

Audited Financial Statements of

School District No. 8 (Kootenay Lake)

And Independent Auditors' Report thereon

June 30, 2020

School District No. 8 (Kootenay Lake)

June 30, 2020

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School District No. 8 (Kootenay Lake)

MANAGEMENT REPORT

Version: 4464-3718-1736

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 the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.


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

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.


The Board of Education of School District No. 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 statements on a monthly basis and externally audited financial statements yearly.

The external auditors, Grant Thornton 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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.


On behalf of School District No. 8 (Kootenay Lake)


Signature of the Chairperson of the Board of Education

Sept 22/2020
Date Signed


Signature of the Superintendent

Sept 22, 2020
Date Signed


Signature of the Secretary Treasurer

Sep 22, 2020
Date Signed

Independent auditor's report

To the Board of Education of School District No. 8 (Kootenay Lake)
and the Ministry of Education

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Opinion

We have audited the financial statements of School District No. 8 (Kootenay Lake) ("the District"), which comprise the statement of financial position as at June 30, 2020, and the statement of operations, statement of changes in net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of School District No. 8 (Kootenay Lake) as at June 30, 2020 and for the year then ended, 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 ("Section 23.1").

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 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

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

Other matter – Supplementary Information

We draw attention to the fact that the supplementary information included in Schedules 1 through 4 do 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

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in 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. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Financial Statement Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting requirements of Section 23.1, 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 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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 District to cease to continue as a going concern.

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.

Kelowna, Canada
September 22, 2020



Chartered Professional Accountants

School District No. 8 (Kootenay Lake)

Statement 1

Statement of Financial Position


As at June 30, 2020

	2020 Actual \$	2019 Actual \$
Financial Assets		
Cash and Cash Equivalents (Note 3)	9,743,185	10,821,489
Accounts Receivable		
Due from Province - Ministry of Education	76,364	26,863
Other (Note 4)	662,435	370,299
Portfolio Investments (Note 5)	413,128	411,274
Total Financial Assets	<u>10,895,112</u>	<u>11,629,925</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 6)	4,926,540	4,467,192
Unearned Revenue (Note 7)	249,138	683,017
Deferred Revenue (Note 8)	2,336,334	2,341,518
Deferred Capital Revenue (Note 9)	48,985,793	49,450,686
Employee Future Benefits (Note 10)	881,519	742,886
Total Liabilities	<u>57,379,324</u>	<u>57,685,299</u>
Net Debt	<u>(46,484,212)</u>	<u>(46,055,374)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 11)	71,129,778	71,054,116
Prepaid Expenses	506,643	233,955
Total Non-Financial Assets	<u>71,636,421</u>	<u>71,288,071</u>
Accumulated Surplus (Deficit)	<u>25,152,209</u>	<u>25,232,697</u>

Contractual Obligations (Note 15)

Contingent Liabilities (Note 16)

Approved by the Board



Signature of the Chairperson of the Board of Education

Sept 22, 2020
Date Signed



Signature of the Superintendent

Sept 22, 2020
Date Signed



Signature of the Secretary Treasurer

Sep 22, 2020
Date Signed

School District No. 8 (Kootenay Lake)

Statement of Operations
Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	61,821,333	62,272,433	59,557,061
Other	452,126	486,291	457,866
Tuition	1,777,250	1,567,940	2,340,737
Other Revenue	2,963,263	2,561,745	3,149,413
Rentals and Leases	130,000	116,129	127,371
Investment Income	190,600	141,545	185,416
Gain (Loss) on Disposal of Tangible Capital Assets			122,499
Amortization of Deferred Capital Revenue	2,733,453	2,733,453	2,586,568
Total Revenue	<u>70,068,025</u>	<u>69,879,536</u>	<u>68,526,931</u>
Expenses			
Instruction	53,502,014	52,916,782	51,774,642
District Administration	3,099,427	3,082,219	2,849,642
Operations and Maintenance	10,563,710	11,506,032	10,845,172
Transportation and Housing	2,902,874	2,454,991	2,608,530
Total Expense	<u>70,068,025</u>	<u>69,960,024</u>	<u>68,077,986</u>
Surplus (Deficit) for the year	<u>-</u>	<u>(80,488)</u>	<u>448,945</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		25,232,697	24,783,752
Accumulated Surplus (Deficit) from Operations, end of year		<u>25,152,209</u>	<u>25,232,697</u>

School District No. 8 (Kootenay Lake)

Statement of Changes in Net Debt

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Surplus (Deficit) for the year		(80,488)	448,945
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(3,421,827)	(3,566,419)	(4,888,567)
Amortization of Tangible Capital Assets	3,490,757	3,490,757	3,230,202
Net carrying value of Tangible Capital Assets disposed of			387,638
Total Effect of change in Tangible Capital Assets	68,930	(75,662)	(1,270,727)
Acquisition of Prepaid Expenses		(506,642)	(233,955)
Use of Prepaid Expenses		233,954	107,890
Total Effect of change in Other Non-Financial Assets	-	(272,688)	(126,065)
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>68,930</u>	(428,838)	(947,847)
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		(428,838)	(947,847)
Net Debt, beginning of year		(46,055,374)	(45,107,527)
Net Debt, end of year		(46,484,212)	(46,055,374)

School District No. 8 (Kootenay Lake)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2020

	2020 Actual \$	2019 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	(80,488)	448,945
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(341,637)	690,313
Prepaid Expenses	(272,688)	(126,065)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	459,348	(504,261)
Unearned Revenue	(433,879)	(515,146)
Deferred Revenue	(5,184)	257,446
Employee Future Benefits	138,633	(73,421)
Loss (Gain) on Disposal of Tangible Capital Assets	-	(122,499)
Amortization of Tangible Capital Assets	3,490,757	3,230,202
Amortization of Deferred Capital Revenue	(2,733,453)	(2,586,568)
Non-Cash Adjustment to Other Capital		(154,339)
Total Operating Transactions	221,409	544,607
Capital Transactions		
Tangible Capital Assets Purchased	(3,566,419)	(4,888,567)
District Portion of Proceeds on Disposal		137,500
Total Capital Transactions	(3,566,419)	(4,751,067)
Financing Transactions		
Capital Revenue Received	2,268,560	3,265,907
Total Financing Transactions	2,268,560	3,265,907
Investing Transactions		
Proceeds on Disposal of Portfolio Investments	(1,854)	10,325
Total Investing Transactions	(1,854)	10,325
Net Increase (Decrease) in Cash and Cash Equivalents	(1,078,304)	(930,228)
Cash and Cash Equivalents, beginning of year	10,821,489	11,751,717
Cash and Cash Equivalents, end of year	9,743,185	10,821,489
Cash and Cash Equivalents, end of year, is made up of:		
Cash	9,743,185	10,821,489
	9,743,185	10,821,489

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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") comprised of nine Trustees is elected to a four-year term governs the School District. The School District provides educational programs to students enrolled in schools in the School District and is principally funded by the Province of British Columbia through the Ministry of Education. The School District is exempt from federal and provincial corporate income taxes.

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instruction in March 2020 and the School District remained open to continue to support students and families in a variety of ways. Parents were given the choice to send their children back to school on a gradual and part-time basis beginning June 1 with new health and safety guidelines. As of September 2020, the Province of BC directed schools to welcome students back to classrooms under Stage 2 of the provincial K-12 Restart Plan. The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the District is not practicable at this time.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

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

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

a) Basis of Accounting (continued)

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

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

- Year-ended June 30, 2020 – decrease in annual surplus of \$369,531
- June 30, 2020 – increase in accumulated surplus and decrease in deferred contributions by \$48,504,293
- Year-ended June 30, 2019 – increase in annual surplus of \$458,031
- June 30, 2019 – increase in accumulated surplus and decrease in deferred contributions by \$48,873,824

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 to meet short-term cash commitments rather than to seek an investment return.

c) Accounts Receivable

Accounts receivable are measured at amortized cost and shown net of allowance for doubtful accounts.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

d) Portfolio Investments

The School District has an investment in a mutual fund, which is quoted in an active market and reported at fair value, and the associated transaction costs are expensed upon initial recognition. The change in the 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.

Impairment is defined as a loss in value of a portfolio investment that is other than a temporary decline and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

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 (such as for the School District's International and Distance Education programs). 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(m).

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the Statement of Operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 2(a) for the impact of this policy on these financial statements.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

g) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements. The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing. The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2019 and projected to March 31, 2022. The next valuation will be performed at March 31, 2022 for use at June 30, 2022. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The School District and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

h) Asset Retirement Obligations

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

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

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

i) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School district:
 - is directly responsible; or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

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.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

k) 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

l) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Notes 14 – Interfund Transfers and Note 20 – Internally Restricted Surplus). Funds and reserves are disclosed on Schedules 1, 2, 3 and 4.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

m) Revenue Recognition

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

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

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

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

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

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

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

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.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

n) Expenditures

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Categories of Salaries:

- Principals, 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 aboriginal education, are allocated to these programs. All other costs are allocated to related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

o) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The School District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable 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 financial instruments.

Except for portfolio investments in equity instruments quoted in an active market that are recorded at fair value, all financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Statement of Operations.

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

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

p) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2 a) requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the potential impairment of assets, liabilities for contaminated sites, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

q) Future Changes in Accounting Policies

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

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

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

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

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

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

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

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

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

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are funds in the amount of \$956,067 (2019 - \$809,711), 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

	2020	2019
GST rebate	\$ 61,241	\$ 66,232
Other school districts	244,299	102,818
Invoices receivable	188,095	159,799
Other receivables	168,800	41,450
	\$ 662,435	\$ 370,299

NOTE 5 PORTFOLIO INVESTMENTS

	2020	2019
Investments in the fair value category:		
Mutual funds, equities and corporate bonds	\$ 413,128	\$ 411,274

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES – OTHER

	2020	2019
Trade payables	\$ 2,721,441	\$ 2,645,003
Salaries and benefits payable	762,523	565,433
Accrued vacation pay	486,509	447,045
Teacher 12-month pay accrual	956,067	809,711
	\$ 4,926,540	\$ 4,467,192

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 7 UNEARNED REVENUE

	2020	2019
Balance, beginning of year	\$ 683,017	\$ 1,198,163
Increases:		
Tuition fees	249,138	659,267
	249,138	659,267
Decreases:		
Tuition fees	(683,017)	(1,127,163)
Other fees	-	(47,250)
	(683,017)	(1,174,413)
Balance, end of year	\$ 249,138	\$ 683,017

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. Detailed information about the changes in deferred revenue is included in Schedule 3A.

	2020	2019
Balance, beginning of year	\$ 2,341,518	\$ 2,084,072
Add: Restricted grants	9,419,457	10,597,221
Less: Allocated to revenue	(9,424,641)	(10,339,775)
Balance, end of year	\$ 2,336,334	\$ 2,341,518

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. Detailed information about the changes in deferred capital revenue is included in Schedules 4C and 4D.

	2020	2019
Balance, beginning of year	\$ 49,450,686	\$ 49,298,323
Add: Contributions received in the year (Capital Additions)	2,268,560	2,853,407
Add: Restricted proceeds of disposal – Property Sales	-	412,500
Less: Amortization of deferred capital revenue	(2,733,453)	(2,586,568)
Less: Revenues recognized on Disposal of Buildings	-	(372,637)
Less: Transfers to operating	-	(154,339)
Balance, end of year	\$ 48,985,793	\$ 49,450,686

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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.

	2020	2019
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 1,226,005	\$ 970,134
Service Cost	117,277	75,639
Interest Cost	31,146	26,938
Benefit Payments	(119,343)	(198,645)
Actuarial (Gain) Loss	(54,422)	351,939
Accrued Benefit Obligation – March 31	\$ 1,200,663	\$ 1,226,005

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation – March 31	\$ 1,200,663	\$ 1,226,005
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	(1,200,663)	(1,226,005)
Employer Contributions After Measurement Date	2,277	58,072
Benefits Expense After Measurement Date	(38,011)	(37,106)
Unamortized Net Actuarial (Gain) Loss	354,878	462,151
Accrued Benefit Asset (Liability) – June 30	\$ (881,519)	\$ (742,888)

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability – July 1	\$ 742,888	\$ 816,307
Net expense for Fiscal Year	202,180	129,844
Employer Contributions	(63,548)	(203,265)
Accrued Benefit Liability – June 30	\$ 881,519	\$ 742,886

	2020	2019
Components of Net Benefit Expense		
Service Cost	\$ 118,859	\$ 86,047
Interest Cost	30,469	27,991
Amortization of Net Actuarial (Gain)/Loss	52,852	15,806
Net Benefit Expense (Income)	\$ 202,180	\$ 129,844

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

	2020	2019
Discount Rate – April 1	2.50%	2.75%
Discount Rate – March 31	2.25%	2.50%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	9.5	9.5

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 11 TANGIBLE CAPITAL ASSETS

Net Book Value:	2020	2019
Sites	\$ 9,039,595	\$ 9,039,595
Buildings	57,836,079	57,542,233
Vehicles	2,573,668	3,029,053
Furniture and Equipment	779,153	764,742
Computer Hardware	901,283	678,493
Computer Software	-	-
Total	\$ 71,129,778	\$ 71,054,116

June 30, 2020	Balance at			Balance at
Cost	July 1, 2019	Additions	Disposals	June 30, 2020
Sites	\$ 9,039,595	\$ -	\$ -	\$ 9,039,595
Buildings	130,182,245	2,968,455	-	133,150,700
Vehicles	5,351,966	79,812	(576,218)	4,855,560
Furniture and equipment	1,137,930	128,204	(122,656)	1,143,478
Computer hardware	835,795	389,948	(152,137)	1,073,606
Computer software	-	-	-	-
Total	\$ 146,547,531	\$ 3,566,419	\$ (851,011)	\$ 149,262,939

Accumulated Amortization	Balance at			Balance at
	July 1, 2019	Additions	Disposals	June 30, 2020
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	72,640,012	2,674,609	-	75,314,621
Vehicles	2,322,913	535,197	(576,218)	2,281,892
Furniture and equipment	373,188	113,793	(122,656)	364,325
Computer hardware	157,302	167,158	(152,137)	172,323
Computer software	-	-	-	-
Total	\$ 75,493,415	\$ 3,490,757	\$ (851,011)	\$ 78,133,161

June 30, 2019	Balance at			Balance at
Cost	July 1, 2018	Additions	Disposals	June 30, 2019
Sites	\$ 9,054,596	\$ -	\$ (15,001)	\$ 9,039,595
Buildings	128,726,356	2,782,352	(1,326,463)	130,182,245
Vehicles	4,261,860	1,100,230	(10,124)	5,351,966
Furniture and equipment	1,035,557	401,436	(299,063)	1,137,930
Computer hardware	231,246	604,549	-	835,795
Computer software	30,695	-	(30,695)	-
Total	\$ 143,340,310	\$ 4,888,567	\$ (1,681,346)	\$ 146,547,531

Accumulated Amortization	Balance at			Balance at
	July 1, 2018	Additions	Disposals	June 30, 2019
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	70,945,759	2,648,079	(953,826)	72,640,012
Vehicles	1,906,851	426,186	(10,124)	2,322,913
Furniture and equipment	568,695	103,556	(299,063)	373,188
Computer hardware	111,054	46,248	-	157,302
Computer software	24,562	6,133	(30,695)	-
Total	\$ 73,556,921	\$ 3,230,202	\$ (1,293,708)	\$ 75,493,415

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 12 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2018, the Teachers' Pension Plan had about 48,000 active members from school districts and approximately 38,000 retired members from school districts. As of December 31, 2018, the Municipal Pension Plan had about 205,000 active contributors, of which approximately 26,000 are from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2017, indicated a \$1,656 million surplus for basic pension benefits on a going concern basis. As a result of the 2017 basic actuarial valuations surplus, plan enhancements and contribution rate adjustments were made; the remaining \$644 million surplus was transferred to the rate stabilization account. The next valuation for the Teachers' Pension Plan will be as at December 31, 2020, with results available in 2021.

The most recent available actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2.87 billion basic pension benefits funding surplus. The next valuation for the will be as at December 31, 2021, with results available in 2022.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The School District paid \$4,602,707 for employer contributions to the plans for the year ended June 30, 2020 (2019: \$4,641,097).

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 13 INTERFUND TRANSFERS

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

- Tangible capital assets purchased from operating funds – \$750,911 (2019 – \$1,048,875)
- Tangible capital assets purchased from special purpose funds – \$201,586 (2019 – \$81,958)

NOTE 14 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 15 CONTRACTUAL OBLIGATIONS

The School District has entered into a number of multiple-year contracts for office equipment, computer software and vehicles. 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.

	2021	2022	2023
Contractual obligations	\$55,995	\$36,393	\$29,787
Future operating lease payments			

NOTE 16 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.

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. As at June 30, 2020 the liability is not reasonably determinable.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 17 BUDGET FIGURES

Budget figures included in the financial statements are the School District’s amended annual budget adopted by the Board of Education on January 28, 2020 and reflect more current estimates on student FTE, classroom enhancement funding, revenues and expenditures. The original budget was approved by the Board through the adoption of an annual budget on May 30, 2019. Significant changes between the original and amended budget are as follows:

	Original Budget	Amended Budget	Change
Revenue			
Provincial Grants MOE	\$ 60,524,482	\$ 61,821,333	\$ 1,296,851
Tuition	1,906,512	1,777,250	(129,262)
Other	3,488,887	3,735,989	247,102
Amortization Deferred Cap. Revs.	2,586,567	2,733,453	146,886
	<u>\$ 68,506,448</u>	<u>\$ 70,068,025</u>	<u>\$ 1,561,577</u>
Expenses			
Instruction	\$ 52,494,832	\$ 53,502,014	\$ 1,007,182
District Administration	2,921,863	3,099,427	177,564
Operations and Maintenance	10,671,728	10,563,710	(108,018)
Transportation and Housing	2,501,667	2,902,874	401,207
	<u>\$ 68,590,090</u>	<u>\$ 70,068,025</u>	<u>\$ 1,477,935</u>

NOTE 18 EXPENSE BY OBJECT

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

	2020	2019
Salaries and benefits	\$ 56,137,861	\$ 52,930,557
Services and supplies	10,331,406	11,917,227
Amortization of tangible capital assets	3,490,757	3,230,202
	<u>\$ 69,960,024</u>	<u>\$ 68,077,986</u>

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 19 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

	2020	2019
Internally restricted (appropriated) by Board for:		
Schools and other programs	\$ 491,905	\$ 61,838
Community Grants Unspent	27,000	15,000
International program	76,000	76,000
Contractual Pro-D	163,854	112,703
Baragar Systems	79,543	108,050
Subtotal internally restricted	838,302	373,591
District reserve	500,000	500,000
Unrestricted operating surplus	194,860	973,802
 Total available for future operations	 \$ 1,533,162	 \$ 1,847,393

The increase in restricted funds for schools and other programs from \$61,838 to \$491,905 is due to cost savings by schools due to COVID-19 in 2019-2020. Under the Board’s financial accountability framework, any surplus or deficit at a school is carried forward from one year into the next by the school. In anticipation of these school surpluses in 2019-2020, the budget allocations to schools for 2020-2021 were reduced.

NOTE 20 ECONOMIC DEPENDENCE

The operations of the School District are dependent on continued funding from the Ministry of Education and various governmental agencies to carry out its programs. These financial statements have been prepared on a going concern basis.

NOTE 21 RISK MANAGEMENT

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, amounts receivable and investments.

The School District is 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.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 21 RISK MANAGEMENT *(continued)*

b) Market risk:

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its investments. It is management's opinion that the School District is not exposed to significant interest rate risk as 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.

NOTE 22 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, 2020

	Operating Fund	Special Purpose Fund	Capital Fund	2020 Actual	2019 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	1,847,393		23,385,304	25,232,697	24,783,752
Changes for the year					
Surplus (Deficit) for the year	436,680	201,586	(718,754)	(80,488)	448,945
Interfund Transfers					
Tangible Capital Assets Purchased	(750,911)	(201,586)	952,497	-	
Net Changes for the year	(314,231)	-	233,743	(80,488)	448,945
Accumulated Surplus (Deficit), end of year - Statement 2	1,533,162	-	23,619,047	25,152,209	25,232,697

School District No. 8 (Kootenay Lake)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	54,246,621	54,882,309	52,166,484
Other	452,126	486,291	457,866
Tuition	1,777,250	1,567,940	2,340,737
Other Revenue	363,263	555,272	245,989
Rentals and Leases	130,000	116,129	127,371
Investment Income	110,000	74,951	97,248
Total Revenue	<u>57,079,260</u>	<u>57,682,892</u>	<u>55,435,695</u>
Expenses			
Instruction	43,571,890	43,894,545	41,986,094
District Administration	3,099,427	3,082,219	2,790,714
Operations and Maintenance	6,943,365	7,814,457	7,204,629
Transportation and Housing	2,902,874	2,454,991	2,608,530
Total Expense	<u>56,517,556</u>	<u>57,246,212</u>	<u>54,589,967</u>
Operating Surplus (Deficit) for the year	<u>561,704</u>	<u>436,680</u>	<u>845,728</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(561,704)	(750,911)	(1,048,875)
Total Net Transfers	<u>(561,704)</u>	<u>(750,911)</u>	<u>(1,048,875)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(314,231)</u>	<u>(203,147)</u>
Operating Surplus (Deficit), beginning of year		1,847,393	2,050,540
Operating Surplus (Deficit), end of year		<u>1,533,162</u>	<u>1,847,393</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		1,338,302	873,591
Unrestricted		194,860	973,802
Total Operating Surplus (Deficit), end of year		<u>1,533,162</u>	<u>1,847,393</u>

School District No. 8 (Kootenay Lake)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	53,064,938	52,845,060	51,144,631
ISC/LEA Recovery	(64,533)	(96,555)	(64,533)
Other Ministry of Education Grants			
Pay Equity	300,996	300,996	300,996
Funding for Graduated Adults	19,092	27,147	29,938
Transportation Supplement	419,602	419,602	419,602
Economic Stability Dividend			53,671
Carbon Tax Grant	50,000	100,923	63,305
Employer Health Tax Grant	391,971	391,971	119,112
Strategic Priorities - Mental Health Grant			35,000
Support Staff Wage Increase Funding	-	273,150	
Teachers' Labour Settlement Funding	-	552,773	
NGN Self-Provisioned Sites	52,766	52,766	39,575
Provincial Assessment Grant	8,187	8,187	8,187
Miscellaneous	3,602	6,289	17,000
Total Provincial Grants - Ministry of Education	54,246,621	54,882,309	52,166,484
Provincial Grants - Other	452,126	486,291	457,866
Tuition			
International and Out of Province Students	1,747,250	1,512,940	2,309,337
Distance Education/Correspondence Course Fees	30,000	55,000	31,400
Total Tuition	1,777,250	1,567,940	2,340,737
Other Revenues			
Other School District/Education Authorities	187,512	244,299	90,328
Funding from First Nations	64,533	96,555	50,538
Miscellaneous			
Private School Bussing	67,348	60,588	79,470
Art Starts Grants	10,370	10,370	10,370
GIE Program Fees	-	97,588	-
Miscellaneous	33,500	45,872	15,283
Total Other Revenue	363,263	555,272	245,989
Rentals and Leases	130,000	116,129	127,371
Investment Income	110,000	74,951	97,248
Total Operating Revenue	57,079,260	57,682,892	55,435,695

School District No. 8 (Kootenay Lake)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Salaries			
Teachers	20,200,791	20,916,539	19,514,132
Principals and Vice Principals	4,166,768	3,903,818	3,809,854
Educational Assistants	4,235,878	4,089,854	3,863,032
Support Staff	6,275,946	6,934,504	6,478,893
Other Professionals	1,887,073	1,890,859	1,555,282
Substitutes	1,960,000	1,848,845	1,921,384
Total Salaries	38,726,456	39,584,419	37,142,577
Employee Benefits	9,259,659	9,988,631	9,226,212
Total Salaries and Benefits	47,986,115	49,573,050	46,368,789
Services and Supplies			
Services	1,424,960	1,519,389	1,494,406
Student Transportation	540,402	410,883	357,523
Professional Development and Travel	1,190,637	1,009,179	1,171,653
Rentals and Leases	83,021	53,494	157,646
Dues and Fees	81,226	74,885	83,298
Insurance	141,599	154,254	176,464
Supplies	3,759,610	2,916,607	3,334,797
Utilities	1,309,986	1,534,471	1,445,391
Total Services and Supplies	8,531,441	7,673,162	8,221,178
Total Operating Expense	56,517,556	57,246,212	54,589,967

School District No. 8 (Kootenay Lake)

Operating Expense by Function, Program and Object

Year Ended June 30, 2020

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	18,103,148	130,766	73,035	221,659		1,278,952	19,807,560
1.03 Career Programs	12,626					634	13,260
1.07 Library Services	125,720			110,025		1,571	237,316
1.08 Counselling	249,461						249,461
1.10 Special Education	1,908,424	67,358	3,727,590	93,566	159,009	185,738	6,141,685
1.30 English Language Learning	10,890						10,890
1.31 Indigenous Education	373,474	187,737	249,728	3,528	8,942	1,605	825,014
1.41 School Administration		3,270,769		1,049,491		45,872	4,366,132
1.62 International and Out of Province Students	100,231	127,242	39,501	70,856			337,830
1.64 Other							-
Total Function 1	20,883,974	3,783,872	4,089,854	1,549,125	167,951	1,514,372	31,989,148
4 District Administration							
4.11 Educational Administration	32,565	119,946			414,577		567,088
4.40 School District Governance					142,466		142,466
4.41 Business Administration				389,053	683,729		1,072,782
Total Function 4	32,565	119,946	-	389,053	1,240,772	-	1,782,336
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				34,340	390,148	385	424,873
5.50 Maintenance Operations				3,230,519		239,825	3,470,344
5.52 Maintenance of Grounds				197,323		228	197,551
5.56 Utilities							-
Total Function 5	-	-	-	3,462,182	390,148	240,438	4,092,768
7 Transportation and Housing							
7.41 Transportation and Housing Administration				49,232	91,988		141,220
7.70 Student Transportation				1,484,912		94,035	1,578,947
Total Function 7	-	-	-	1,534,144	91,988	94,035	1,720,167
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	20,916,539	3,903,818	4,089,854	6,934,504	1,890,859	1,848,845	39,584,419

School District No. 8 (Kootenay Lake)

Operating Expense by Function, Program and Object

Year Ended June 30, 2020

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	19,807,560	4,783,903	24,591,463	2,264,807	26,856,270	22,770,944	25,960,075
1.03 Career Programs	13,260	2,408	15,668	7,579	23,247		35,250
1.07 Library Services	237,316	61,929	299,245	35,723	334,968	988,696	343,776
1.08 Counselling	249,461	57,531	306,992	324	307,316	101,588	330,478
1.10 Special Education	6,141,685	1,849,546	7,991,231	228,969	8,220,200	10,447,364	6,962,492
1.30 English Language Learning	10,890	2,592	13,482		13,482		8,885
1.31 Indigenous Education	825,014	223,015	1,048,029	222,171	1,270,200	1,435,811	1,092,412
1.41 School Administration	4,366,132	1,001,309	5,367,441	122,002	5,489,443	6,160,804	5,433,345
1.62 International and Out of Province Students	337,830	76,627	414,457	915,226	1,329,683	1,610,683	1,764,962
1.64 Other	-	-	-	49,736	49,736	56,000	54,419
Total Function 1	31,989,148	8,058,860	40,048,008	3,846,537	43,894,545	43,571,890	41,986,094
4 District Administration							
4.11 Educational Administration	567,088	111,811	678,899	382,828	1,061,727	1,088,967	978,139
4.40 School District Governance	142,466	7,914	150,380	109,076	259,456	239,333	299,524
4.41 Business Administration	1,072,782	257,849	1,330,631	430,405	1,761,036	1,771,127	1,513,051
Total Function 4	1,782,336	377,574	2,159,910	922,309	3,082,219	3,099,427	2,790,714
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	424,873	87,199	512,072	226,387	738,459	1,005,735	767,580
5.50 Maintenance Operations	3,470,344	927,843	4,398,187	693,793	5,091,980	4,338,723	4,579,837
5.52 Maintenance of Grounds	197,551	50,903	248,454	102,193	350,647	288,921	515,463
5.56 Utilities	-	-	-	1,633,371	1,633,371	1,309,986	1,341,749
Total Function 5	4,092,768	1,065,945	5,158,713	2,655,744	7,814,457	6,943,365	7,204,629
7 Transportation and Housing							
7.41 Transportation and Housing Administration	141,220	34,249	175,469	14,064	189,533	211,094	86,650
7.70 Student Transportation	1,578,947	452,003	2,030,950	234,508	2,265,458	2,691,780	2,521,880
Total Function 7	1,720,167	486,252	2,206,419	248,572	2,454,991	2,902,874	2,608,530
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	39,584,419	9,988,631	49,573,050	7,673,162	57,246,212	56,517,556	54,589,967

School District No. 8 (Kootenay Lake)

Schedule of Special Purpose Operations

Year Ended June 30, 2020

Schedule 3 (Unaudited)

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	7,574,712	7,390,124	7,390,577
Other Revenue	2,600,000	2,006,473	2,903,424
Investment Income	35,000	28,044	45,774
Total Revenue	<u>10,209,712</u>	<u>9,424,641</u>	<u>10,339,775</u>
Expenses			
Instruction	9,930,124	9,022,237	9,788,548
District Administration	-	-	58,928
Operations and Maintenance	129,588	200,818	410,341
Total Expense	<u>10,059,712</u>	<u>9,223,055</u>	<u>10,257,817</u>
Special Purpose Surplus (Deficit) for the year	<u>150,000</u>	<u>201,586</u>	<u>81,958</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(150,000)	(201,586)	(81,958)
Total Net Transfers	<u>(150,000)</u>	<u>(201,586)</u>	<u>(81,958)</u>
Total Special Purpose Surplus (Deficit) for the year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Special Purpose Surplus (Deficit), beginning of year			-
Special Purpose Surplus (Deficit), end of year		<u><u>-</u></u>	<u><u>-</u></u>

School District No. 8 (Kootenay Lake)

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

Schedule 3A (Unaudited)

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Rural Education Enhancement Fund
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	690,878	1,389,151	43,912	78,855	10,373	56,359	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education	279,588	196,566			160,790	49,486	89,542	610,175	449,954
Other			16,092	1,834,732					
Investment Income			16,298	11,746					
	279,588	196,566	32,390	1,846,478	160,790	49,486	89,542	610,175	449,954
Less: Allocated to Revenue	279,588	196,566	24,529	1,874,667	160,130	27,325	80,593	649,056	449,954
Recovered									
Deferred Revenue, end of year	-	-	698,739	1,360,962	44,572	101,016	19,322	17,478	-
Revenues									
Provincial Grants - Ministry of Education	279,588	196,566			160,130	27,325	80,593	649,056	449,954
Other Revenue			8,231	1,862,921					
Investment Income			16,298	11,746					
	279,588	196,566	24,529	1,874,667	160,130	27,325	80,593	649,056	449,954
Expenses									
Salaries									
Teachers								85,146	121,465
Principals and Vice Principals									125,432
Educational Assistants		146,910					24,581	214,878	
Support Staff					2,710			10,082	70,648
Substitutes								8,226	
	-	146,910	-	-	2,710	-	24,581	318,332	317,545
Employee Benefits		49,656			814		8,429	102,584	83,735
Services and Supplies	78,002		24,529	1,874,667	156,606	27,325	47,583	228,140	48,674
	78,002	196,566	24,529	1,874,667	160,130	27,325	80,593	649,056	449,954
Net Revenue (Expense) before Interfund Transfers	201,586	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(201,586)								
	(201,586)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 8 (Kootenay Lake)

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

	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	Donations	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	49,886	-	-	-	22,104	2,341,518
Add: Restricted Grants								
Provincial Grants - Ministry of Education	232,309	5,177,655	107,455	7,172	30,500	65,362		7,456,554
Other							133,921	1,984,745
Investment Income								28,044
	232,309	5,177,655	107,455	7,172	30,500	65,362	133,921	9,469,343
Less: Allocated to Revenue	232,309	5,177,655	107,455	6,639	17,472	5,382	135,321	9,424,641
Recovered			49,886					49,886
Deferred Revenue, end of year	-	-	-	533	13,028	59,980	20,704	2,336,334
Revenues								
Provincial Grants - Ministry of Education	232,309	5,177,655	107,455	6,639	17,472	5,382		7,390,124
Other Revenue							135,321	2,006,473
Investment Income								28,044
	232,309	5,177,655	107,455	6,639	17,472	5,382	135,321	9,424,641
Expenses								
Salaries								
Teachers		4,180,080						4,386,691
Principals and Vice Principals								125,432
Educational Assistants								386,369
Support Staff	156,486							239,926
Substitutes	20,244		93,138					121,608
	176,730	4,180,080	93,138	-	-	-	-	5,260,026
Employee Benefits	47,675	997,575	14,317					1,304,785
Services and Supplies	7,904			6,639	17,472	5,382	135,321	2,658,244
	232,309	5,177,655	107,455	6,639	17,472	5,382	135,321	9,223,055
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	201,586
Interfund Transfers								
Tangible Capital Assets Purchased								(201,586)
	-	-	-	-	-	-	-	(201,586)
Net Revenue (Expense)	-	-	-	-	-	-	-	-

School District No. 8 (Kootenay Lake)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2020

	2020 Budget	2020 Actual			2019 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	45,600		38,550	38,550	42,394
Gain (Loss) on Disposal of Tangible Capital Assets				-	122,499
Amortization of Deferred Capital Revenue	2,733,453	2,733,453		2,733,453	2,586,568
Total Revenue	2,779,053	2,733,453	38,550	2,772,003	2,751,461
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	3,490,757	3,490,757		3,490,757	3,230,202
Total Expense	3,490,757	3,490,757	-	3,490,757	3,230,202
Capital Surplus (Deficit) for the year	(711,704)	(757,304)	38,550	(718,754)	(478,741)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	711,704	952,497		952,497	1,130,833
Total Net Transfers	711,704	952,497	-	952,497	1,130,833
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		250,000	(250,000)	-	
Total Other Adjustments to Fund Balances		250,000	(250,000)	-	
Total Capital Surplus (Deficit) for the year	-	445,193	(211,450)	233,743	652,092
Capital Surplus (Deficit), beginning of year		22,180,291	1,205,013	23,385,304	22,733,212
Capital Surplus (Deficit), end of year		22,625,484	993,563	23,619,047	23,385,304

School District No. 8 (Kootenay Lake)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2020

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	9,039,595	130,182,245	1,137,930	5,351,966	-	835,795	146,547,531
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,248,188	20,358	14			2,268,560
Deferred Capital Revenue - Other			95,362				95,362
Operating Fund		268,681	12,484	79,798		389,948	750,911
Special Purpose Funds		201,586					201,586
Local Capital		250,000					250,000
	-	2,968,455	128,204	79,812	-	389,948	3,566,419
Decrease:							
Deemed Disposals			122,656	576,218		152,137	851,011
	-	-	122,656	576,218	-	152,137	851,011
Cost, end of year	9,039,595	133,150,700	1,143,478	4,855,560	-	1,073,606	149,262,939
Work in Progress, end of year							-
Cost and Work in Progress, end of year	9,039,595	133,150,700	1,143,478	4,855,560	-	1,073,606	149,262,939
Accumulated Amortization, beginning of year		72,640,012	373,188	2,322,913		157,302	75,493,415
Changes for the Year							
Increase: Amortization for the Year		2,674,609	113,793	535,197		167,158	3,490,757
Decrease:							
Deemed Disposals			122,656	576,218		152,137	851,011
		-	122,656	576,218	-	152,137	851,011
Accumulated Amortization, end of year		75,314,621	364,325	2,281,892	-	172,323	78,133,161
Tangible Capital Assets - Net	9,039,595	57,836,079	779,153	2,573,668	-	901,283	71,129,778

School District No. 8 (Kootenay Lake)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2020

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	47,763,119	830,395	280,310	48,873,824
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,268,560	95,362		2,363,922
	<u>2,268,560</u>	<u>95,362</u>	<u>-</u>	<u>2,363,922</u>
Decrease:				
Amortization of Deferred Capital Revenue	2,668,924	55,185	9,344	2,733,453
	<u>2,668,924</u>	<u>55,185</u>	<u>9,344</u>	<u>2,733,453</u>
Net Changes for the Year	<u>(400,364)</u>	<u>40,177</u>	<u>(9,344)</u>	<u>(369,531)</u>
Deferred Capital Revenue, end of year	<u>47,362,755</u>	<u>870,572</u>	<u>270,966</u>	<u>48,504,293</u>
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Work in Progress, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Capital Revenue, end of year	<u>47,362,755</u>	<u>870,572</u>	<u>270,966</u>	<u>48,504,293</u>

School District No. 8 (Kootenay Lake)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2020

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	-	481,500	95,362	-	-	576,862
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	2,268,560					2,268,560
	<u>2,268,560</u>	-	-	-	-	<u>2,268,560</u>
Decrease:						
Transferred to DCR - Capital Additions	2,268,560		95,362			2,363,922
	<u>2,268,560</u>	-	<u>95,362</u>	-	-	<u>2,363,922</u>
Net Changes for the Year	-	-	(95,362)	-	-	(95,362)
Balance, end of year	-	481,500	-	-	-	481,500