 | 102,655 | 151,547 | 425,124 |
| Vehicles | 1,027,335 | 185,721 | 324,847 | 888,209 |
| Computer Software | - | 3,806 | - | 3,806 |
| Computer Hardware | 35,285 | 14,631 | 9,126 | 40,790 |
| Total | \$46,733,993 | \$1,691,249 | \$485,520 | \$47,939,722 |

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

NOTE 9 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2022

| | Opening Cost | ARO (see Note 21) | Additions | Disposals | Total 2022 (restated see Note 21) |
|-----------------------|---------------------|----------------------|--------------------|-----------------|--|
| Sites | \$ 2,891,161 | \$ - | \$ - | \$ - | \$ 2,891,161 |
| Buildings | 67,378,332 | 4,048,585 | 3,660,206 | - | 75,087,123 |
| 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 | \$ 4,048,585 | \$3,859,119 | \$81,491 | \$81,079,795 |

| | Opening Accumulated Amortization | ARO (see Note 21) | Additions | Disposals | Total 2022 (restated see Note 21) |
|-----------------------|--|----------------------|--------------------|-----------------|---|
| Sites | \$ - | \$ - | \$ - | \$ - | \$ - |
| Buildings | 39,846,903 | 4,044,893 | 1,305,561 | - | 45,197,357 |
| 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 | \$4,044,893 | \$1,617,454 | \$81,491 | \$46,733,993 |

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

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, 2022, the Teachers' Pension Plan has about 51,000 active members and approximately 41,000 retired members. As of December 31, 2022, the Municipal Pension Plan has about 240,000 active members, including approximately 30,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The school district paid \$1,369,570 for employer contributions to the plans for the year ended June 30, 2023 (2022: \$1,313,740).

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, 2024, with results available in 2025.

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, 2023**

NOTE 11 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2023, were as follows:

| | |
|--|-----------|
| 1. Transfer from Special Purpose Funds to Capital Fund | \$135,775 |
| 2. Transfer from Operating Fund to Capital Fund | \$400,000 |

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 | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter |
|-----------------------------|-----------|----------|----------|----------|----------|------------|
| Future lease/rental revenue | \$114,732 | \$96,377 | \$88,937 | \$28,602 | \$18,002 | \$18,002 |
| | \$114,732 | \$96,377 | \$88,937 | \$28,602 | \$18,002 | \$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, 2023

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 13, 2023. 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 ASSET RETIREMENT OBLIGATION

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some district owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the modified retroactive approach as at July 1, 2021 (see Note 21 – Prior Period Adjustment – Change in Accounting Policy). The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated useful lives.

| | |
|---|-------------|
| Asset Retirement Obligation, July 1, 2021 (see Note 21) | \$4,044,893 |
| Settlements during the year | - |
| Asset Retirement Obligation, closing balance, June 30, 2022 | \$4,048,585 |
| Settlements during fiscal 2023 | - |
| Asset Retirement Obligation, closing balance, June 30, 2023 | \$4,048,585 |

NOTE 17 EXPENSE BY OBJECT

Total expenses as per Statement 2, detailed by object.

| | June 30, 2023 | June 30, 2022 (restated see Note 21) |
|-----------------------|------------------|--|
| Salaries and benefits | \$19,281,965 | \$17,516,548 |
| Services and supplies | 4,276,775 | 3,751,794 |
| Amortization | 1,691,249 | 1,617,454 |
| | \$25,249,989 | \$22,885,796 |

**SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023**

NOTE 18 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Internally Restricted (appropriated) by the Board for:

| | June 30, 2023 |
|--|------------------|
| Appropriation to 2023 – 2024 Annual Budget | \$2,158,791 |
| District Budgets Carried Forward | 149,220 |
| School-Based Budgets Carried Forward | 157,115 |
| | \$2,465,428 |
| Internally Restricted Surplus | \$2,465,428 |
| Unrestricted Operating Surplus | 1,225,156 |
| Total Available for Future Operations | \$3,690,584 |

NOTE 19 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.

NOTE 20 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 21 PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING POLICY

On July 1, 2022 the School District adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. This new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of certain tangible capital assets such as asbestos removal in buildings that will undergo major renovation or demolition in the future (see Note 16). This standard was adopted using the modified retroactive approach.

On July 1, 2021 the School District recognized an asset retirement obligation relating to several owned buildings that contain asbestos and other hazardous materials. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The associated costs have been reported as an increase to the carrying value of the associated tangible capital assets. Accumulated amortization has been recorded from the later of, the date of acquisition of the related asset or April 1, 1988 (effective date of the *Hazardous Waste Regulation (April 1, 1988) – Part 6 – Management of Specific Hazardous Wastes*).

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

NOTE 21 **PRIOR PERIOD ADJUSTMENT** *(Continued)*

The impact of the prior period adjustment on the June 30, 2022 comparative amounts is as follows:

| | <u>Increase (Decrease)</u> |
|--|--------------------------------|
| Asset Retirement Obligation (liability) | \$4,048,585 |
| Tangible Capital Assets – cost | 4,048,585 |
| Tangible Capital Assets – accumulated amortization | 4,044,893 |
| Operations & Maintenance Expense – Asset amortization (2022) | 2,375 |
| Accumulated Surplus – Invested in Capital Assets | (4,042,518) |

NOTE 22 **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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023

NOTE 22 **RISK MANAGEMENT** *(continued)*

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, 2023

| | Operating Fund | Special Purpose Fund | Capital Fund | 2023 Actual | 2022 Actual (Restated - Note 21) |
|--|-------------------|-------------------------|------------------|-------------------|--|
| | \$ | \$ | \$ | \$ | \$ |
| Accumulated Surplus (Deficit), beginning of year | 4,205,600 | | 6,289,631 | 10,495,231 | 13,612,723 |
| Prior Period Adjustments | | | | | (4,042,518) |
| Accumulated Surplus (Deficit), beginning of year, as restated | 4,205,600 | - | 6,289,631 | 10,495,231 | 9,570,205 |
| Changes for the year | | | | | |
| Surplus (Deficit) for the year | (115,016) | 135,775 | (385,283) | (364,524) | 925,026 |
| Interfund Transfers | | | | | |
| Tangible Capital Assets Purchased | | (135,775) | 135,775 | - | |
| Local Capital | (400,000) | | 400,000 | - | |
| Net Changes for the year | (515,016) | - | 150,492 | (364,524) | 925,026 |
| Accumulated Surplus (Deficit), end of year - Statement 2 | 3,690,584 | - | 6,440,123 | 10,130,707 | 10,495,231 |

School District No. 85 (Vancouver Island North)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2023

| | 2023 Budget (Note 15) \$ | 2023 Actual \$ | 2022 Actual (Restated - Note 21) \$ |
|---|-----------------------------------|--------------------------|--|
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education and Child Care | 19,476,643 | 20,266,188 | 19,815,243 |
| Other | | 10,500 | 16,290 |
| Tuition | | | 11,000 |
| Other Revenue | | 12,538 | 2,998 |
| Rentals and Leases | 103,000 | 125,690 | 140,397 |
| Investment Income | 90,000 | 251,891 | 55,653 |
| Total Revenue | <u>19,669,643</u> | <u>20,666,807</u> | <u>20,041,581</u> |
| Expenses | | | |
| Instruction | 16,732,291 | 15,360,776 | 14,044,475 |
| District Administration | 1,436,527 | 1,434,092 | 1,238,795 |
| Operations and Maintenance | 3,194,982 | 3,284,904 | 2,964,207 |
| Transportation and Housing | 710,692 | 702,051 | 644,615 |
| Total Expense | <u>22,074,492</u> | <u>20,781,823</u> | <u>18,892,092</u> |
| Operating Surplus (Deficit) for the year | <u>(2,404,849)</u> | <u>(115,016)</u> | <u>1,149,489</u> |
| Budgeted Appropriation (Retirement) of Surplus (Deficit) | <u>2,804,849</u> | | |
| Net Transfers (to) from other funds | | | |
| Local Capital | (400,000) | (400,000) | (350,000) |
| Total Net Transfers | <u>(400,000)</u> | <u>(400,000)</u> | <u>(350,000)</u> |
| Total Operating Surplus (Deficit), for the year | <u>-</u> | <u>(515,016)</u> | <u>799,489</u> |
| Operating Surplus (Deficit), beginning of year | | 4,205,600 | 3,406,111 |
| Operating Surplus (Deficit), end of year | | <u>3,690,584</u> | <u>4,205,600</u> |
| Operating Surplus (Deficit), end of year | | | |
| Internally Restricted (Note 18) | | 2,465,428 | 1,937,000 |
| Unrestricted | | 1,225,156 | 2,268,600 |
| Total Operating Surplus (Deficit), end of year | | <u>3,690,584</u> | <u>4,205,600</u> |

School District No. 85 (Vancouver Island North)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2023

| | 2023 Budget (Note 15) | 2023 Actual | 2022 Actual (Restated - Note 21) |
|---|-----------------------------|-------------------|--|
| | \$ | \$ | \$ |
| Provincial Grants - Ministry of Education and Child Care | | | |
| Operating Grant, Ministry of Education and Child Care | 19,136,195 | 19,179,900 | 19,474,057 |
| 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 | 19,993 | 19,676 |
| FSA Scorer Grant | 7,506 | 7,506 | 7,506 |
| Early Learning Framework (ELF) Implementation | 1,126 | 182 | 1,609 |
| Labour Settlement Funding | | 743,831 | |
| Equity Grant | 79,000 | 81,381 | 79,000 |
| Total Provincial Grants - Ministry of Education and Child Care | 19,476,643 | 20,266,188 | 19,815,243 |
| Provincial Grants - Other | | 10,500 | 16,290 |
| Tuition | | | |
| International and Out of Province Students | | | 11,000 |
| Total Tuition | - | - | 11,000 |
| Other Revenues | | | |
| Miscellaneous | | | |
| Sale of Assets | | 1,405 | 2,998 |
| Miscellaneous | | 11,133 | |
| Total Other Revenue | - | 12,538 | 2,998 |
| Rentals and Leases | 103,000 | 125,690 | 140,397 |
| Investment Income | 90,000 | 251,891 | 55,653 |
| Total Operating Revenue | 19,669,643 | 20,666,807 | 20,041,581 |

School District No. 85 (Vancouver Island North)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2023

| | 2023 Budget (Note 15) \$ | 2023 Actual \$ | 2022 Actual (Restated - Note 21) \$ |
|-------------------------------------|-----------------------------------|----------------------|--|
| Salaries | | | |
| Teachers | 6,535,668 | 6,206,227 | 5,852,813 |
| Principals and Vice Principals | 1,860,825 | 2,030,080 | 1,976,181 |
| Educational Assistants | 2,354,099 | 2,156,983 | 1,704,219 |
| Support Staff | 2,633,369 | 2,655,082 | 2,446,520 |
| Other Professionals | 775,659 | 874,359 | 819,329 |
| Substitutes | 609,038 | 460,244 | 354,603 |
| Total Salaries | 14,768,658 | 14,382,975 | 13,153,665 |
| Employee Benefits | 3,634,751 | 2,969,307 | 2,672,279 |
| Total Salaries and Benefits | 18,403,409 | 17,352,282 | 15,825,944 |
| Services and Supplies | | | |
| Services | 1,034,861 | 1,000,505 | 955,522 |
| Student Transportation | 86,968 | 98,311 | 79,372 |
| Professional Development and Travel | 513,554 | 390,288 | 260,314 |
| Rentals and Leases | 18,000 | 7,516 | 12,157 |
| Dues and Fees | 20,790 | 25,659 | 16,690 |
| Insurance | 88,128 | 89,630 | 79,873 |
| Supplies | 1,059,202 | 919,135 | 652,630 |
| Utilities | 849,580 | 898,497 | 1,009,590 |
| Total Services and Supplies | 3,671,083 | 3,429,541 | 3,066,148 |
| Total Operating Expense | 22,074,492 | 20,781,823 | 18,892,092 |

School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2023

| | 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 | 4,578,863 | 916,734 | | 98,691 | | 211,011 | 5,805,299 |
| 1.03 Career Programs | 105,011 | | | | | 5,101 | 110,112 |
| 1.07 Library Services | 195,898 | | | 60,552 | | 11,632 | 268,082 |
| 1.08 Counselling | 170,720 | | | | | 10,056 | 180,776 |
| 1.10 Special Education | 884,303 | 108,578 | 1,941,366 | 13,602 | 47,433 | 91,093 | 3,086,375 |
| 1.30 English Language Learning | 228,445 | | | | | 13,299 | 241,744 |
| 1.31 Indigenous Education | 42,987 | 101,885 | 215,617 | 49,331 | | 10,282 | 420,102 |
| 1.41 School Administration | | 868,921 | | 527,671 | | 29,052 | 1,425,644 |
| 1.64 Other | | | | | | | - |
| Total Function 1 | 6,206,227 | 1,996,118 | 2,156,983 | 749,847 | 47,433 | 381,526 | 11,538,134 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | | 33,962 | | 29,027 | 387,983 | | 450,972 |
| 4.40 School District Governance | | | | | 91,947 | | 91,947 |
| 4.41 Business Administration | | | | 154,419 | 240,180 | | 394,599 |
| Total Function 4 | - | 33,962 | - | 183,446 | 720,110 | - | 937,518 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | | | | 84,229 | 53,408 | 123 | 137,760 |
| 5.50 Maintenance Operations | | | | 1,258,644 | | 44,322 | 1,302,966 |
| 5.52 Maintenance of Grounds | | | | 42,291 | | | 42,291 |
| 5.56 Utilities | | | | | | | - |
| Total Function 5 | - | - | - | 1,385,164 | 53,408 | 44,445 | 1,483,017 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | | | | | 53,408 | | 53,408 |
| 7.70 Student Transportation | | | | 336,625 | | 34,273 | 370,898 |
| 7.73 Housing | | | | | | | - |
| Total Function 7 | - | - | - | 336,625 | 53,408 | 34,273 | 424,306 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 6,206,227 | 2,030,080 | 2,156,983 | 2,655,082 | 874,359 | 460,244 | 14,382,975 |

School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2023

| | Total Salaries | Employee Benefits | Total Salaries and Benefits | Services and Supplies | 2023 Actual | 2023 Budget (Note 15) | 2022 Actual (Restated - Note 21) |
|--|-------------------|-------------------|-----------------------------|-----------------------|-------------------|--------------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | |
| 1.02 Regular Instruction | 5,805,299 | 1,213,148 | 7,018,447 | 611,894 | 7,630,341 | 8,690,611 | 7,059,605 |
| 1.03 Career Programs | 110,112 | 20,728 | 130,840 | 6,229 | 137,069 | 124,459 | 136,496 |
| 1.07 Library Services | 268,082 | 60,308 | 328,390 | 19,147 | 347,537 | 343,893 | 317,275 |
| 1.08 Counselling | 180,776 | 37,796 | 218,572 | 2,911 | 221,483 | 237,768 | 211,762 |
| 1.10 Special Education | 3,086,375 | 604,354 | 3,690,729 | 166,839 | 3,857,568 | 4,153,282 | 3,373,466 |
| 1.30 English Language Learning | 241,744 | 50,210 | 291,954 | 13,339 | 305,293 | 326,435 | 295,697 |
| 1.31 Indigenous Education | 420,102 | 95,191 | 515,293 | 488,365 | 1,003,658 | 1,041,848 | 899,904 |
| 1.41 School Administration | 1,425,644 | 307,272 | 1,732,916 | 47,133 | 1,780,049 | 1,757,495 | 1,672,997 |
| 1.64 Other | - | - | - | 77,778 | 77,778 | 56,500 | 77,273 |
| Total Function 1 | 11,538,134 | 2,389,007 | 13,927,141 | 1,433,635 | 15,360,776 | 16,732,291 | 14,044,475 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | 450,972 | 83,929 | 534,901 | 95,765 | 630,666 | 571,966 | 501,716 |
| 4.40 School District Governance | 91,947 | 3,383 | 95,330 | 70,199 | 165,529 | 252,654 | 131,651 |
| 4.41 Business Administration | 394,599 | 58,249 | 452,848 | 185,049 | 637,897 | 611,907 | 605,428 |
| Total Function 4 | 937,518 | 145,561 | 1,083,079 | 351,013 | 1,434,092 | 1,436,527 | 1,238,795 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | 137,760 | 31,086 | 168,846 | 77,049 | 245,895 | 198,774 | 217,162 |
| 5.50 Maintenance Operations | 1,302,966 | 299,524 | 1,602,490 | 420,343 | 2,022,833 | 2,062,567 | 1,632,374 |
| 5.52 Maintenance of Grounds | 42,291 | 12,435 | 54,726 | 62,953 | 117,679 | 84,061 | 105,081 |
| 5.56 Utilities | - | - | - | 898,497 | 898,497 | 849,580 | 1,009,590 |
| Total Function 5 | 1,483,017 | 343,045 | 1,826,062 | 1,458,842 | 3,284,904 | 3,194,982 | 2,964,207 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | 53,408 | 10,155 | 63,563 | 3,446 | 67,009 | 96,050 | 62,309 |
| 7.70 Student Transportation | 370,898 | 81,539 | 452,437 | 173,605 | 626,042 | 599,642 | 569,685 |
| 7.73 Housing | - | - | - | 9,000 | 9,000 | 15,000 | 12,621 |
| Total Function 7 | 424,306 | 91,694 | 516,000 | 186,051 | 702,051 | 710,692 | 644,615 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 14,382,975 | 2,969,307 | 17,352,282 | 3,429,541 | 20,781,823 | 22,074,492 | 18,892,092 |

School District No. 85 (Vancouver Island North)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2023

| | 2023 Budget (Note 15) \$ | 2023 Actual \$ | 2022 Actual (Restated - Note 21) \$ |
|---|-----------------------------------|-------------------------|--|
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education and Child Care | 2,691,113 | 2,622,804 | 2,154,911 |
| Other Revenue | 303,000 | 289,888 | 351,582 |
| Total Revenue | <u>2,994,113</u> | <u>2,912,692</u> | <u>2,506,493</u> |
| Expenses | | | |
| Instruction | 2,780,987 | 2,699,566 | 2,166,124 |
| Operations and Maintenance | 12,630 | 12,630 | 123,490 |
| Transportation and Housing | 64,721 | 64,721 | 84,261 |
| Total Expense | <u>2,858,338</u> | <u>2,776,917</u> | <u>2,373,875</u> |
| Special Purpose Surplus (Deficit) for the year | <u>135,775</u> | <u>135,775</u> | <u>132,618</u> |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | (135,775) | (135,775) | (132,618) |
| Total Net Transfers | <u>(135,775)</u> | <u>(135,775)</u> | <u>(132,618)</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, 2023

| | 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 | | | 10,285 | 331,423 | | 14,224 | | | |
| Add: Restricted Grants | | | | | | | | | |
| Provincial Grants - Ministry of Education and Child Care | 148,405 | 67,571 | | | 96,000 | 14,700 | 9,900 | 340,870 | 127,569 |
| Other | | | 2,600 | 287,535 | | | | | |
| | 148,405 | 67,571 | 2,600 | 287,535 | 96,000 | 14,700 | 9,900 | 340,870 | 127,569 |
| Less: Allocated to Revenue | 148,405 | 67,571 | 5,659 | 284,229 | 96,000 | 10,981 | 6,546 | 340,870 | 127,569 |
| Deferred Revenue, end of year | - | - | 7,226 | 334,729 | - | 17,943 | 3,354 | - | - |
| Revenues | | | | | | | | | |
| Provincial Grants - Ministry of Education and Child Care | 148,405 | 67,571 | | | 96,000 | 10,981 | 6,546 | 340,870 | 127,569 |
| Other Revenue | | | 5,659 | 284,229 | | | | | |
| | 148,405 | 67,571 | 5,659 | 284,229 | 96,000 | 10,981 | 6,546 | 340,870 | 127,569 |
| Expenses | | | | | | | | | |
| Salaries | | | | | | | | | |
| Teachers | | | | | | | | | |
| Principals and Vice Principals | | | | | | | | | |
| Educational Assistants | | 54,913 | | | | | | 253,770 | |
| Support Staff | | | | | | | | | |
| Substitutes | | | | | | | | 17,550 | 87,173 |
| | - | 54,913 | - | - | - | - | - | 271,320 | 87,173 |
| Employee Benefits | | 12,658 | | | | | | 69,377 | 12,993 |
| Services and Supplies | 12,630 | | 5,659 | 284,229 | 96,000 | 10,981 | 6,546 | 173 | 27,403 |
| | 12,630 | 67,571 | 5,659 | 284,229 | 96,000 | 10,981 | 6,546 | 340,870 | 127,569 |
| Net Revenue (Expense) before Interfund Transfers | 135,775 | - | - | - | - | - | - | - | - |
| Interfund Transfers | | | | | | | | | |
| Tangible Capital Assets Purchased | (135,775) | | | | | | | | |
| | (135,775) | - | - | - | - | - | - | - | - |
| Net Revenue (Expense) | - | - | - | - | - | - | - | - | - |

School District No. 85 (Vancouver Island North)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2023

| | Classroom Enhancement Fund - Staffing | Classroom Enhancement Fund - Remedies | First Nation Student Transportation | Mental Health in Schools | Changing Results for Young Children | Student & Family Affordability | JUST B4 | SEY2KT (Early Years to Kindergarten) | ECL (Early Care & Learning) |
|--|---|---|---|--------------------------------|---|--------------------------------------|---------------|--|-----------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | | | | 102,037 | 6,899 | | | | |
| Add: Restricted Grants | | | | | | | | | |
| Provincial Grants - Ministry of Education and Child Care | 1,263,150 | 86,214 | 64,721 | 57,000 | 11,250 | 250,000 | 25,000 | 19,000 | 175,000 |
| Other | | | | | | | | | |
| | 1,263,150 | 86,214 | 64,721 | 57,000 | 11,250 | 250,000 | 25,000 | 19,000 | 175,000 |
| Less: Allocated to Revenue | 1,263,150 | 76,532 | 64,721 | 118,978 | 5,496 | 199,718 | - | 235 | 96,032 |
| Deferred Revenue, end of year | - | 9,682 | - | 40,059 | 12,653 | 50,282 | 25,000 | 18,765 | 78,968 |
| Revenues | | | | | | | | | |
| Provincial Grants - Ministry of Education and Child Care | 1,263,150 | 76,532 | 64,721 | 118,978 | 5,496 | 199,718 | | 235 | 96,032 |
| Other Revenue | | | | | | | | | |
| | 1,263,150 | 76,532 | 64,721 | 118,978 | 5,496 | 199,718 | - | 235 | 96,032 |
| Expenses | | | | | | | | | |
| Salaries | | | | | | | | | |
| Teachers | 960,087 | | | | | | | | |
| Principals and Vice Principals | | | | | | | | | 77,527 |
| Educational Assistants | | | | | | | | | |
| Support Staff | | | 26,400 | | | | | | 419 |
| Substitutes | | 27,373 | | 875 | 2,651 | | | | |
| | 960,087 | 27,373 | 26,400 | 875 | 2,651 | - | - | - | 77,946 |
| Employee Benefits | 303,063 | | 5,600 | 193 | 231 | | | | 16,830 |
| Services and Supplies | | 49,159 | 32,721 | 117,910 | 2,614 | 199,718 | | 235 | 1,256 |
| | 1,263,150 | 76,532 | 64,721 | 118,978 | 5,496 | 199,718 | - | 235 | 96,032 |
| Net Revenue (Expense) before Interfund Transfers | - | - | - | - | - | - | - | - | - |
| Interfund Transfers | | | | | | | | | |
| Tangible Capital Assets Purchased | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - |
| Net Revenue (Expense) | - | - | - | - | - | - | - | - | - |

School District No. 85 (Vancouver Island North)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2023

| | <u>TOTAL</u> |
|--|-----------------------|
| | \$ |
| Deferred Revenue, beginning of year | 464,868 |
| Add: Restricted Grants | |
| Provincial Grants - Ministry of Education and Child Care | 2,756,350 |
| Other | 290,135 |
| | <u>3,046,485</u> |
| Less: Allocated to Revenue | 2,912,692 |
| Deferred Revenue, end of year | <u>598,661</u> |
| Revenues | |
| Provincial Grants - Ministry of Education and Child Care | 2,622,804 |
| Other Revenue | 289,888 |
| | <u>2,912,692</u> |
| Expenses | |
| Salaries | |
| Teachers | 960,087 |
| Principals and Vice Principals | 77,527 |
| Educational Assistants | 308,683 |
| Support Staff | 26,819 |
| Substitutes | 135,622 |
| | <u>1,508,738</u> |
| Employee Benefits | 420,945 |
| Services and Supplies | 847,234 |
| | <u>2,776,917</u> |
| Net Revenue (Expense) before Interfund Transfers | <u>135,775</u> |
| Interfund Transfers | |
| Tangible Capital Assets Purchased | <u>(135,775)</u> |
| | (135,775) |
| Net Revenue (Expense) | <u><u>-</u></u> |

School District No. 85 (Vancouver Island North)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2023

| | 2023 | 2023 Actual | | | 2022 |
|--|---------------------|--|------------------|-----------------|--------------------------------|
| | Budget (Note 15) | Invested in Tangible Capital Assets | Local Capital | Fund Balance | Actual (Restated - Note 21) |
| | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | |
| Amortization of Deferred Capital Revenue | 1,298,057 | 1,305,966 | | 1,305,966 | 1,262,748 |
| Total Revenue | 1,298,057 | 1,305,966 | - | 1,305,966 | 1,262,748 |
| Expenses | | | | | |
| Amortization of Tangible Capital Assets | | | | | |
| Operations and Maintenance | 1,480,487 | 1,505,528 | | 1,505,528 | 1,420,456 |
| Transportation and Housing | 186,948 | 185,721 | | 185,721 | 199,373 |
| Total Expense | 1,667,435 | 1,691,249 | - | 1,691,249 | 1,619,829 |
| Capital Surplus (Deficit) for the year | (369,378) | (385,283) | - | (385,283) | (357,081) |
| Net Transfers (to) from other funds | | | | | |
| Tangible Capital Assets Purchased | 135,775 | 135,775 | | 135,775 | 132,618 |
| Local Capital | 400,000 | | 400,000 | 400,000 | 350,000 |
| Total Net Transfers | 535,775 | 135,775 | 400,000 | 535,775 | 482,618 |
| Other Adjustments to Fund Balances | | | | | |
| Tangible Capital Assets Purchased from Local Capital | | 716,670 | (716,670) | - | |
| Total Other Adjustments to Fund Balances | | 716,670 | (716,670) | - | |
| Total Capital Surplus (Deficit) for the year | 166,397 | 467,162 | (316,670) | 150,492 | 125,537 |
| Capital Surplus (Deficit), beginning of year | | 5,898,105 | 391,526 | 6,289,631 | 10,206,612 |
| Prior Period Adjustments | | | | | |
| To Recognize Asset Retirement Obligation | | | | | (4,042,518) |
| Capital Surplus (Deficit), beginning of year, as restated | | 5,898,105 | 391,526 | 6,289,631 | 6,164,094 |
| Capital Surplus (Deficit), end of year | | 6,365,267 | 74,856 | 6,440,123 | 6,289,631 |

School District No. 85 (Vancouver Island North)

Tangible Capital Assets
Year Ended June 30, 2023

| | Sites | Buildings | Furniture and Equipment | Vehicles | Computer Software | Computer Hardware | Total |
|---|-----------|------------|----------------------------|-----------|----------------------|----------------------|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost, beginning of year | 2,891,161 | 71,038,538 | 1,031,660 | 2,004,704 | | 65,147 | 77,031,210 |
| Prior Period Adjustments | | | | | | | |
| To Recognize Asset Retirement Obligation | | 4,048,585 | | | | | 4,048,585 |
| Cost, beginning of year, as restated | 2,891,161 | 75,087,123 | 1,031,660 | 2,004,704 | - | 65,147 | 81,079,795 |
| Changes for the Year | | | | | | | |
| Increase: | | | | | | | |
| Purchases from: | | | | | | | |
| Deferred Capital Revenue - Bylaw | | 2,628,221 | | | | | 2,628,221 |
| Special Purpose Funds | | 135,775 | | | | | 135,775 |
| Local Capital | | 481,474 | 141,323 | 30,672 | 38,062 | 25,139 | 716,670 |
| | - | 3,245,470 | 141,323 | 30,672 | 38,062 | 25,139 | 3,480,666 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 151,547 | 324,847 | | 9,126 | 485,520 |
| | - | - | 151,547 | 324,847 | - | 9,126 | 485,520 |
| Cost, end of year | 2,891,161 | 78,332,593 | 1,021,436 | 1,710,529 | 38,062 | 81,160 | 84,074,941 |
| Work in Progress, end of year | | | | | | | - |
| Cost and Work in Progress, end of year | 2,891,161 | 78,332,593 | 1,021,436 | 1,710,529 | 38,062 | 81,160 | 84,074,941 |
| Accumulated Amortization, beginning of year | | 41,152,464 | 474,016 | 1,027,335 | | 35,285 | 42,689,100 |
| Prior Period Adjustments | | | | | | | |
| To Recognize Asset Retirement Obligation | | 4,044,893 | | | | | 4,044,893 |
| Accumulated Amortization, beginning of year, as restated | | 45,197,357 | 474,016 | 1,027,335 | - | 35,285 | 46,733,993 |
| Changes for the Year | | | | | | | |
| Increase: Amortization for the Year | | 1,384,436 | 102,655 | 185,721 | 3,806 | 14,631 | 1,691,249 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 151,547 | 324,847 | | 9,126 | 485,520 |
| | | | 151,547 | 324,847 | | 9,126 | 485,520 |
| Accumulated Amortization, end of year | | 46,581,793 | 425,124 | 888,209 | 3,806 | 40,790 | 47,939,722 |
| Tangible Capital Assets - Net | 2,891,161 | 31,750,800 | 596,312 | 822,320 | 34,256 | 40,370 | 36,135,219 |

School District No. 85 (Vancouver Island North)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2023

| | Bylaw Capital | Other Provincial | Other Capital | Total Capital |
|---|------------------|---------------------|------------------|------------------|
| Deferred Capital Revenue, beginning of year | \$ 24,297,026 | \$ 102,086 | \$ | \$ 24,399,112 |
| Changes for the Year | | | | |
| Increase: | | | | |
| Transferred from Deferred Revenue - Capital Additions | 2,628,221 | | | 2,628,221 |
| | 2,628,221 | - | - | 2,628,221 |
| Decrease: | | | | |
| Amortization of Deferred Capital Revenue | 1,289,074 | 16,892 | | 1,305,966 |
| | 1,289,074 | 16,892 | - | 1,305,966 |
| Net Changes for the Year | 1,339,147 | (16,892) | - | 1,322,255 |
| Deferred Capital Revenue, end of year | 25,636,173 | 85,194 | - | 25,721,367 |
| Work in Progress, beginning of year | | | | - |
| Changes for the Year | | | | |
| Net Changes for the Year | - | - | - | - |
| Work in Progress, end of year | - | - | - | - |
| Total Deferred Capital Revenue, end of year | 25,636,173 | 85,194 | - | 25,721,367 |

School District No. 85 (Vancouver Island North)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2023

| | 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 | 2,627,738 | | | | | 2,627,738 |
| | 2,627,738 | - | - | - | - | 2,627,738 |
| Decrease: | | | | | | |
| Transferred to DCR - Capital Additions | 2,628,221 | | | | | 2,628,221 |
| | 2,628,221 | - | - | - | - | 2,628,221 |
| Net Changes for the Year | (483) | - | - | - | - | (483) |
| Balance, end of year | (483) | 12,756 | 1,657 | - | - | 13,930 |