

**OPERATIONS & FINANCE PARTNER ADVISORY COMMITTEE
AGENDA**

TUESDAY, SEPTEMBER 12, 2023

1:30 PM – 2:30 PM

In person: School Board Office, 811 Stanley Street, Nelson BC

Via video conference: [Zoom](#) - Webinar ID: 657 3277 9733 – Password: 495118

1. Call to Order

2. Acknowledgement of Aboriginal Territory

We acknowledge, respect and honour the First Nations in whose traditional territories the Kootenay Lake School District operates and all Aboriginal people residing within the boundaries of School District No. 8.

3. Changes to Proposed Agenda

4. Adoption of Agenda

5. Receiving Presentations - Nil

6. Opportunity for Comments by the Public regarding items on this Agenda

The public may post comments or questions in the Q&A area on the webinar. These will be read aloud during the meeting.

7. Correspondence - Nil

8. Adoption of Minutes (p. 2)

App. 8

9. Unfinished Business – Nil

10. New Business – Secretary Treasurer

A. Terms of Reference (p. 4)

App. 10A

B. 2022-2023 Audited Financial Statements (p. 5)

App. 10B

Guest: Sinéad Scanlon, CPA, CA, BDO Canada LLP

11. Comments or Questions from the Public

12. Meeting Schedule & Reminders

The next meeting of the Committee is scheduled for February 13, 2024.

13. Adjournment of Meeting



**OPERATIONS & FINANCE PARTNER ADVISORY COMMITTEE
MINUTES
TUESDAY, MAY 09, 2023**

Board: K. Etheridge, Committee Chair
L. Trenaman, Chair
D. Lang, Vice-Chair
M. J. Blackmore
J. Bremner (via video conference)
S. Chew (via video conference)
A. Gribbin
S. Nazaroff
M. Shunter

District Staff: T. Smillie, Superintendent
C. MacArthur, Interim Secretary-Treasurer
B. Eaton, District Director of Instruction – Innovative Learning
D. Holitzki, District Director of Instruction – Equity, Inclusion & Diversity
C. Kerr, Director of Operations
C. Singh, Director of Human Resources
R. Winter, Executive Assistant

Partners: D. Kunzelman – KLTF (via video conference)
T. Rice – DPAC (via video conference)
K. Walgren – KLTF (via video conference)

Guests: Jeanette Hanlon, Consultant

Regrets: Nil

1. Call to Order

The meeting was called to order at 1:33 PM.

2. Acknowledgement of Aboriginal Territory

3. Changes to Proposed Agenda

The agenda was adopted as circulated.

4. Opportunity for Comments by the Public regarding items on this Agenda – Nil

5. Adoption of Minutes

The minutes for the April 11, 2023 Operations and Finance Partner Advisory Committee were adopted as circulated.

6. Unfinished Business – Nil



7. New Business

A. 2023-2024 Annual Budget

The Superintendent welcomed new Interim Secretary-Treasurer Cathy MacArthur as well as Consultant Jeanette Hanlon and presented the 2023-2024 annual budget. Superintendent Smillie provided the general outline of the Strategic Plan and its alignment with the budget. The budget was to be presented at the Meeting of the Board Held in Public for approval later in the day. Consultant Hanlon presented further details in changes in revenues and expenses as well as background information on the 2023-2024 annual budget.

Superintendent Smillie responded to questions and comments from Trustees and partners related to climate action, enrolment for the Provincial Online Learning School, and measuring student learning.

8. Comments or Questions from the Public – Nil

9. Meeting Schedule & Reminders

The next meeting of the Committee is scheduled for September 12, 2023.

10. Adjournment of Meeting

The meeting was adjourned at 2:28 PM.

Committee Chair

Secretary-Treasurer



OPERATIONS & FINANCE PARTNER ADVISORY COMMITTEE

2023-2024 TERMS OF REFERENCE

Reviewed: September 12, 2023

PURPOSE

1. The Operations & Finance Partner Advisory Committee is an advisory group and is chaired by the elected Trustee. In the absence of the elected Trustee the Board Vice-Chair will assume the Chair.
2. The purpose of the Operations & Finance Partner Advisory Committee is to bring together, on an ongoing basis, partner groups, senior staff, and the Board of Education to have informal discussions about how to support the district and provide advice to Board.
3. The Operations & Finance Partner Advisory Committee will offer a venue for parties to discuss ways to work together in support of students, the school district and public education, building trust and sustaining strong functional relationships, and strengthening communication and information sharing. The discussions will be purposeful, constructive and team building in nature.
4. Operations & Finance Partner Advisory Committee input will be considered in all matters related to the district but will not replace the accountability of district management and the Board of Education in decision making.
5. An annual schedule of meetings will be developed by the Chair of the committee, in collaboration with the Board Chair. An agenda will be developed for each meeting. To facilitate open discussion, summary minutes shall be recorded, following the minute-taking standards in Policy 124.
6. Labour relations or personnel matters will be addressed through district labour management meetings.



Memorandum to the Board of Education Operations and Finance Partner Advisory Committee

FROM: Cathy MacArthur, Interim Secretary-Treasurer
DATE: September 12, 2023
SUBJECT: 2022-2023 Audited Financial Statements

For Information

Introduction

This memorandum provides information to the Board on the Audited Financial Statements for the 2022-2023 school year ending June 30, 2023 and the accompanying 2022-2023 Financial Statement, Discussion and Analysis.

Information

The draft Audited Financial Statements for the 2022-2023 school year ending June 30, 2023 in the required format as per the Ministry of Education and Child Care and the accompanying 2022-2023 Financial Statement, Discussion and Analysis are attached. The audited financial statements and Discussion and Analysis contain information on the following funds:

- Operating Fund
- Special Purpose fund
- Capital Fund

The financial statements have been reviewed by the district's external auditors, BDO Canada LLP and are considered in final draft. Once approved by the Board of Education in the Public meeting later this evening, these statements will be filed with the Ministry of Education and Child Care who will consolidate our information with the other districts across the province to calculate the provincial totals.



School District No.8 (Kootenay Lake)

Audit final report to the Board of
Trustees for the year ended June 30, 2023

START

BDO



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To the Board of Trustees of School District No.8 (Kootenay Lake)

We are pleased to provide you with the results of our audit of School District No.8 (Kootenay Lake) (the “School District”) financial statements for the year ended June 30, 2023.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP
September 12, 2023

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For the year ended June 30, 2023





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For the year ended June 30, 2023



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Audit at a glance

Preliminary materiality was \$1,050,000. Final materiality was increased to \$1,500,000 upon receipt of the final trial balance from management.

We are not aware of any fraud affecting the School District. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between School District No.8 (Kootenay Lake) and our Firm that may reasonably be thought to bear on our independence.

For the year ended June 30, 2023



Sinéad Scanlon

Email: sscanlon@bdo.ca

Direct: 250 763 6700



July 24, 2023



September 12, 2023

4 | School District No.8 (Kootenay Lake)



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Status of the audit

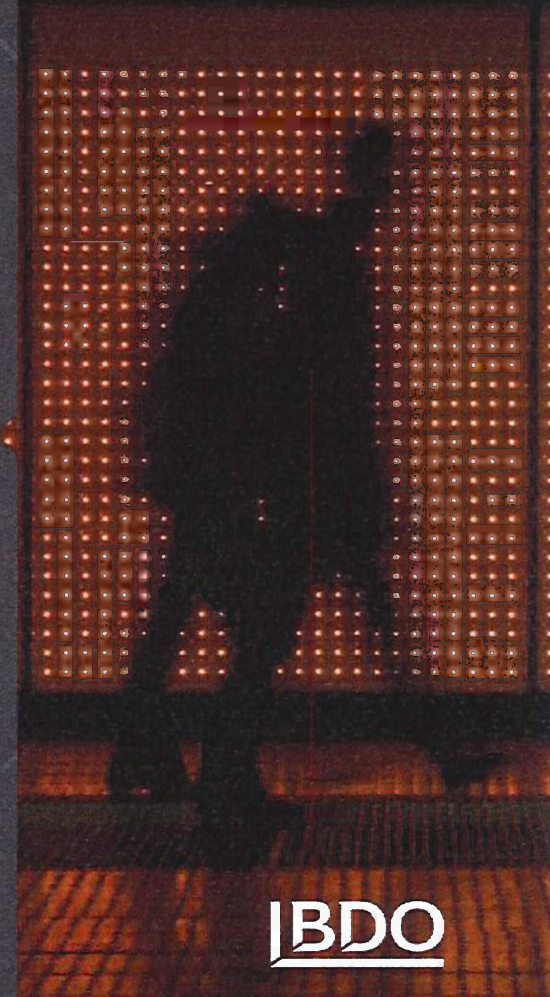
We have substantially completed our audit of the year ended June 30, 2023 financial statements.

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our final independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Board of Trustees dated April 11, 2023.

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For the year ended June 30, 2023



BDO



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Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the School District’s accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Revenue Recognition	Canadian Audit Standard 240.26 requires that auditors presume there are risks of fraud related to revenue recognition and the types of revenue, revenue transactions and assertions that give rise to such risks must be evaluated.	<p>In order to mitigate this risk, we performed the following procedures:</p> <ul style="list-style-type: none"> • Reviewed revenue recognition policy for consistency with the professional standards • Tested eligibility and stipulations for deferral (including special purpose school generated funds), if any. <p>All audit testing in this area was executed as planned with no issues to be reported</p>
Management Override of Internal Controls	Canadian Audit Standard 240.32 requires auditors to consider the potential risk of management override of controls and management biases with estimates	<p>In order to mitigate this risk, we performed the following procedures:</p> <ul style="list-style-type: none"> • Tested the appropriateness of routine and non-routine journal entries recorded to the general ledger; and. • Reviewed accounting estimates and considered their appropriateness. <p>From the extent of our testing, we determined that no management override of controls occurred and that estimates were free of clear management bias.</p>

For the year ended June 30, 2023



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Internal control matters

- ▶ During the audit, we performed the following procedures regarding the School District's internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the District's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.



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For the year ended June 30, 2023



Adjusted and Unadjusted differences

Summary of unadjusted differences

There were no unadjusted differences noted during the course of our audit engagement.

Summary of adjusted differences

There were several adjusted differences noted during the course of our audit engagement.





Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

Issue	BDO response
Potential effect on the financial statements of any material contingencies or commitments, such as pending litigation, that are required to be disclosed in the financial statements.	There are no material contingencies or commitments that need to be disclosed in the financial statements other than normal course items.
Matters involving non-compliance with laws and regulations.	We noted no instances of non-compliance with laws or regulations during the course of our audit.
Material uncertainties related to events and conditions that may cast significant doubt on the District's ability to continue as a going concern.	There is no going concern issue noted.
Disagreements with management about matters that, individually or in aggregate, could be significant to the District' financial statements or our audit report.	No disagreements were noted with management.
Significant related party transactions that are not in the normal course of operations and which involve significant judgements made by management concerning measurement or disclosure.	None noted.
Discussion of whether subsequent events are appropriately disclosed or resulted in adjustment.	None noted.
Discussion of whether scope limitations were present, preventing us from carrying out our audit completely.	No scope limitations were noted.



Recommended resources

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

[ACCESS OUR KNOWLEDGE CENTRE](#)

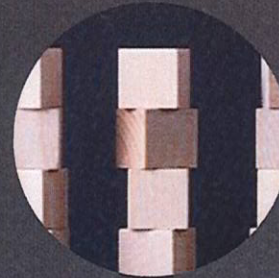
2023 Federal Budget



Understand the key elements of the 2023 Federal Budget and how it will impact you and your business.

[STAY ON TOP OF TAXES](#)

7 powerful steps to financial audit readiness



Getting and staying prepared for an audit simplifies the process, cuts turnaround time, and improves your chances of overall success. Learn how you can be audit ready.

[7 STEPS](#)

Asset Retirement Obligations (ARO): A Practical Approach to Section PS 3280



This publication will walk through a practical approach to applying Section PS 3280 including: identification, recognition and measurement of an obligation, and the different options available to entities on transition.

[READ ARTICLE](#)





How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

REPORT

Communicate our opinion and details of matters on which we are required to report

New Standard for Audit Quality



ISQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.

[SEE THE STANDARD](#)



SCOPING

Complete a preliminary review to plan the audit, determine the materiality level, and define the audit scope

DESIGN AUDIT PROCESS

Design an appropriate audit strategy to obtain sufficient assurance and enable us to report on the financial statements

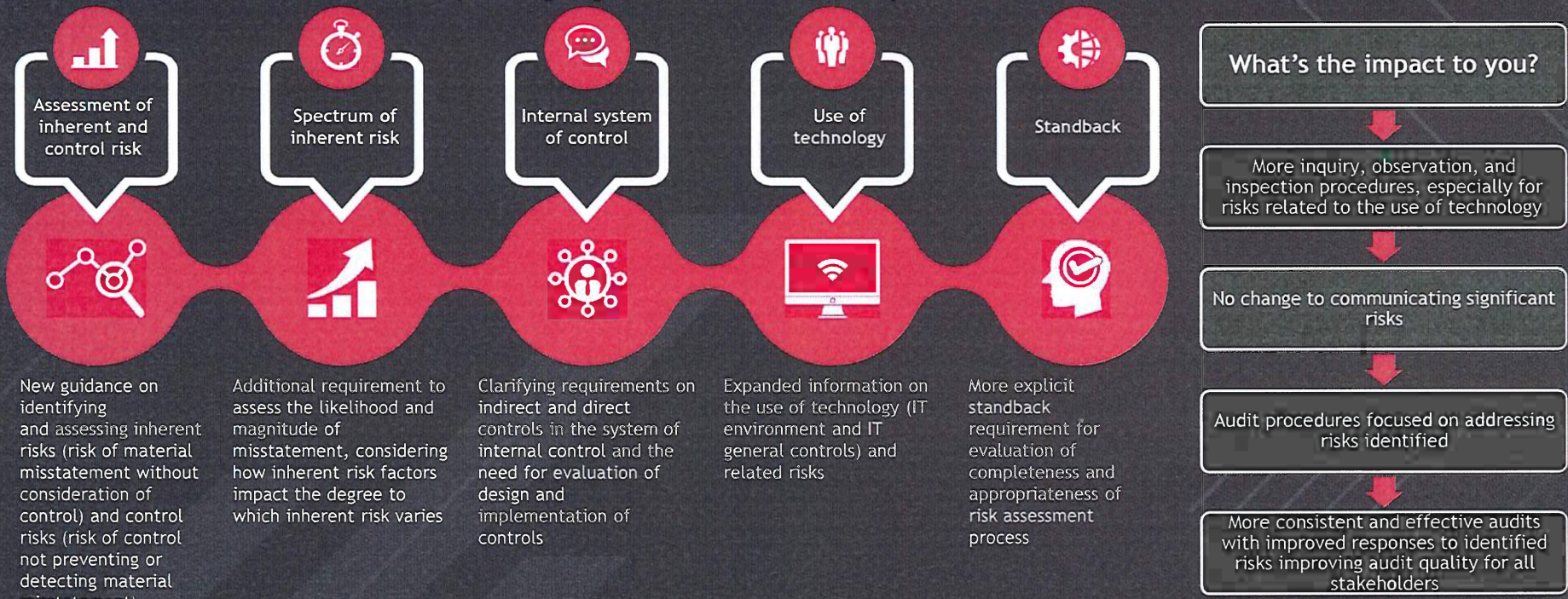
FORM OPINION

Evaluate whether we have enough evidence to conclude that the financial statements are free from material misstatement, and consider the effect of any potential misstatements found



Updates to our audit process

Canadian Auditing Standard 315, *Identifying and Assessing the Risks of Material Misstatement*, was significantly revised with a greater focus on more robust risk identification, assessment and response procedures. The standard is effective for periods beginning on or after December 15, 2021. Key enhancements include:



Spotlight on sustainability

Fast-moving world events are pushing sustainability up the agenda of Canadian organizations. Now organizational leaders, investors, and customers are responding on three fronts: environmental, social, and governance (ESG).

Regulators and issuers of standards are doing their part by supporting sustainability in the reporting ecosystem. Increasingly, organizations will need to go beyond the financials—and demonstrate sustainability with non-financial metrics.

5 reasons why businesses should care about ESG



SEE 5 REASONS

How climate change became a business issue worth reporting



READ ARTICLE

10 Questions about sustainability reporting



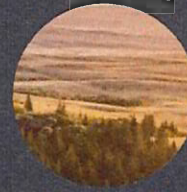
EXPLORE QUESTIONS

Accounting for going green



LEARN MORE

Why CFOs should make sustainability a part of their financial reporting today



BUILD BACK SUSTAINABLY

Rethinking sustainability: the ESG roadmap



SEE ROADMAP



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For the year ended June 30, 2023

Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Representation letter



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For the year ended June 30, 2023



Appendix A: Independent auditor's report

15 | School District No.8 (Kootenay Lake)



Independent Auditor's Report

To the Board of Trustees of
School District No. 8 (Kootenay Lake)

Opinion

We have audited the financial statements of School District No. 8 (Kootenay Lake) (the School District), which comprise the statement of financial position as at June 30, 2023, and the statements of operations, remeasurement gains and losses, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the School District as at and for the year ended June 30, 2023 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (the Act).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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 for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared in order for the School District to meet the reporting requirements of the Act referred to above. Note 2 to the Financial Statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Restated Comparative Information

Without modifying our opinion, we draw attention to Note 22 to the financial statements, which explains that certain comparative information for the year ended June 30, 2022 has been restated.

Other Matter

We draw attention to the fact that the supplementary information included in Schedule 1 to 4 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.



Other Information

Management is responsible for the other information. The other information, other than the financial statements and our auditor's report thereon, includes the Financial Statement Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Management is responsible for the preparation of the financial statements in accordance with the Act, 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 either intends to liquidate the School District, or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 auditor's 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 auditor's report. However future events or conditions may cause the School District to cease to continue as a going concern.





- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the School District to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the School District audit. We remain solely responsible for our audit opinion.

We 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.

Chartered Professional Accountants

Kelowna, British Columbia
September 12, 2023

draft - subject to change



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For the year ended June 30, 2023



Appendix B: Representation letter



School District No.8 (Kootenay Lake)
811 Stanley St
Nelson, BC
V1L 1N8

September 12, 2023

BDO Canada LLP
Chartered Professional Accountants
1631 Dickson Avenue
Suites 400 & 500
Kelowna British Columbia
V1Y 0B5

This representation letter is provided in connection with your audit of the financial statements of School District No.8 (Kootenay Lake) for the year ended June 30, 2023, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 30, 2023, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards. In the current year, for the adoption of the Asset Retirement Obligation Standard, there were significant inputs involved in the calculation to determine the liability. All inputs provided by management are materially correct to the best of management's assessment.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.



- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- We accept all of the adjusted journal entries posted.
- The financial statements are prepared in order to meet the reporting requirements of the Budget Transparency and Accountability Act of the Province of British Columbia and include differences between such basis of accounting and Canadian public sector accounting standards.

Yours truly,

Signature

Position



Audited Financial Statements of

School District No. 8 (Kootenay Lake)

Audited Financial Statements of

June 30,2023



School District No. 8 (Kootenay Lake)

June 30, 2023

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**SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

MANAGEMENT REPORT

Management’s Responsibility for the Financial Statements

The accompanying financial statements of School District No. 8 (Kootenay Lake) have been prepared by management in accordance with 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 of 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 judgement, 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. 8 (Kootenay Lake) (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 information on a monthly basis and externally audited financial statements yearly.

The external auditors, BDO Canada LLP, 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. 8 (Kootenay Lake) and meet when required. The accompanying Independent Auditor’s 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. 8 (Kootenay Lake)

Sign

Sign

Sign

DRAFT



Independent Auditor's Report

To the Board of Trustees of
School District No. 8 (Kootenay Lake)

Opinion

We have audited the financial statements of School District No. 8 (Kootenay Lake) (the School District), which comprise the statement of financial position as at June 30, 2023, and the statements of operations, remeasurement gains and losses, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the School District as at and for the year ended June 30, 2023 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (the Act).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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 for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared in order for the School District to meet the reporting requirements of the Act referred to above. Note 2 to the Financial Statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Restated Comparative Information

Without modifying our opinion, we draw attention to Note 22 to the financial statements, which explains that certain comparative information for the year ended June 30, 2022 has been restated.

Other Matter

We draw attention to the fact that the supplementary information included in Schedule 1 to 4 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.



Other Information

Management is responsible for the other information. The other information, other than the financial statements and our auditor's report thereon, includes the Financial Statement Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Management is responsible for the preparation of the financial statements in accordance with the Act, 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 either intends to liquidate the School District, or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 auditor's 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 auditor's report. However future events or conditions may cause the School District to cease to continue as a going concern.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the School District to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the School District audit. We remain solely responsible for our audit opinion.

We 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.

Chartered Professional Accountants

Kelowna, British Columbia
September 12, 2023

For initial management review



School District No. 8 (Kootenay Lake)

Statement of Financial Position

As at June 30, 2023

	2023 Actual	2022 Actual (Restated - Note 22)
	\$	\$
Financial Assets		
Cash and Cash Equivalents (Note 3)	15,945,527	11,449,610
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	291,636	515,154
Due from Province - Other	86,231	160,700
Other (Note 4)	947,266	465,732
Portfolio Investments (Note 5)	434,075	416,768
Total Financial Assets	<u>17,704,735</u>	<u>13,007,964</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education and Child Care	6,360	-
Other (Note 6)	6,478,595	5,456,587
Unearned Revenue (Note 7)	937,494	966,194
Deferred Revenue (Note 8)	2,798,945	2,754,297
Deferred Capital Revenue (Note 9)	50,605,861	49,268,821
Employee Future Benefits (Note 10)	1,640,511	1,488,524
Asset Retirement Obligation (Note 11)	2,240,535	2,240,535
Total Liabilities	<u>64,708,301</u>	<u>62,174,958</u>
Net Debt	<u>(47,003,566)</u>	<u>(49,166,994)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 12)	72,707,655	71,700,080
Prepaid Expenses	282,533	216,264
Total Non-Financial Assets	<u>72,990,188</u>	<u>71,916,344</u>
Accumulated Surplus (Deficit) (Note 20)	<u>25,986,622</u>	<u>22,749,350</u>
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	25,924,514	22,749,350
Accumulated Remeasurement Gains (Losses)	62,108	-
	<u>25,986,622</u>	<u>22,749,350</u>

Contractual Obligations (Note 16)

Contingent Liabilities (Note 17)

Approved

Signature of the Chairperson of the Board _____ Date Signed _____

Signature of the Superintendent _____ Date Signed _____

Signature of the Secretary Treasurer _____ Date Signed _____

DRAFT



School District No. 8 (Kootenay Lake)

Statement 2

Statement of Operations
Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 22)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	66,614,880	70,486,364	64,824,719
Other	409,576	333,503	528,484
Tuition	1,770,150	1,721,799	1,623,110
Other Revenue	1,857,010	2,364,118	2,033,866
Rentals and Leases	72,000	112,997	104,459
Investment Income	116,000	279,827	76,196
Gain (Loss) on Disposal of Tangible Capital Assets			133,710
Amortization of Deferred Capital Revenue	2,859,112	2,859,351	2,759,845
Total Revenue	73,698,728	78,157,959	72,084,389
Expenses			
Instruction	55,390,050	54,962,964	53,166,125
District Administration	3,829,873	4,455,409	3,973,470
Operations and Maintenance	12,212,265	12,633,002	12,760,068
Transportation and Housing	3,060,184	2,931,420	2,759,025
Total Expense	74,492,372	74,982,795	72,658,688
Surplus (Deficit) for the year	(793,644)	3,175,164	(574,299)
Accumulated Surplus (Deficit) from Operations, beginning of year		22,749,350	23,323,649
Accumulated Surplus (Deficit) from Operations, end of year		25,924,514	22,749,350

School District No. 8 (Kootenay Lake)

Statement of Remeasurement Gains and Losses
Year Ended June 30, 2023

	2023 Actual	2022 Actual (Restated - Note 22)
	\$	\$
Unrealized Gains (Losses) attributable to:		
Portfolio Investments	62,108	
Net Remeasurement Gains (Losses) for the year	<u>62,108</u>	-
Accumulated Remeasurement Gains (Losses) at end of year	<u>62,108</u>	-

School District No. 8 (Kootenay Lake)

Statement 4

Statement of Changes in Net Debt

Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 22)
	\$	\$	\$
Surplus (Deficit) for the year	<u>(793,644)</u>	<u>3,175,164</u>	<u>(574,299)</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(3,898,110)	(4,872,354)	(3,918,270)
Amortization of Tangible Capital Assets	3,855,396	3,864,779	3,753,521
Net carrying value of Tangible Capital Assets disposed of			11,684
Total Effect of change in Tangible Capital Assets	<u>(42,714)</u>	<u>(1,007,575)</u>	<u>(153,065)</u>
Acquisition of Prepaid Expenses		(282,533)	(216,264)
Use of Prepaid Expenses		216,264	212,102
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(66,269)</u>	<u>(4,162)</u>
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(836,358)</u>	<u>2,101,320</u>	<u>(731,526)</u>
Net Remeasurement Gains (Losses)		<u>62,108</u>	
(Increase) Decrease in Net Debt		<u>2,163,428</u>	<u>(731,526)</u>
Net Debt, beginning of year		<u>(49,166,994)</u>	<u>(48,435,468)</u>
Net Debt, end of year		<u>(47,003,566)</u>	<u>(49,166,994)</u>

School District No. 8 (Kootenay Lake)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2023

	2023 Actual	2022 Actual
		(Restated - Note 22)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	3,175,164	(574,299)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(183,547)	(239,947)
Prepaid Expenses	(66,269)	(4,162)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,028,368	254,816
Unearned Revenue	(28,700)	194,052
Deferred Revenue	44,648	309,621
Employee Future Benefits	151,987	477,071
Loss (Gain) on Disposal of Tangible Capital Assets	-	(133,710)
Amortization of Tangible Capital Assets	3,864,779	3,753,521
Amortization of Deferred Capital Revenue	(2,859,351)	(2,759,845)
Recognition of Deferred Capital Revenue Disposal of Vehicle	-	-
Total Operating Transactions	<u>5,127,079</u>	<u>1,277,118</u>
Capital Transactions		
Tangible Capital Assets Purchased (Note)	(4,872,354)	(3,918,270)
District Portion of Proceeds on Disposal		145,394
Proceeds on Disposal of Tangible Capital Asset		
Total Capital Transactions	<u>(4,872,354)</u>	<u>(3,772,876)</u>
Financing Transactions		
Capital Revenue Received	4,196,391	3,436,882
Total Financing Transactions	<u>4,196,391</u>	<u>3,436,882</u>
Investing Transactions		
Proceeds on Disposal of Portfolio Investments		
Investments in Portfolio Investments	44,801	30,462
Total Investing Transactions	<u>44,801</u>	<u>30,462</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,495,917	971,586
Cash and Cash Equivalents, beginning of year	<u>11,449,610</u>	<u>10,478,024</u>
Cash and Cash Equivalents, end of year	<u>15,945,527</u>	<u>11,449,610</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	15,945,527	11,449,610
	<u>15,945,527</u>	<u>11,449,610</u>

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 AUTHORITY AND PURPOSE

The School District No. 8 (Kootenay Lake) (the “**School District**”), established on December 2, 1996, 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. 8 (Kootenay Lake)", and operates as "School District No. 8 (Kootenay Lake)." 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 and Child Care. School District No.8 (Kootenay Lake) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

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(h) and 2(r), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense.

As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- 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 in annual surplus by \$1,027,997
- June 30, 2022 – increase in accumulated surplus and decrease in deferred contributions by \$48,321,402



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

a) Basis of Accounting *(Continued)*

- Year-ended June 30, 2023 – increase in annual surplus by \$1,520,845
- June 30, 2023 – increase in accumulated surplus and decrease in deferred contributions by \$49,842,247.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash balances and term deposits 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 equity instruments and mutual funds with no maturity date and bonds with a maturity date of greater than 3 months at the time of acquisition. Bonds not quoted in an active market are quoted in an active market at cost or amortized cost. Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon recognition. The change in fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations.

Detailed information regarding portfolio investments is disclosed in Note 5.

e) Unearned Revenue

Unearned revenue includes tuition fees received for courses to be delivered in future periods and receipt of proceeds for services or products to be delivered in a future period. Revenue will be recognized in that future period when the courses, services, or products are provided.

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 (l).



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

f) Deferred Revenue and Deferred Capital Revenue *(Continued)*

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.

h) Asset Retirement Obligation

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



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

h) Asset Retirement Obligation *(Continued)*

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.

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.
- 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



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

j) Prepaid Expenses

Prepaid software licenses, membership fees, insurance and annual utilities costs are included as prepaid expenses and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

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 Note 14 – Interfund Transfers and Note 20 – 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.

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



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

l) Revenue Recognition *(Continued)*

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, Vice-Principals, and Directors of Instruction employed under an administrative officer contract are categorized as Principals and Vice-Principals.
- Superintendents, Assistant Superintendents, Secretary-Treasurers, Trustees 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.

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



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

n) Financial Instruments *(Continued)*

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, bank overdraft, accounts payable and accrued liabilities and other liabilities. Unless otherwise noted, it is management's opinion that the School District is not exposed to significant credit, liquidity or market risks arising from these.

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 transactions costs are added to the carrying value of these investments upon initial recognition and amortized using the effective interest rate method. 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 fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

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

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

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, liabilities for contaminated sites, 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 is effective July 1, 2023. Specifically, it differentiates between revenue arising from



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Future Changes in Accounting Policies (Continued)

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.

NOTE 3 CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are funds in the amount of \$1,021,051 (2022 - \$991,648), which are restricted and paid out to teachers who contribute to and take part in the District's self-funded summer saving plan.

NOTE 4 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2023	June 30, 2022
Due from Federal Government	\$ 153,526	\$ 52,708
Due from Other School Districts	285,760	73,723
Invoices receivable	356,381	188,441
Other receivables	151,599	150,860
Total Accounts Receivable – Other Receivables	\$ 947,266	\$ 465,732

NOTE 5 PORTFOLIO INVESTMENTS

Financial instruments which are recorded at fair value on the statement of financial position, are classified into one of three hierarchy levels. Each level is based upon the significance of the inputs used to measure the fair value. The hierarchy levels are as follows:

- Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 5 PORTFOLIO INVESTMENTS (Continued)

	June 30, 2023	June 30, 2022
Investments in fair value category – Level 1		
Cash	\$ 7,803	\$ 1,648
Canadian corporate bonds	48,091	48,899
Canadian equity instruments	28,515	30,224
Canadian mutual funds	349,666	335,997
Total Portfolio Investments	\$ 434,075	\$ 416,768

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES – OTHER

	June 30, 2023	June 30, 2022
Trade payables	\$ 3,974,549	\$ 3,614,075
Salaries and benefits payable	937,767	348,976
Accrued vacation pay	541,986	501,888
Other – summer teachers’ savings plan	1,024,293	991,648
Total Accounts Payable and Accrued Liabilities - Other	\$ 6,478,595	\$ 5,456,587

NOTE 7 UNEARNED REVENUE

	June 30, 2023	June 30, 2022
Balance, beginning of year	\$ 966,194	\$ 772,143
2023/24 fees collected	937,494	966,194
2022/23 fees recognized	(966,194)	(772,143)
Total Unearned Revenue	\$ 937,494	\$ 966,194

NOTE 8 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.

	June 30, 2023	June 30, 2022
Balance, beginning of year	\$ 2,754,297	\$ 2,444,676
Provincial grants received	11,107,040	8,136,239
Other revenue received	1,762,662	1,535,260
Investment income	(2,274)	7,751
Revenue recognized	(12,709,801)	(9,369,629)
Revenue recovered	(112,979)	-
Total Deferred Revenue	\$ 2,798,945	\$ 2,754,297



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 9 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.

	June 30, 2023	June 30, 2022
<u>Deferred capital revenue subject to amortization</u>		
Balance, beginning of year	\$ 48,321,402	\$ 47,293,405
Transfers from deferred revenue – capital additions	4,380,196	3,787,842
Amortization of deferred capital revenue	(2,859,351)	(2,759,845)
Balance, end of year	\$ 49,842,247	\$ 48,321,402
<u>Deferred capital revenue – unspent portion</u>		
Balance, beginning of year	\$ 947,419	\$ 1,298,379
Provincial grants – Ministry of Education and Child Care	4,148,072	2,998,931
Provincial grants - Other	48,319	1,769
Restricted portion of proceeds on disposal	-	436,182
Transfer to deferred capital revenue	(4,380,196)	(3,787,842)
Balance, end of year	\$ 763,614	\$ 947,419
Total Deferred Capital Revenue	\$ 50,605,861	\$ 49,268,821

NOTE 10 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	\$ 1,479,881	\$ 1,210,021
Service Cost	128,958	123,215
Interest Cost	48,349	31,906
Benefit Payments	(103,057)	(91,311)
Increase (Decrease) in obligations due to Plan Amendment	-	402,853
Actuarial (Gain) Loss	(146,914)	(196,803)
Accrued Benefit Obligation	\$ 1,407,217	\$ 1,479,881



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 10 EMPLOYEE FUTURE BENEFITS (Continued)

	June 30, 2023	June 30, 2022
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 1,407,217	\$ 1,479,881
Funded status – deficit	(1,407,217)	(1,479,881)
Employer contributions after measurement date	-	45,803
Benefits expense after measurement date	(46,152)	(44,327)
Unamortized net actuarial (gain) loss	(187,142)	(10,119)
Accrued Benefit Liability – June 30	\$ (1,640,511)	\$ (1,488,524)

Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 1,488,524	\$ 1,011,453
Net expense for fiscal year	209,241	614,185
Employer contributions	(57,254)	(137,114)
Accrued Benefit Liability – June 30	\$ 1,640,511	\$ 1,488,524

Components of Net Benefit Expense		
Service cost	\$ 128,426	\$ 124,651
Interest cost	50,705	36,017
Immediate recognition of plan amendment	-	402,853
Amortization of net actuarial (gain) loss	30,110	50,664
Net benefit expense	\$ 209,241	\$ 614,185

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

	June 30, 2023	June 30, 2022
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	9.2	9.2

NOTE 11 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, 2022 (see Note 22 – 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.



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 11 ASSET RETIREMENT OBLIGATION (Continued)

Asset Retirement Obligation, July 1, 2022 (see Note 22)	\$	2,240,535
Settlements during the year		-
Asset Retirement Obligation, end of year	\$	2,240,535

NOTE 12 TANGIBLE CAPITAL ASSETS

Net Book Value:	June 30, 2023	June 30, 2022
Sites	\$ 8,958,823	\$ 8,958,823
Buildings	59,608,991	59,433,023
Vehicles	2,728,753	1,848,527
Furniture and Equipment	829,691	699,665
Computer Hardware	581,397	760,042
Total	\$ 72,707,655	\$ 71,700,080

June 30, 2023

	Opening Cost	Additions	Disposals	Total 2023
Sites	\$ 8,958,823	\$ -	\$ -	\$ 8,958,823
Buildings	143,581,294	3,121,075	-	146,702,369
Vehicles	4,229,708	1,347,270	(465,814)	5,111,164
Furniture and equipment	1,226,856	261,047	(94,334)	1,393,569
Computer hardware	1,536,558	142,962	-	1,679,520
Total	\$ 159,533,239	\$ 4,872,354	\$ (560,148)	\$ 163,845,445

	Opening Accumulated Amortization	Additions	Disposals	Total 2023
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	84,148,271	2,945,107	-	87,093,378
Vehicles	2,381,181	467,044	(465,814)	2,382,411
Furniture and equipment	527,191	131,021	(94,334)	563,878
Computer hardware	776,516	321,607	-	1,098,123
Total	\$ 87,833,159	\$ 3,864,779	\$ (560,148)	\$ 91,137,790



**SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 12 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2022	Opening Cost	ARO (see note 22)	Additions	Disposals	Total 2022 (restated see note 22)
Sites	\$ 8,970,507	\$ -	\$ -	\$ (11,684)	\$ 8,958,823
Buildings	137,760,406	2,240,535	3,671,755	(91,402)	143,581,294
Vehicles	4,513,075	-	182,883	(466,250)	4,229,708
Furniture and equipment	1,204,732	-	42,329	(20,205)	1,226,856
Computer hardware	1,574,672	-	21,303	(59,417)	1,536,558
Total	\$ 154,023,392	\$ 2,240,535	\$ 3,918,270	\$ (648,958)	\$ 159,533,239

	Opening Accumulated Amortization	ARO (see note 22)	Additions	Disposals	Total 2022 (restated see note 22)
Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	79,140,120	2,230,549	2,869,004	(91,402)	84,148,271
Vehicles	2,410,292	-	437,139	(466,250)	2,381,181
Furniture and equipment	425,817	-	121,579	(20,205)	527,191
Computer hardware	524,811	-	311,122	(59,417)	776,516
Total	\$ 82,501,040	\$ 2,230,549	\$ 3,738,844	\$ (637,274)	\$ 87,833,159

NOTE 13 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 50,000 active members and approximately 51,000 retired 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.



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 13 EMPLOYEE PENSION PLANS *(Continued)*

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 \$4.952 million for employer contributions to the plans for the year ended June 30, 2022 (2021: \$4.870 million).

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.

NOTE 14 INTERFUND TRANSFERS

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

- Tangible capital assets purchased from operating funds - \$389,373 (2022 - \$98,994)
- Tangible capital assets purchased from special purpose funds - \$102,785 (2022 - \$0)

NOTE 15 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 16 CONTRACTUAL OBLIGATIONS

The School District has entered into a number of multiple-year contracts for the delivery of services and the construction of tangible capital assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	2024	2025	2026
Computer Equipment	\$ 210,000	\$ 210,000	\$ 150,000
Other	100,000	40,000	10,000
	<u>\$ 310,000</u>	<u>\$ 250,000</u>	<u>\$ 160,000</u>



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 17 CONTINGENT LIABILITIES

The School District is involved in certain legal actions. Some of these legal actions are managed and covered by the British Columbia Schools Protection Program. The outcome of these matters cannot be determined at this time. In the event that any claims are successful, it is management's opinion that the settlements of such claims would not have a material effect on the financial position of the Schools District. The resulting loss on the School District, if any, will be recorded in the period in which it is determinable.

NOTE 18 BUDGET FIGURES

Budget figures included in the financial statements are the School District's amended annual budget adopted by the Board of Education on February 14, 2023, whereas the original budget was approved by the Board on May 14, 2021. Significant changes between the original and amended budget are as follows:

	Annual Budget	Change	Amended Annual Budget
Revenues			
Provincial Grants			
Ministry of Education and Child Care	\$ 63,397,933	\$ 3,216,947	\$ 66,614,880
Other	403,076	6,500	409,576
Federal Grants	25,000	(25,000)	-
Tuition	1,770,150	-	1,770,150
Other Revenue	1,876,230	(19,220)	1,857,010
Rentals and Leases	72,000	-	72,000
Investment Income	46,000	70,000	116,000
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	-
Amortization of Deferred Capital Revenue	2,705,386	153,726	2,859,112
Total Revenue	70,295,775	3,402,953	73,698,728
Expenses			
Instruction	52,816,058	2,573,992	55,390,050
District Administration	3,614,355	215,518	3,829,873
Operations and Maintenance	11,801,179	411,086	12,212,265
Transportation and Housing	3,035,017	25,167	3,060,184
Total Expenses	71,266,609	3,225,763	74,492,372
Budgeted Surplus (Deficit) for the Year	(970,834)	177,190	(793,644)



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 19 EXPENSE BY OBJECT

The following are total expenses from operating, special and capital funds:

	June 30, 2023	June 30, 2022
Salaries and benefits	\$ 59,669,933	\$ 57,980,165
Services and supplies	11,448,083	10,925,002
Amortization of tangible capital assets	3,864,779	3,753,521
Total Expenses by Object	\$ 74,982,795	\$ 72,658,688

NOTE 20 ACCUMULATED SURPLUS

The operating fund accounts for the School District's operating grants and other operating revenues. Legislation requires that the School District present a balanced budget for the operating fund, whereby budgeted expenditures do not exceed the total of the budgeted revenue plus any surplus in the operating fund carried forward from the previous year.

	June 30, 2023	June 30, 2022 (restated see note 22)
Operating Fund Accumulated Surplus		
Internally Restricted/Appropriated by the Board:		
Due to Nature of Constraints on the Fund	\$ 149,173	\$ 195,382
For Unanticipated Unusual Expenses	100,000	-
For Operations Spanning Multiple School Years	2,434,633	454,776
Total Internally Restricted Operating Surplus	2,683,806	650,158
Unrestricted Operating Surplus	2,475,897	828,658
Total Operating Fund Accumulated Surplus	5,159,703	1,478,816
 Capital Fund Accumulated Surplus		
Internally Restricted/Appropriated by the Board for:		
Facilities equipment and vehicles	139,939	-
Total Internally Restricted Capital Surplus	139,939	-
Unrestricted Capital Surplus	20,624,872	21,270,534
Total Capital Fund Accumulated Surplus	20,764,811	21,270,534
 Total Accumulated Surplus from Operations	25,924,514	22,749,350
Accumulated Remeasurement Gains	62,108	-
Accumulated Surplus	\$ 25,986,622	\$ 22,749,350



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 21 ECONOMIC DEPENDENCE

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.

NOTE 22 PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING POLICY

On July 1, 2022 the School District adopted the Canadian public sector accounting standards 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 renovations or demolition in the future (see note 11). This standard was adopted using the modified retroactive approach.

On July 1, 2022 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 reasonably estimated. The associated costs have been reported as an increase in 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*).

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

	<u>Increase (Decrease)</u>
Asset Retirement Obligation	2,240,535
Tangible Capital Assets - cost	2,240,535
Tangible Capital Assets - accumulated amortization	2,230,549
Operations and Maintenance Expense – Asset amortization (2022)	14,677
Accumulated surplus – Invested in Capital Assets	(2,215,872)

NOTE 23 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.



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 23 **RISK MANAGEMENT** *(Continued)*

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 exposed to credit risk in the event of non-performance by a debtor. This risk is mitigated as most amounts receivable are due from the Province and are collectible.

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 term deposits and mutual funds.

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 they invest solely in term deposits that have a maturity date of no more than 3 years, and mutual funds.

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. There have been no changes to risk exposure from 2021 related to credit, market, or liquidity risks.



SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 24 COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's financial statement presentation. There was no impact on net surplus or deficit in the prior year.



School District No. 8 (Kootenay Lake)

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 22)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	1,478,816		21,270,534	22,749,350	25,539,521
Prior Period Adjustments					(2,215,872)
Accumulated Surplus (Deficit), beginning of year, as restated	1,478,816	-	21,270,534	22,749,350	23,323,649
Changes for the year					
Surplus (Deficit) for the year	4,070,260	102,785	(997,881)	3,175,164	(574,299)
Interfund Transfers					
Tangible Capital Assets Purchased	(389,373)	(102,785)	492,158	-	
Net Changes for the year	3,680,887	-	(505,723)	3,175,164	(574,299)
Accumulated Surplus (Deficit), end of year - Statement 2	5,159,703	-	20,764,811	25,924,514	22,749,350
Accumulated Remeasurement Gains (Losses) - Statement 3		62,108		62,108	
	5,159,703	62,108	20,764,811	25,986,622	22,749,350



School District No. 8 (Kootenay Lake)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 22)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	57,268,706	59,588,322	56,947,891
Other	320,076	291,137	528,484
Tuition	1,770,150	1,721,799	1,623,110
Other Revenue	560,010	592,451	548,816
Rentals and Leases	72,000	112,997	104,459
Investment Income	100,000	274,554	51,885
Total Revenue	60,090,942	62,581,260	59,804,645
Expenses			
Instruction	45,281,916	42,904,269	44,404,074
District Administration	3,780,398	4,373,441	3,902,755
Operations and Maintenance	7,968,699	8,326,630	8,498,083
Transportation and Housing	3,036,429	2,906,660	2,730,626
Total Expense	60,067,442	58,511,000	59,535,538
Operating Surplus (Deficit) for the year	23,500	4,070,260	269,107
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(23,500)	(389,373)	(98,994)
Total Net Transfers	(23,500)	(389,373)	(98,994)
Total Operating Surplus (Deficit), for the year	-	3,680,887	170,113
Operating Surplus (Deficit), beginning of year		1,478,816	1,308,703
Operating Surplus (Deficit), end of year		5,159,703	1,478,816
Operating Surplus (Deficit), end of year			
Internally Restricted		2,683,806	650,158
Unrestricted		2,475,897	828,658
Total Operating Surplus (Deficit), end of year		5,159,703	1,478,816

School District No. 8 (Kootenay Lake)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 22)
	\$	\$	\$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	56,549,165	56,709,254	56,223,319
ISC/LEA Recovery	(68,880)	(78,012)	(68,880)
Other Ministry of Education and Child Care Grants			
Pay Equity	300,996	300,996	300,996
Funding for Graduated Adults	14,147	16,348	19,178
Student Transportation Fund	419,602	419,602	419,602
FSA Scorer Grant	8,187	8,187	8,187
Child Care Funding			
Early Learning Framework (ELF) Implementation	2,289	725	2,289
Labour Settlement Funding	-	2,168,022	
NGN Self-Provisioned Site Grant	43,200	43,200	43,200
Total Provincial Grants - Ministry of Education and Child Care	57,268,706	59,588,322	56,947,891
Provincial Grants - Other	320,076	291,137	528,484
Tuition			
International and Out of Province Students	1,725,150	1,692,799	1,583,947
Distance Education/Correspondence Course Fees	45,000	29,000	39,163
Total Tuition	1,770,150	1,721,799	1,623,110
Other Revenues			
Other School District/Education Authorities	412,812	344,676	371,886
Funding from First Nations	68,880	78,012	68,880
Miscellaneous			
Private School Bussing	67,348	62,716	76,548
Cultural Grants	10,370	10,370	13,650
Sales	600	-	779
Miscellaneous	-	2,892	13,633
After School Programs	-	17,550	3,440
Proceeds on Disposal of Vehicle	-	76,235	-
Total Other Revenue	560,010	592,451	548,816
Rentals and Leases	72,000	112,997	104,459
Investment Income	100,000	274,554	51,885
Total Operating Revenue	60,090,942	62,581,260	59,804,645

School District No. 8 (Kootenay Lake)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object
Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 22)
	\$	\$	\$
Salaries			
Teachers	22,036,475	20,597,715	21,653,633
Principals and Vice Principals	3,842,187	4,079,726	4,374,630
Educational Assistants	3,017,468	2,998,257	3,115,981
Support Staff	6,748,643	6,812,095	6,791,623
Other Professionals	2,326,765	2,406,001	2,434,240
Substitutes	3,097,456	2,808,524	2,452,889
Total Salaries	41,068,994	39,702,318	40,822,996
Employee Benefits	10,236,669	10,076,100	10,392,717
Total Salaries and Benefits	51,305,663	49,778,418	51,215,713
Services and Supplies			
Services	1,933,510	2,425,920	2,145,197
Student Transportation	270,309	300,049	252,183
Professional Development and Travel	884,511	840,609	675,139
Rentals and Leases	34,441	36,629	41,572
Dues and Fees	89,682	112,113	96,002
Insurance	152,539	171,324	136,799
Supplies	3,588,162	3,165,357	3,160,863
Utilities	1,808,625	1,680,581	1,812,070
Total Services and Supplies	8,761,779	8,732,582	8,319,825
Total Operating Expense	60,067,442	58,511,000	59,535,538

School District No. 8 (Kootenay Lake)

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	18,174,937					1,939,799	20,114,736
1.03 Career Programs							-
1.07 Library Services	41,096			102,734		60	143,890
1.08 Counselling	202,477						202,477
1.10 Special Education	1,421,446		2,852,090	53,105	142,699	271,679	4,741,019
1.20 Early Learning and Child Care							-
1.30 English Language Learning							-
1.31 Indigenous Education	639,032	152,116	146,167	602		6,555	944,472
1.41 School Administration		3,641,096		1,099,270		110,348	4,850,714
1.62 International and Out of Province Students	118,727	172,353		76,404			367,484
1.64 Other							-
Total Function 1	20,597,715	3,965,565	2,998,257	1,332,115	142,699	2,328,441	31,364,792
4 District Administration							
4.11 Educational Administration		114,161			609,593		723,754
4.20 Early Learning and Child Care							-
4.40 School District Governance					173,427		173,427
4.41 Business Administration				310,927	1,095,049		1,405,976
Total Function 4	-	114,161	-	310,927	1,878,069	-	2,303,157
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				30,234	385,233	1,056	416,523
5.50 Maintenance Operations				3,307,218		312,731	3,619,949
5.52 Maintenance of Grounds				156,527		45,152	201,679
5.56 Utilities							-
Total Function 5	-	-	-	3,493,979	385,233	358,939	4,238,151
7 Transportation and Housing							
7.41 Transportation and Housing Administration				50,590		785	51,375
7.70 Student Transportation				1,624,484		120,359	1,744,843
Total Function 7	-	-	-	1,675,074	-	121,144	1,796,218
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	20,597,715	4,079,726	2,998,257	6,812,095	2,406,001	2,808,524	39,702,318



School District No. 8 (Kootenay Lake)

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	2022 Actual (Restated - Note 22)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	20,114,736	4,987,104	25,101,840	2,133,863	27,235,703	28,350,734	27,027,004
1.03 Career Programs	-	-	-	2,181	2,181	-	3,575
1.07 Library Services	143,890	41,126	185,016	11,209	196,225	442,242	507,538
1.08 Counselling	202,477	48,460	250,937	137	251,074	260,270	535,839
1.10 Special Education	4,741,019	1,429,235	6,170,254	167,014	6,337,268	7,355,047	7,180,047
1.20 Early Learning and Child Care	-	-	-	-	-	-	-
1.30 English Language Learning	-	-	-	-	-	42,827	78,260
1.31 Indigenous Education	944,472	242,314	1,186,786	180,842	1,367,628	1,465,756	1,375,635
1.41 School Administration	4,850,714	1,143,608	5,994,322	163,602	6,157,924	5,897,977	6,226,523
1.62 International and Out of Province Students	367,484	81,188	448,672	907,534	1,356,206	1,467,063	1,392,169
1.64 Other	-	-	-	60	60	-	77,484
Total Function 1	31,364,792	7,973,035	39,337,827	3,566,442	42,904,269	45,281,916	44,404,074
4 District Administration							
4.11 Educational Administration	723,754	141,736	865,490	221,364	1,086,854	1,188,335	1,408,217
4.20 Early Learning and Child Care	-	-	-	-	-	-	-
4.40 School District Governance	173,427	10,709	184,136	297,997	482,133	426,909	278,798
4.41 Business Administration	1,405,976	322,518	1,728,494	1,075,960	2,804,454	2,165,154	2,215,740
Total Function 4	2,303,157	474,963	2,778,120	1,595,321	4,373,441	3,780,398	3,902,755
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	416,523	109,188	525,711	275,178	800,889	692,146	1,055,856
5.50 Maintenance Operations	3,619,949	963,698	4,583,647	709,209	5,292,856	4,941,867	5,157,235
5.52 Maintenance of Grounds	201,679	53,135	254,814	141,943	396,757	327,249	318,999
5.56 Utilities	-	-	-	1,836,128	1,836,128	2,007,437	1,965,993
Total Function 5	4,238,151	1,126,021	5,364,172	2,962,458	8,326,630	7,968,699	8,498,083
7 Transportation and Housing							
7.41 Transportation and Housing Administration	51,375	16,048	67,423	22,416	89,839	201,461	91,706
7.70 Student Transportation	1,744,843	486,033	2,230,876	585,945	2,816,821	2,834,968	2,638,920
Total Function 7	1,796,218	502,081	2,298,299	608,361	2,906,660	3,036,429	2,730,626
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	39,702,318	10,076,100	49,778,418	8,732,582	58,511,000	60,067,442	59,535,538



School District No. 8 (Kootenay Lake)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 22)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	9,346,174	10,898,042	7,876,828
Other	89,500	42,366	
Other Revenue	1,297,000	1,771,667	1,485,050
Investment Income	16,000	(2,274)	7,751
Total Revenue	<u>10,748,674</u>	<u>12,709,801</u>	<u>9,369,629</u>
Expenses			
Instruction	10,108,134	12,058,695	8,762,051
District Administration	49,475	81,968	70,715
Operations and Maintenance	388,170	441,593	508,464
Transportation and Housing	23,755	24,760	28,399
Total Expense	<u>10,569,534</u>	<u>12,607,016</u>	<u>9,369,629</u>
Special Purpose Surplus (Deficit) for the year	<u>179,140</u>	<u>102,785</u>	<u>-</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(179,140)	(102,785)	
Total Net Transfers	<u>(179,140)</u>	<u>(102,785)</u>	<u>-</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), end of year			
Related Entities		-	-
Endowment Contributions		-	-
Total Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 8 (Kootenay Lake)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2023

Schedule 3A (Unaudited)

	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			671,735	1,474,336	10,000		29,909		
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	279,640	195,556			160,000	39,200	94,101	679,508	214,831
Provincial Grants - Other									
Federal Grants									
Other			24,778	1,691,884					
Investment Income			26,095	(28,369)					
	279,640	195,556	50,873	1,663,515	160,000	39,200	94,101	679,508	214,831
Less: Allocated to Revenue	279,640	195,556	26,390	1,703,435	99,451	35,086	97,202	636,884	214,831
Recovered									
Deferred Revenue, end of year	-	-	696,218	1,434,416	70,549	4,114	26,808	42,624	-
Revenues									
Provincial Grants - Ministry of Education and Child Care	279,640	195,556			99,451	35,086	97,202	636,884	214,831
Provincial Grants - Other									
Other Revenue			295	1,731,804					
Investment Income			26,095	(28,369)					
	279,640	195,556	26,390	1,703,435	99,451	35,086	97,202	636,884	214,831
Expenses									
Salaries									
Teachers						21,613	15,322	35,804	
Principals and Vice Principals								24,339	
Educational Assistants		150,099				1,068	22,453	330,046	
Support Staff						798			167,065
Other Professionals								17,837	
Substitutes							2,793		
	-	150,099	-	-	-	23,479	40,568	408,026	167,065
Employee Benefits		45,457				5,745	12,910	101,434	46,575
Services and Supplies	176,855		26,390	1,703,435	99,451	5,862	43,724	127,424	1,191
	176,855	195,556	26,390	1,703,435	99,451	35,086	97,202	636,884	214,831
Net Revenue (Expense) before Interfund Transfers	102,785	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(102,785)								
	(102,785)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-



School District No. 8 (Kootenay Lake)

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	Safe Return to School / Restart: Health & Safety Grant	Federal Safe Return to Class / Ventilation Fund	Seamless Day Kindergarten	Early Childhood Education Dual Credit Program
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year		112,979	2,189	7,126	33,510	58,490	71,564	27,545	222,374
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	8,149,211	223,218	22,571	55,000	6,750			55,400	80,000
Provincial Grants - Other									
Federal Grants									
Other									
Investment Income									
	8,149,211	223,218	22,571	55,000	6,750	-	-	55,400	80,000
Less: Allocated to Revenue	8,149,211	171,198	24,760	62,126	30,294	58,490	71,564	74,473	193,780
Recovered		112,979							
Deferred Revenue, end of year	-	52,020	-	-	9,966	-	-	8,472	108,594
Revenues									
Provincial Grants - Ministry of Education and Child Care	8,149,211	171,198	24,760	62,126	30,294	58,490	71,564	74,473	193,780
Provincial Grants - Other									
Other Revenue									
Investment Income									
	8,149,211	171,198	24,760	62,126	30,294	58,490	71,564	74,473	193,780
Expenses									
Salaries									
Teachers	6,582,561			50,772					-
Principals and Vice Principals									93,328
Educational Assistants								53,123	
Support Staff									
Other Professionals									47,153
Substitutes		143,154			17,001				
	6,582,561	143,154	-	50,772	17,001	-	-	53,123	140,481
Employee Benefits	1,566,650	28,044		11,354	2,695			19,529	29,400
Services and Supplies			24,760		10,598	58,490	71,564	1,821	23,899
	8,149,211	171,198	24,760	62,126	30,294	58,490	71,564	74,473	193,780
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-



School District No. 8 (Kootenay Lake)

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

	Student & Family Affordability	SEY2KT (Early Years to Kindergarten)	ECL (Early Care & Learning)	After School Sports and Arts Grant	Health Promoting Schools	Donations	TOTAL
	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year						32,540	2,754,297
Add: Restricted Grants							
Provincial Grants - Ministry of Education and Child Care	553,554	19,000	175,000				11,002,540
Provincial Grants - Other				77,500	27,000		104,500
Federal Grants							-
Other						46,000	1,762,662
Investment Income							(2,274)
	553,554	19,000	175,000	77,500	27,000	46,000	12,867,428
Less: Allocated to Revenue	309,496	19,000	175,000	15,366	27,000	39,568	12,709,801
Recovered							112,979
Deferred Revenue, end of year	244,058	-	-	62,134	-	38,972	2,798,945
Revenues							
Provincial Grants - Ministry of Education and Child Care	309,496	19,000	175,000				10,898,042
Provincial Grants - Other				15,366	27,000		42,366
Other Revenue						39,568	1,771,667
Investment Income							(2,274)
	309,496	19,000	175,000	15,366	27,000	39,568	12,709,801
Expenses							
Salaries							
Teachers					22,139		6,728,211
Principals and Vice Principals			127,778				245,445
Educational Assistants	18,342						575,131
Support Staff							167,863
Other Professionals			17,837				82,827
Substitutes		16,402					179,350
	18,342	16,402	145,615	-	22,139	-	7,978,827
Employee Benefits	6,051	2,598	29,385		4,861		1,912,688
Services and Supplies	285,103			15,366		39,568	2,715,501
	309,496	19,000	175,000	15,366	27,000	39,568	12,607,016
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	102,785
Interfund Transfers							
Tangible Capital Assets Purchased							(102,785)
	-	-	-	-	-	-	(102,785)
Net Revenue (Expense)	-	-	-	-	-	-	-



School District No. 8 (Kootenay Lake)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2023

	2023 Budget	2023 Actual			2022 Actual (Restated - Note 22)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income			7,547	7,547	16,560
Gain (Loss) on Disposal of Tangible Capital Assets				-	133,710
Amortization of Deferred Capital Revenue	2,859,112	2,859,351		2,859,351	2,759,845
Recognition of Deferred Capital Revenue				-	
Total Revenue	2,859,112	2,859,351	7,547	2,866,898	2,910,115
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	3,855,396	3,864,779		3,864,779	3,753,521
Disposal of Vehicle				-	
Total Expense	3,855,396	3,864,779	-	3,864,779	3,753,521
Capital Surplus (Deficit) for the year	(996,284)	(1,005,428)	7,547	(997,881)	(843,406)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	202,640	492,158		492,158	98,994
Settlement of Asset Retirement Obligation				-	
Total Net Transfers	202,640	492,158	-	492,158	98,994
Total Capital Surplus (Deficit) for the year	(793,644)	(513,270)	7,547	(505,723)	(744,412)
Capital Surplus (Deficit), beginning of year		21,138,142	132,392	21,270,534	24,230,818
Prior Period Adjustments					
To Recognize Asset Retirement Obligation					(2,215,872)
Capital Surplus (Deficit), beginning of year, as restated		21,138,142	132,392	21,270,534	22,014,946
Capital Surplus (Deficit), end of year		20,624,872	139,939	20,764,811	21,270,534

School District No. 8 (Kootenay Lake)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2023

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	8,958,823	141,340,759	1,226,856	4,229,708		1,536,558	157,292,704
Prior Period Adjustments							
To Recognize Asset Retirement Obligation		2,240,535					2,240,535
Cost, beginning of year, as restated	8,958,823	143,581,294	1,226,856	4,229,708	-	1,536,558	159,533,239
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,786,166	254,105	1,107,801			4,148,072
Deferred Capital Revenue - Other		232,124					232,124
Operating Fund			6,942	239,469		142,962	389,373
Special Purpose Funds		102,785					102,785
	-	3,121,075	261,047	1,347,270	-	142,962	4,872,354
Decrease:							
Disposed of							-
Deemed Disposals			94,334	465,814			560,148
	-	-	94,334	465,814	-	-	560,148
Cost, end of year	8,958,823	146,702,369	1,393,569	5,111,164	-	1,679,520	163,845,445
Work in Progress, end of year							-
Cost and Work in Progress, end of year	8,958,823	146,702,369	1,393,569	5,111,164	-	1,679,520	163,845,445
Accumulated Amortization, beginning of year		81,917,722	527,191	2,381,181		776,516	85,602,610
Prior Period Adjustments							
To Recognize Asset Retirement Obligation		2,230,549					2,230,549
Accumulated Amortization, beginning of year, as restated		84,148,271	527,191	2,381,181	-	776,516	87,833,159
Changes for the Year							
Increase: Amortization for the Year		2,945,107	131,021	467,044		321,607	3,864,779
Decrease:							
Disposed of							-
Deemed Disposals			94,334	465,814			560,148
	-	-	94,334	465,814	-	-	560,148
Accumulated Amortization, end of year		87,093,378	563,878	2,382,411	-	1,098,123	91,137,790
Tangible Capital Assets - Net	8,958,823	59,608,991	829,691	2,728,753	-	581,397	72,707,655



School District No. 8 (Kootenay Lake)

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	46,329,889	1,743,907	247,606	48,321,402
Prior Period Adjustments				
District Entered	-	-		-
Deferred Capital Revenue, beginning of year, as restated	46,329,889	1,743,907	247,606	48,321,402
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	4,148,072	232,124		4,380,196
	4,148,072	232,124	-	4,380,196
Decrease:				
Amortization of Deferred Capital Revenue	2,756,010	93,997	9,344	2,859,351
Revenue Recognized on Disposal of Vehicle				-
	2,756,010	93,997	9,344	2,859,351
Net Changes for the Year	1,392,062	138,127	(9,344)	1,520,845
Deferred Capital Revenue, end of year	47,721,951	1,882,034	238,262	49,842,247
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	47,721,951	1,882,034	238,262	49,842,247

School District No. 8 (Kootenay Lake)

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		947,419				947,419
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	4,148,072					4,148,072
Investment Income		48,319				48,319
	4,148,072	48,319	-	-	-	4,196,391
Decrease:						
Transferred to DCR - Capital Additions	4,148,072	232,124				4,380,196
	4,148,072	232,124	-	-	-	4,380,196
Net Changes for the Year	-	(183,805)	-	-	-	(183,805)
Balance, end of year	-	763,614	-	-	-	763,614





School District 8
Kootenay Lake

Financial Discussion & Analysis

For the Year Ended June 30, 2023





ACKNOWLEDGEMENT

We acknowledge, respect and honour the First Nations in whose traditional territories the Kootenay Lake School District operates and all Aboriginal people residing within the boundaries of School District No. 8.



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ABOUT THE DISTRICT

Located in the Central Kootenays in BC, School District No. 8 (SD8) operates six families of schools in the communities of Nelson, Salmo, Creston, Crawford Bay, Kaslo and the Slocan Valley with the majority of the students living in Nelson and Creston. The school district serves approximately 4,800 students and their families in over 15 rural communities. Employing 900 staff in full- and part-time positions, SD8 has annual operating, special purpose, and capital budgets totaling approximately \$74.5 million.

STRATEGIC PLAN 2024–2029

On May 16, 2023, School District No. 8 (Kootenay Lake) completed and approved its new strategic plan for 2024 to 2029, a high-level roadmap for the district for the next five years. Over 700 people in the district attended community meetings and participate online in the development of the plan. Over 1,882 ideas were received from trustees, staff, students, families, Indigenous partners, and education partners as well as from the broader community which formed the basis for the vision, mission and values and the five strategic priorities.

The school district’s mission, vision, and values are outlined below.

Mission

We inspire and support each learner to thrive in a caring learning environment.

Vision

Our learners grow as global citizens in an innovative and inclusive community.

Values

Our values help shape the culture of our schools and workplaces. By upholding these beliefs and attitudes, we can build learning communities that will lead to the fulfilment of our mission.



The financial statements outlined in this discussion report align with the vision, mission and values of SD8 and support the five priorities set out in the district’s strategic plan, which are as follows:

Strategic Priorities

Lifelong Learners

We improve student learning through interest-based, competency-based, flexible and innovative approaches.



Connected Learners

We inspire learners to become curious, critical, and creative stewards of the natural world and the local and global community.



Caring and Inclusive Learning Culture

We promote physical and mental well-being through social-emotional learning to foster compassionate learners.



Cultural and Identity Development

We promote a positive sense of identity in culturally safe and responsive communities of learning.



Career Development

We prepare students to graduate with options for their future life and career goals.



FINANCIAL DISCUSSION AND ANALYSIS

Introduction

This document will discuss and analyze the financial performance of School District No. 8 (Kootenay Lake) for the fiscal year that ended on June 30, 2023 and will provide information in relation to the prior year and the amended annual budget. The district's financial statements represent the consolidation of three separate funds: operating, special purpose and capital. This is only an introduction and should be read in conjunction with the district's audited financial statements and accompanying notes.

District Funding and Enrolment

SD8 is funded through the Operating Grant received from the B.C. Ministry of Education and Child Care. The Operating Grant is based on student enrolment, confirmed through a process called the 1701 in September, February, and May. The district receives a fixed amount per full-time enrolled student (FTE). For each identified student with unique needs, the district receives a supplementary grant on top of the basic per-pupil grant which provides additional financial resources required to ensure schools respond to the needs of the diverse learners.

In grades kindergarten through nine, one student equates to one FTE. At the secondary level, in grades ten through twelve, students are funded based on the percentage of full-time enrolment. As a result, there is variation in funding for secondary students, as often they will take less than a full course load or seek learning opportunities and experiences outside of school to meet their credit requirements. This funding model for secondary can pose a significant challenge if enrolments change significantly between years, and the district considers the potential impact of this throughout the financial planning process.

Student Enrolment

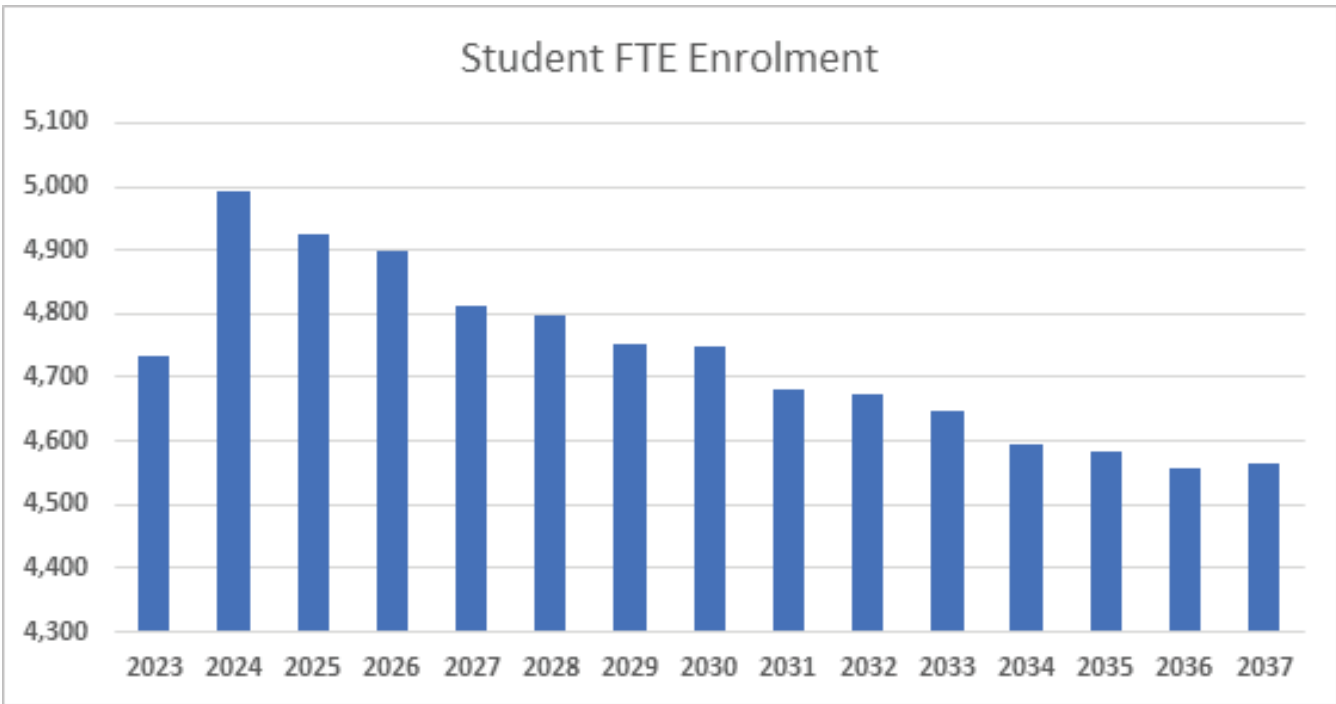
The following table compares the student FTE enrolment against the previous year:

	February 2023 Enrolment Figures	February 2022 Enrolment Figures	Change
School Age	4,732.563	4,719.570	12.993
Adult	2.125	3.620	(1.495)
Total FTEs	4,734.688	4,723.190	11.498

As can be seen in this table, 2022-2023 enrolment increased by 11.498 student FTE (less than 1%) when compared to the prior year.



Future Enrolment Projections



The trending for student enrolments in the district shows an overall projected decline of 169 student FTEs (3.5%) between 2023 and 2037. The district might also expect changes in net migration that may positively impact enrolment.



Financial Planning Process

The annual budget cycle begins with the Board’s endorsement of a process and timeline for budget adoption, which was confirmed by the Board in December 2022. By February 15th each year, the district must submit the expected student enrolment for the upcoming school year to the Ministry of Education and Child Care.

Provincial operating grant funding estimates are based on these initial student enrolment projections, which are released each March. Throughout the spring, an internal and public consultation process is undertaken to identify budget priorities. The district incorporates those priorities into the preliminary operating budget as directed by the Board. By June 30th each year, the Board must adopt a budget for the upcoming school year. Additionally, the Board is required to approve an amended budget based on actual confirmed enrolment counts and Operating Grant revenues and submit that to the ministry in February.



Financial Statements – Accounting Policies and Funds

The financial statements of School District No. 8 (Kootenay Lake) have been prepared in accordance with the Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the British Columbia Treasury Board.

Significant accounting and reporting practices are summarized in Note 2 of the financial statements. These include the following:

- Operating expenses are recorded in the year the good or service is received.
- Operating grants are not restricted in use and are recorded as revenue when received or receivable.
- Restricted contributions are recorded as deferred contributions until the funds are expended.
- Contributions for capital projects are recorded as deferred capital contributions once they are invested in capital assets.
- Capital assets and deferred capital contributions are amortized over the estimated useful life of the assets.

To meet reporting requirements, the following funds are utilized:

<p>Operating Fund</p>	<ul style="list-style-type: none"> • Transactions include operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance, and transportation. • Boards of Education are required by the School Act to prepare a balanced budget for the Operating Fund (i.e. no deficit).
<p>Special Purpose Funds</p>	<ul style="list-style-type: none"> • Special Purpose Funds consist of targeted funding and related funding provided to the school district for a specific purpose and related expenditures. • Pursuant to Sections 156(4) and (5) of the School Act, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund. • Unspent special purpose funds are carried forward to be used in future year(s) for their specified purpose.
<p>Capital Fund</p>	<ul style="list-style-type: none"> • Transactions include capital expenditures related to equipment and facility purchases as well as equipment and facility enhancements. • The funding source of these purchases and enhancements determines to which capital fund the expenditures will be charged. • Funding sources include Ministry of Education and Child Care Bylaw Capital, Ministry of Education and Child Care Restricted Capital, Other Provincially Restricted Capital, Land Capital as well as Local Capital. • The Capital Fund is not part of a Board’s operating balanced budget and may be in deficit. As such a board may incur an annual deficit for the portion of amortization expense that exceeds amortization of deferred capital contributions.



Statement of Operations – By Fund

The following table breaks out district operations for the year ended June 30, 2023 by Operating, Special Purpose and Capital funds, as well showing fund surpluses and transfers between funds.

Year Ended June 30, 2023	Operating Fund	Special Purpose Funds	Capital Funds	All Funds Total
Revenues	\$	\$	\$	\$
Provincial Grants				
Ministry of Education & Child Care	59,588,322	10,898,042	-	70,486,364
Other	291,137	42,366	-	333,503
Tuition	1,721,799	-	-	1,721,799
Other Revenue	592,451	1,771,667	-	2,364,118
Rentals & Leases	112,997	-	-	112,997
Investment Income	274,554	(2,274)	7,547	279,827
Amortization of Deferred Capital Revenue	-	-	2,859,351	2,859,351
Total Revenue	62,581,260	12,709,801	2,866,898	78,157,959
Expenses				
Instruction	42,904,269	12,058,695	-	53,962,964
District Administration	4,373,441	81,968	-	4,455,409
Operations & Maintenance	8,326,630	441,593	-	8,768,223
Transportation & Housing	2,906,660	24,760	-	2,931,420
Amortization of Tangible Capital Assets	-	-	3,864,779	3,864,779
Total Expenses	58,511,000	12,607,016	3,864,779	74,982,795
Surplus (Deficit)	4,070,260	102,785	(997,881)	3,175,164
Net Transfers from/(to) Other Funds				
Inter-fund Transfers for Tangible Capital Assets	(389,373)	(102,785)	492,158	-
Total Net Transfers	(389,373)	(102,785)	492,158	-
Total Surplus (Deficit) for the year	3,680,887	-	(505,723)	3,175,164
Surplus beginning of the year	1,478,816	-	21,270,534	22,749,350
Accumulated Surplus end of the year	5,159,703	-	20,764,811	29,924,514

Operating Fund revenues of \$62.6 million represent 80% of the district's total revenue of \$78.2 million. A small portion of the Operating Fund revenues (\$0.4 million) were used to invest in capital projects during the year, resulting in an ending Accumulated Surplus in the Operating Fund of \$5.2 million.

Statement of Operations – All Funds

The following table compares the year ended June 30, 2023 to the prior year and to the amended budget for the Operating, Fund, Special Purpose Fund and Capital Fund combined, summarizing key information in Statement 2 of the financial statements.

Year Ended June 30, 2023	2022-2023 Actual	2021-2022 Actual	Variance to 2021-2022 Actual	2022-2023 Amended Budget	Variance to Amended Budget
Revenues	\$	\$	\$	\$	\$
Provincial Grants					
Ministry of Education & Child Care	70,486,364	64,824,719	5,661,645	66,614,880	3,871,484
Other	333,503	528,484	(194,981)	409,576	(76,073)
Tuition	1,721,799	1,623,110	98,689	1,770,150	(48,351)
Other Revenue	2,364,118	2,033,866	330,252	1,857,010	507,108
Rentals & Leases	112,997	104,459	8,538	72,000	40,997
Investment Income	279,827	76,196	203,631	116,000	163,827
Gain on Disposal of Tangible Capital Assets	-	133,710	(133,710)	-	-
Amortization of Deferred Capital Revenue	2,859,351	2,759,845	99,506	2,859,112	239
Total Revenue	78,157,959	72,084,389	6,073,570	73,698,728	4,459,231
Expenses					
Salaries	47,681,145	46,244,573	1,436,572	47,356,638	324,507
Employee Benefits	11,988,788	11,735,592	253,196	11,786,060	202,728
Total Salaries and Benefits	59,669,933	57,980,165	1,689,768	59,142,698	527,235
Supplies and Services	11,448,083	10,925,002	523,081	11,494,278	(46,195)
Amortization of Tangible Capital Assets	3,864,779	3,753,521	111,258	3,855,396	9383
Total Expenses	74,982,795	72,658,688	2,324,107	74,492,372	490,423
Surplus (Deficit) for the Year	3,175,164	(574,299)	3,749,463	(793,644)	3,968,808

Revenues

Total Revenue were \$78.2 million and increased by \$6.1 million compared to the prior year due to:

- Additional grants from the Ministry of Education and Child Care of \$5.7 million (\$2.6 million in the Operating Fund and \$3.1 million in the Special Purpose Fund)
- Additional other revenue of \$0.3 million mainly coming from School Generated Funds
- Additional tuition revenue of \$0.1 million from the International Education programs
- Additional investment income of \$0.2 million from higher investment balances and interest rates

Approximately \$3.9 million of the Provincial Grants from the Ministry of Education and Child Care were not confirmed when finalizing the amended budget resulting in the positive variance to budget. Most of the school-generated revenues were also realized after the amended budget was finalized in the latter half of the school year.

Expenses

Total Expenses were \$75.0 million and increased by \$2.3 million with \$1.7 million relating to salaries and benefits, \$0.5 million relating to supplies and services and \$0.1 million related to amortization. Salaries and benefits increased as a result of contractual wage increases which were offset by staff reductions and some vacancies in the district office. Salaries and benefits were \$0.5 million above budget due to the contractual wage increases not being confirmed when finalizing the amended annual budget.

Supplies and services, which includes student transportation, professional development and travel, rentals and leases, dues and membership fees, insurance and utilities increased by \$0.5 million due to additional amounts spent on contracted services, collective bargaining, website and shared IT application development costs, emergency supplies, and board election costs. Overall, the supplies and services were \$46K under budget. More detail is provided in the Operating Fund Results and Special Purpose Fund Results section of this report.

Amortization of Tangible Capital Assets increased by \$0.1 million due to additional tangible capital assets constructed or purchased but was on budget.



Operating Fund Results

The following table compares the year ended June 30, 2023 to the prior year and to the amended budget for the Operating Fund, summarizing key information from Schedules 2, 2A, 2B and 2C in the financial statements.

Year Ended June 30, 2023	2022-2023 Actual	2021-2022 Actual	Variance to 2021-2022 Actual	2022-2023 Amended Budget	Variance to Amended Budget
Revenues	\$	\$	\$	\$	\$
Provincial Grants					
Ministry of Education & Child Care	59,588,322	56,947,891	2,640,431	57,268,706	2,319,616
Other	291,137	528,484	(237,347)	320,076	(28,939)
Tuition	1,721,799	1,623,110	98,689	1,770,150	(48,351)
Other Revenue	592,451	548,816	43,635	560,010	32,441
Rentals & Leases	112,997	104,459	8,538	72,000	40,997
Investment Income	274,554	51,885	222,669	100,000	174,554
Total Revenue	62,581,260	59,804,645	2,776,615	60,090,942	2,490,318
Expenses					
Salaries	39,702,318	40,822,996	(1,120,678)	41,068,994	(1,366,676)
Employee Benefits	10,076,100	10,392,717	(316,617)	10,236,669	(160,569)
Total Salaries and Benefits	49,778,418	51,215,713	(1,437,295)	51,305,663	(1,527,245)
Supplies and Services	8,732,582	8,319,825	412,757	8,761,779	(29,197)
Total Expenses	58,511,000	59,535,538	(1,024,538)	60,067,442	(1,556,442)
Surplus (Deficit) for the Year	4,070,260	269,107	3,801,153	23,500	4,046,760
Inter-fund Transfers for Tangible Capital Assets	(389,373)	(98,994)	(290,379)	(23,500)	(365,873)
Net Surplus (Deficit) for the Year	3,680,887	170,113	3,510,774	-	3,680,887

Revenues

Total Revenues in the Operating Fund were \$62.6 million and increased by \$2.8 million compared to the prior year due to additional grants from the Ministry of Education and Child Care. The Ministry provided \$2.2 million of additional funding related to the labour settlement and an additional \$0.4 million related to student enrolment and unique geographic factor funding. Confirmation of the labour settlement funding was received after finalization of the amended budget and accounts for the positive variance to budget of \$2.3 million.

Provincial Grants – Other decreased by \$0.2 million but were consistent with the amended budget. Increases in tuition from international students of \$0.1 million and an increase in investment income of \$0.2 million from higher investment balances and interest rates account for the other increases over the prior year and positive variances to budget.

Expenses

Total Expenses in the Operating Fund were \$58.5 million and decreased by \$1.0 million compared to the prior year. Salaries and benefits decreased by \$1.4 million compared to 2021-2022 and were \$1.5 million below budget, however, overall salaries and employee benefits increased, but were funded by Special Purpose Funds. (see further discussion in Special Purpose Funds Results in this report).

Services and Supplies increased by \$0.4 million compared to 2021-2022; however, the expenditures were close to budget (\$29K variance). Increases in contracted services, collective bargaining costs, website and shared IT application development costs, emergency services, board election costs resulted in higher service costs (\$0.3 million). Student transportation costs increased by \$48K due to higher fuel costs and more field trips. Professional Development and Travel costs increased by \$0.2 million but were fully budgeted. Higher supply costs for operations and maintenance were offset by lower supply costs for instruction. Utilities were budgeted at a similar level to 2021-2022; however, savings of \$0.1 million were realized due to lower than budgeted electricity, natural gas and propane costs.



Special Purpose Fund Results

The following table compares the year ended June 30, 2023 to the prior year and to the amended budget for the Special Purpose Fund, summarizing key information from Schedule 3 of the financial statements.

Year Ended June 30, 2023	2022-2023 Actual	2021-2022 Actual	Variance to 2021-2022 Actual	2022-2023 Amended Budget	Variance to Amended Budget
Revenues	\$	\$	\$	\$	\$
Provincial Grants					
Ministry of Education & Child Care	10,898,042	7,876,828	3,021,214	9,346,174	1,551,868
Other	42,366	-	42,366	89,500	(47,134)
Other Revenue	1,771,667	1,485,050	286,617	1,297,000	474,667
Investment Income	(2,274)	7,751	(10,025)	16,000	(18,274)
Total Revenue	12,709,801	9,369,629	3,340,172	10,748,674	1,961,127
Expenses					
Salaries	7,978,827	5,421,577	2,557,250	6,287,644	1,691,183
Employee Benefits	1,912,688	1,342,875	569,813	1,549,391	363,297
Total Salaries and Benefits	9,891,515	6,764,452	3,127,063	7,837,035	2,054,480
Supplies and Services	2,715,501	2,605,177	110,324	2,732,499	(16,998)
Total Expenses	12,607,016	9,369,629	3,237,387	10,569,534	2,037,482
Surplus (Deficit) for the Year	102,785	-	102,785	179,140	(76,355)
Inter-fund Transfers for Tangible Capital Assets	(102,785)	-	(102,785)	(179,140)	76,355
Net Surplus (Deficit) for the Year	-	-	-	-	-

Revenues

Special Purpose Fund revenues and expenses are \$3.3 million higher than 2021-2022 and \$2.0 million above budget. The increases in revenue and positive variances to budget related to Ministry funded programs (\$3.0 million) and School Generated Funds (\$0.3 million).

Expenses

For expenses, the salaries and benefits increased by \$3.1 million and were \$2.0 million above budget due to additional salaries and benefits in the Classroom Enhancement Fund, Early Childhood Dual Credit Program and the Early Care & Learning programs. Supplies and services were \$0.1 million higher than 2021-2022, however, only \$17K above budget.



Special Purpose Results by Program

The following table shows variances to prior year and to amended budget for the special purpose programs, summarizing key information from Schedule 3A of the financial statements.

Year Ended June 30, 2023	2022-2023 Actual	2021-2022 Actual	Variance to 2021-2022 Actual	2022-2023 Amended Budget	Variance to Amended Budget
Provincial Grants - Ministry of Education & Child Care Funding	\$	\$	\$	\$	\$
Annual Facility Grant	279,640	273,690	5,950	279,640	-
Learning Improvement Fund	195,556	196,548	(992)	188,506	7,050
Strong Start	99,451	199,494	(100,043)	170,000	(70,549)
Ready, Set, Learn	35,086	163,194	(128,108)	39,200	(4,114)
OLEP	97,202	116,547	(19,345)	112,788	(15,586)
CommunityLink	636,884	676,391	(39,507)	650,695	(13,811)
Classroom Enhancement Fund (CEF)	8,535,240	5,863,734	2,671,506	6,656,425	1,878,815
First Nation Student Transportation	24,760	28,399	(3,639)	23,755	1,005
Mental Health in Schools	62,126	138,151	(76,025)	62,126	-
Changing Results for Young Children	30,294	51,170	(20,876)	59,985	(29,691)
Safe Return to School	58,490	78,111	(19,621)	58,490	-
Federal Safe Return	71,564	61,318	10,246	71,564	-
Seamless Day Kindergarten	74,473	22,455	52,018	82,945	(8,472)
Early Childhood Education Dual Credit Program	193,780	7,626	186,154	161,501	32,279
Student & Family Affordability	309,496	-	309,496	553,554	(244,058)
Early Years to Kindergarten (SEY2KT)	19,000	-	19,000	-	19,000
Early Care and Learning (ECL)	175,000	-	175,000	175,000	-
After School Sports & Arts Grant	15,366	-	15,366	62,500	(47,134)
Health Promoting Schools	27,000	-	27,000	27,000	-
Other Internally Restricted Funding Revenue					
Scholarships and Bursaries	26,390	61,031	(34,641)	25,000	1,390
School Generated Funds	1,703,435	1,298,543	404,892	1,250,000	453,435
Donations	39,568	133,227	(93,659)	38,000	1,568
Total Revenue in Special Purpose Fund	12,709,801	9,369,629	3,340,172	10,748,674	1,961,127



Capital Fund Results

The following table compares the year ended June 30, 2023 to the prior year and to the amended budget for the Capital Fund, summarizing key information from Schedule 4 in the financial statements.

Year Ended June 30, 2023	2022-2023 Actual	2021-2022 Actual	Variance to 2021-2022 Actual	2022-2023 Amended Budget	Variance to Amended Budget
Revenues	\$	\$	\$	\$	\$
Investment Income	7,547	16,560	(9,013)	-	7,547
Gain on Disposal of Tangible Capital Asset	-	133,710	(133,710)	-	-
Amortization of Deferred Capital Revenue	2,859,351	2,759,845	99,506	2,859,112	239
Total Revenue	2,866,898	2,910,115	(43,217)	2,859,112	7,786
Expenses					
Amortization of Tangible Capital Assets	3,864,779	3,753,521	111,258	3,855,396	9,383
Total Expenses	3,864,779	3,753,521	111,258	3,855,396	12,683
Surplus (Deficit) for the Year	(997,881)	(843,406)	(154,475)	(996,284)	(1,597)
Inter-fund Transfers for Tangible Capital Assets	492,158	98,994	393,164	202,640	289,518
Net Surplus (Deficit) for the Year	(505,723)	(744,412)	238,689	(793,644)	287,921

Unlike the Operating Fund which cannot have a deficit, the Capital Fund will generally have a deficit each year which relates to amortization expense exceeding amortization revenue. The net deficit after inter-fund transfers is \$0.5 million which is lower than the 2021-2022 deficit of \$0.8 million and lower than the budgeted deficit of \$0.8 million.

Unspent Deferred Capital Revenue

Unspent Deferred Capital Revenue and Local Capital balances in the Capital Fund are available for spending on tangible capital assets in the future, subject to approval for the restricted capital balances. The balances increase when grants are received and investment income is earned and decrease when amount are spent on tangible capital assets.

	June 30, 2022 Balance	Increases	Decreases	June 30, 2023 Balance
	\$	\$	\$	\$
Bylaw Capital	-	4,148,072	(4,148,072)	-
Restricted Capital - Ministry of Education & Child Care	947,419	48,319	(232,124)	763,614
Local Capital	132,292	7,547	-	139,839
	1,079,711	4,203,938	(4,380,196)	903,453

Bylaw Capital

Bylaw Capital represents Ministry of Education and Child Care capital grants drawn on Certificates of Approval (COA) for capital projects and includes amounts for specific capital projects funded by the Ministry of Education and Child Care, capital portion of the Annual Facility Grant, carbon neutral capital project funding, playground equipment funding and other project funding paid through a COA. During the year, the school district received \$4.1 million in bylaw capital funding which was used for projects related to or purchases of:

- Buildings (\$2.8 million),
- Furniture and equipment (\$0.2 million)
- Vehicles (\$1.1 million)

Restricted Capital

Ministry of Education and Child Care restricted capital represents the ministry's portion (usually 75%) of the proceeds on disposal of land and buildings, and any bylaw project surpluses on completed projects. The ministry's permission must be received to spend these funds. The school district used \$0.2 million on building projects, resulting in an ending accumulated surplus balance of \$0.8 million at June 30, 2023.

Local Capital Reserve

The Board's Local Capital Reserve was generated in prior years from investment income and 25% of the proceeds received on excess real estate sold which are added to local capital. Local Capital Reserves were not utilized in 2022-2023 for tangible capital asset acquisitions and increased slightly due to investment income earned.



Statement of Financial Position

The following table shows the district's financial position as at June 30, 2023 compared to the prior year.

As at	June 30, 2023 Actual	June 30, 2022 Actual	Increase (Decrease)	Increase (Decrease)
Financial Assets	\$	\$	\$	%
Cash & Cash Equivalents				
Accounts Receivable	15,945,527	11,449,610	4,495,917	39%
Due from Province - MoECC	291,636	515,154	(223,518)	(43%)
Due from Province - Other	86,231	160,700	(74,469)	(46%)
Other	947,266	465,732	481,534	103%
Portfolio Investments	434,075	416,768	17,307	4%
Total Financial Assets	17,704,735	13,007,964	4,696,771	36%
Liabilities				
Accounts Payable				
Due to Province - Ministry of Education and Child Care	6,360	-	6,360	0.0%
Other	6,478,595	5,456,587	1,022,008	19%
Unearned Revenue	937,494	966,194	(28,700)	(3%)
Deferred Revenue	2,798,945	2,754,297	44,648	2%
Deferred Capital Revenue	50,605,861	49,268,821	1,337,040	3%
Employee Benefits	1,640,511	1,488,524	151,987	10%
Asset Retirement Obligation	2,240,535	2,240,535	-	0%
Total Liabilities	64,708,301	62,174,958	2,533,343	4%
Net Financial Assets (Debt)	(47,003,566)	(49,166,994)	2,163,428	(4%)
Non-Financial Assets				
Tangible Capital Assets	72,707,655	71,700,080	1,007,575	1%
Prepaid Expenses	282,533	216,264	66,269	31%
Total Non-Financial Assets	72,990,188	71,916,344	1,073,844	1%
Accumulated Surplus (Deficit)	25,986,622	22,749,350	3,237,272	14%



The financial position of the school district improved with net financial debt decreasing by \$2.1 million, non-financial assets increasing by \$1.1 million, and the resulting accumulated surplus increasing by \$3.2 million. The district's current ratio which is a measure of the district's ability to pay short-term obligations or those due within one year has also improved, increasing from 2.31 as at June 30, 2022 to 2.66 as at June 30, 2023. The district holds its excess cash in the B.C. provincial government's Central Depository Program, where the funds earn a safe return.

Financial Assets

Total Financial Assets have increased by \$4.7 million compared to the prior year mainly due to additional cash and cash equivalents. The Accounts Receivable from the Ministry of Education and Child Care is mainly for Bylaw Capital projects for building enhancements. The Other Receivables are amounts due from other school districts and third parties and have increased due to a greater number of invoices issued at June 30, 2023 compared to the prior year.

Liabilities

Total liabilities have increased by \$2.5 million compared to the prior year mainly due to higher Accounts Payable (\$1.0 million) and higher Deferred Capital Revenue (\$1.3 million). Accounts Payable balances increased due to a greater number of invoices related to the current year being paid in July 2023. Deferred Capital Revenue increased as a result of the provincial funding for capital projects of \$4.2 million exceeding the amortization of \$2.9 million for the 2022-2023 school year.

Non-Financial Assets

Non-Financial Assets increased by \$1.1 million compared to the prior year due to additional tangible capital assets constructed or purchased of \$4.9 million including improvement to the district's facilities (\$3.2 million), vehicles (\$1.3 million), furniture and equipment (\$0.3 million) and computer hardware (\$0.1 million) offset by amortization of \$3.8 million.



Accumulated Surplus Discussion

The changes to and balances in the accumulated surplus accounts for the year are shown in the table below:

	June 30, 2022 Balance	Surplus (Deficit) for the Year	Transfers Between Funds	June 30, 2023 Balance
	\$	\$	\$	\$
Operating Fund	1,478,816	4,070,260	(389,373)	5,159,703
Special Purpose Funds	-	102,785	(102,785)	-
Capital Fund	21,270,534	(997,881)	492,158	20,764,811
Accumulated Surplus excluding Remeasurement Gains	22,749,350	3,175,164	-	25,924,514

The school district has \$26 million in Accumulated Surplus and Remeasurement Gains as at June 30, 2023 of which \$5.2 million is related to the Operating Fund and \$20.8 million is related to the Capital Fund.

Operating Fund Accumulated Surplus

An accumulated surplus balance in the Operating Fund indicates that a school district has net resources that can be used to provide future services or acquire assets.

The school district’s accumulated operating surplus policy which is Policy 621: Accumulated Operating Surplus states that:

- The accumulated operating surplus will service as a contingency reserve for the risks associated with unexpected increases in expenses and/or decreases in revenues; one-time costs not included in the annual operating budget; and intermittent projects and initiatives.
- Achieving targeted surplus levels of 3% to 5% is important for achieving educational goals and addressing financial health, stability, and risk.
- Allocating surplus funds (i.e. internally restricting funds) supports long-term planning by mitigating changes in revenue and making provisions for unexpected events.

The Ministry of Education and Child Care also has policy related to operating surplus. It implemented the K-12 Public Education Accumulated Operating Policy on July 2021 to ensure consistency, transparency, and accountability for the use of educational operating funding that is not used in the year in which it was provided. The Policy establishes three categories of Internally Restricted Operating Surplus:

1. Restricted Due to the Nature of Constraints on the Funds – includes categories such as contractual obligations; funding required to meet the education spending targets; and school generated funds (not externally restricted).
2. Restricted for Anticipated Unusual Expenses Identified by the Board – includes short-term, variable needs; new initiatives; emerging events; and self-insurance on assets.
3. Restricted for Operations Spanning Multiple School Years – future years’ operations/budget; school and department surplus/carry-forwards; operating projects in progress; technology, utilities, equipment and capital projects; purchase order commitments; and educational pilots spanning multiple years.

The following table provides the details on the portion of the district’s Accumulated Operating Surplus that is internally restricted and unrestricted (subject to a motion being passed by the Board to appropriate additional amounts). The information is also contained in Note 20 of the financial statements.

	June 30, 2022 Balances	June 30, 2023 Balances	Change
	\$	\$	\$
Due to Nature of Constraints on Funds	149,173	195,382	(46,209)
For Unanticipated Unusual Expenses	100,000	-	100,000
For Operations Spanning Multiple School Years	2,434,633	454,776	1,979,857
Total Internally Restricted Operating Surplus	2,683,806	650,168	2,033,648
Unrestricted Operating Surplus	2,475,897	828,658	1,647,239
Total Operating Accumulated Surplus	5,159,703	1,478,816	3,680,887

The majority of the internally restricted balance is resitricted for Operations Spanning Multiple School Years and will be used for classroom furniture and equipment, vehicle, technology upgrade, school surplus carryforwards, and operating projects in progress.

The unrestricted surplus at \$2.5 million is approximately 4% of the budgeted 2023-2024 operating expenses which is within the 3% to 5% range outlined in [Policy 621: Accumulated Operating Surplus](#). This level of unrestricted operating surplus provides the district with financial stability over the long term.

Capital Fund Accumulated Surplus

There are two categories of accumulated surplus in the Capital Fund – Invested in Tangible Capital Assets and Local Capital, totalling \$20,764,811. The accumulated surplus for Invested in Tangible Capital Assets is \$20,624,872 and the accumulated surplus for Local Capital is \$139,939. Only the portion pertaining to the Local Capital is available for internally restricting by the Board. The remainder of the accumulated surplus relating to Invested in Tangible Capital Assets must be left unrestricted.

The entire amount of the Local Capital accumulated surplus balance of \$139,939 is appropriated for the purchase of facilities and equipment (subject to a motion being passed by the Board to appropriate this amount). This information is also contained in Note 20 of the financial statements.

