

Audited Financial Statements of

School District No. 8 (Kootenay Lake)

And Independent Auditors' Report thereon

June 30, 2021

School District No. 8 (Kootenay Lake)

June 30, 2021

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School District No. 8 (Kootenay Lake)

MANAGEMENT REPORT

Version: 8921-8175-6193

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, 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 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 22/21
Date Signed


Signature of the Superintendent

Sept 22 - 21
Date Signed


Signature of the Secretary Treasurer

Sept 22, 2021
Date Signed

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, 2021, and the statements of operations, changes in net financial assets (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, 2021 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.

Other Matters

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.

The comparative amounts presented in these financial statements were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion on September 22, 2020.

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.



In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Prior to the date of this auditor's report, we obtained the Financial Statement Discussion and Analysis prepared by management. If, based on the work we have performed on this 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 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.

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.

BDO Canada LLP

Chartered Professional Accountants

Cranbrook, British Columbia
September 21, 2021

School District No. 8 (Kootenay Lake)

Statement 1

Statement of Financial Position

As at June 30, 2021

	2021 Actual \$	2020 Actual \$
Financial Assets		
Cash and Cash Equivalents (Note 3)	10,478,024	9,743,185
Accounts Receivable		
Due from Province - Ministry of Education	254,410	76,364
Due from Province - Other	158,931	-
Due from First Nations	12,139	96,555
Other (Note 4)	476,159	565,880
Portfolio Investments (Note 5)	447,231	413,128
Total Financial Assets	11,826,894	10,895,112
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education	7,740	-
Other (Note 6)	5,194,031	4,926,540
Unearned Revenue (Note 7)	772,143	249,138
Deferred Revenue (Note 8)	2,444,676	2,336,334
Deferred Capital Revenue (Note 9)	49,959,847	48,985,793
Employee Future Benefits (Note 10)	1,011,453	881,519
Total Liabilities	59,389,890	57,379,324
Net Debt	(47,562,996)	(46,484,212)
Non-Financial Assets		
Tangible Capital Assets (Note 11)	73,381,521	71,129,778
Prepaid Expenses	212,102	506,643
Total Non-Financial Assets	73,593,623	71,636,421
Accumulated Surplus (Deficit)	26,030,627	25,152,209

Contractual Obligations (Note 16)

Contingent Liabilities (Note 17)

Approved by the Board

Signature of the Chairperson of the Board of Education

Date Signed

Signature of the Superintendent

Date Signed

Signature of the Secretary Treasurer

Date Signed

School District No. 8 (Kootenay Lake)

Statement 2

Statement of Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	66,336,939	66,455,530	62,272,433
Other	454,224	447,483	486,291
Tuition	689,700	685,219	1,567,940
Other Revenue	2,593,356	1,730,109	2,608,674
Rentals and Leases	116,000	71,315	69,200
Investment Income	62,000	94,606	141,545
Gain (Loss) on Disposal of Tangible Capital Assets		104,955	
Amortization of Deferred Capital Revenue	2,725,489	2,725,519	2,733,453
Total Revenue	<u>72,977,708</u>	<u>72,314,736</u>	<u>69,879,536</u>
Expenses			
Instruction	53,916,357	53,237,709	52,916,782
District Administration	3,411,689	3,206,904	3,082,219
Operations and Maintenance	12,684,945	12,221,919	11,506,032
Transportation and Housing	2,880,313	2,769,786	2,454,991
Total Expense	<u>72,893,304</u>	<u>71,436,318</u>	<u>69,960,024</u>
Surplus (Deficit) for the year	<u>84,404</u>	<u>878,418</u>	<u>(80,488)</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		25,152,209	25,232,697
Accumulated Surplus (Deficit) from Operations, end of year		<u>26,030,627</u>	<u>25,152,209</u>

School District No. 8 (Kootenay Lake)

Statement of Changes in Net Debt

Year Ended June 30, 2021

Statement 4

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>84,404</u>	<u>878,418</u>	<u>(80,488)</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(4,869,784)	(6,068,867)	(3,566,419)
Amortization of Tangible Capital Assets	3,545,361	3,545,361	3,490,757
Net carrying value of Tangible Capital Assets disposed of	-	271,763	-
Total Effect of change in Tangible Capital Assets	<u>(1,324,423)</u>	<u>(2,251,743)</u>	<u>(75,662)</u>
Acquisition of Prepaid Expenses	-	(212,102)	(506,642)
Use of Prepaid Expenses	-	506,643	233,954
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>294,541</u>	<u>(272,688)</u>
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(1,240,019)</u>	<u>(1,078,784)</u>	<u>(428,838)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		<u>(1,078,784)</u>	<u>(428,838)</u>
Net Debt, beginning of year		<u>(46,484,212)</u>	<u>(46,055,374)</u>
Net Debt, end of year		<u><u>(47,562,996)</u></u>	<u><u>(46,484,212)</u></u>

School District No. 8 (Kootenay Lake)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2021

	2021 Actual	2020 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	878,418	(80,488)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(162,840)	(341,637)
Prepaid Expenses	294,541	(272,688)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	275,231	459,348
Unearned Revenue	523,005	(433,879)
Deferred Revenue	108,342	(5,184)
Employee Future Benefits	129,934	138,633
Loss (Gain) on Disposal of Tangible Capital Assets	(104,955)	-
Amortization of Tangible Capital Assets	3,545,361	3,490,757
Amortization of Deferred Capital Revenue	(2,725,519)	(2,733,453)
Total Operating Transactions	2,761,518	221,409
Capital Transactions		
Tangible Capital Assets Purchased	(6,068,867)	(3,566,419)
District Portion of Proceeds on Disposal	272,293	-
Total Capital Transactions	(5,796,574)	(3,566,419)
Financing Transactions		
Capital Revenue Received	3,803,998	2,268,560
Total Financing Transactions	3,803,998	2,268,560
Investing Transactions		
Non-Cash Deemed Disposal of Portfolio Investments	(34,103)	(1,854)
Total Investing Transactions	(34,103)	(1,854)
Net Increase (Decrease) in Cash and Cash Equivalents	734,839	(1,078,304)
Cash and Cash Equivalents, beginning of year	9,743,185	10,821,489
Cash and Cash Equivalents, end of year	10,478,024	9,743,185
Cash and Cash Equivalents, end of year, is made up of:		
Cash	10,478,024	9,743,185
	10,478,024	9,743,185

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 1 AUTHORITY AND PURPOSE

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. School District No. 8 (Kootenay Lake) is exempt from federal and provincial corporate income taxes.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting – Deferred Capital Revenues

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(f) and 2(l), 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.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

a) Basis of Accounting (cont'd)

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 are as follows:

- Year-ended June 30, 2021 – increase in annual surplus by \$157,175
- June 30, 2021 – increase in accumulated surplus and decrease in deferred contributions by \$48,661,468
- Year-ended June 30, 2020 – decrease in annual surplus by \$369,531
- June 30, 2020 – increase in accumulated surplus and decrease in deferred contributions by \$48,504,293

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, 2021

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

d) Portfolio Investments

The School District has investments in mutual funds, bonds and equity instruments that either have no maturity dates or have a maturity of greater than 3 months at the time of acquisition.

Portfolio investments are mutual funds and corporate bonds, which are quoted in an active market, and are recorded at market value and the associated transaction costs are expensed upon initial recognition and when marked to market at the end of the period.

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 Schools 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(l).

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, 2021

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

g) Employee Future Benefits

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

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

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

h) Liability for Contaminated Sites

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

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

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

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

i) 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.

j) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Contributed tangible capital assets are recorded at their fair market value on the date of contribution, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

Buildings	40 years
Furniture & Equipment	10 years
Vehicles	10 years
Computer Hardware	5 years

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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).

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.

Contributed tangible capital assets other than sites are recorded at fair market value and amortized over the useful life of the assets. Contributed 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, 2021

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

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

- District Principals, Principals, and Vice-Principals are categorized as Principals and Vice-Principals.
- Superintendents, Secretary-Treasurers, Directors of Instruction, 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, 2021

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

n) Financial Instruments

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

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

All financial assets and liabilities are recorded at 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.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations. Portfolio investments are marked to market at the end of the period, with gains or losses recorded in the Statement of Operations.

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 3280 Asset Retirement Obligations issued August 2018 establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective July 1, 2022. A liability will be recognized when, as at the financial reporting date:

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

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

p) Future Changes in Accounting Policies (cont'd)

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

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

PS 3400 Revenue issued November 2018 establishes standards on how to account for and report on revenue and is effective July 1, 2023. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

Revenue from transactions with performance obligations should be recognized when 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, 2021

NOTE 3 CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are funds in the amount of \$965,453 (2020 - \$956,067), 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

	2021	2020
Due from Federal Government	\$ 38,892	\$ 61,241
Due from Other School Districts	178,775	244,299
Invoices Receivables	94,975	91,840
Other Receivables	163,877	168,800
	<u>\$ 476,159</u>	<u>\$ 565,880</u>

NOTE 5 PORTFOLIO INVESTMENTS

	Market value 2021	2020
Investments in the fair value category:		
Mutual funds, equities and corporate bonds	<u>\$ 447,231</u>	<u>\$ 413,128</u>

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES – OTHER

	2021	2020
Trade payables	\$ 3,159,525	\$ 2,721,441
Salaries and benefits payable	609,681	762,523
Accrued vacation pay	457,081	486,509
Other – summer Teachers' savings plan	967,744	956,067
	<u>\$ 5,194,031</u>	<u>\$ 4,926,540</u>

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 7 UNEARNED REVENUE

	2021	2020
Balance, beginning of year	\$ 249,138	\$ 683,017
Changes for the year:		
2021-2022 fees collected	772,143	249,138
2020-2021 fees recognized	(249,138)	(683,017)
Balance, end of year	<u>\$ 772,143</u>	<u>\$ 249,138</u>

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.

	2021	2020
Balance, beginning of year	\$ 2,336,334	\$ 2,341,518
Add: Restricted grants	10,385,811	9,419,457
Less: Allocated to revenue	(10,277,469)	(9,424,641)
Balance, end of year	<u>\$ 2,444,676</u>	<u>\$ 2,336,334</u>

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.

	2021	2020
Balance, beginning of year	\$ 48,985,793	\$ 49,450,686
Add: Contributions received in the year (Capital Additions)	2,987,119	2,268,560
Add: Restricted proceeds of disposal – Property Sales (Note 12)	816,879	-
Less: Amortization of deferred capital revenue	(2,725,519)	(2,733,453)
Less: Revenues recognized on Disposal of Buildings	(104,425)	-
Less: Transfers to operating	-	-
Balance, end of year	<u>\$ 49,959,847</u>	<u>\$ 48,985,793</u>

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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.

	2021	2020
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 1,200,663	\$ 1,226,005
Service Cost	123,604	117,277
Interest Cost	28,438	31,146
Benefit Payments	(75,306)	(119,343)
Actuarial (Gain) Loss	(67,378)	(54,422)
Accrued Benefit Obligation – March 31	<u>\$ 1,210,021</u>	<u>\$ 1,200,663</u>

Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 1,210,021	\$ 1,200,663
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	(1,210,021)	(1,200,663)
Employer Contributions After Measurement Date	-	2,277
Benefits Expense After Measurement Date	(38,780)	(38,011)
Unamortized Net Actuarial (Gain) Loss	237,348	354,878
Accrued Benefit Asset (Liability) – June 30	<u>\$ (1,011,453)</u>	<u>\$ (881,519)</u>

Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 881,519	\$ 742,888
Net expense for Fiscal Year	202,963	202,180
Employer Contributions	(73,029)	(63,548)
Accrued Benefit Liability – June 30	<u>\$ 1,011,453</u>	<u>\$ 881,519</u>

Components of Net Benefit Expense		
Service Cost	\$ 123,985	\$ 118,859
Interest Cost	32,159	30,469
Amortization of Net Actuarial (Gain)/Loss	50,664	52,852
Net Benefit Expense (Income)	<u>\$ 206,809</u>	<u>\$ 202,180</u>

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

	2021	2020
Discount Rate – April 1	2.25%	2.50%
Discount Rate – March 31	2.50%	2.25%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	9.5	9.5

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 11 TANGIBLE CAPITAL ASSETS

Net Book Value:	2021	2020
Sites	\$ 8,970,507	\$ 9,039,595
Buildings	60,036,102	57,836,079
Vehicles	2,328,434	2,573,668
Furniture and Equipment	839,162	779,153
Computer Hardware	1,207,316	901,283
Total	\$ 73,381,521	\$ 71,129,778

June 30, 2021	Balance at July 1, 2020	Additions	Disposals	Balance at June 30, 2021
Cost				
Sites	\$ 9,039,595	\$ -	\$ (69,088)	\$ 8,970,507
Buildings	133,150,700	5,133,435	(523,729)	137,760,406
Vehicles	4,855,560	240,322	(582,807)	4,513,075
Furniture and equipment	1,143,478	174,358	(113,104)	1,204,732
Computer hardware	1,073,606	520,752	(19,686)	1,574,672
Total	\$ 149,262,939	\$ 6,068,867	\$ (1,308,414)	\$ 154,023,392

Accumulated Amortization	Balance at July 1, 2020	Additions	Disposals	Balance at June 30, 2021
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	75,314,621	2,730,737	(321,054)	77,724,304
Vehicles	2,281,892	485,556	(582,807)	2,184,641
Furniture and equipment	364,325	114,349	(113,104)	365,570
Computer hardware	172,323	214,719	(19,686)	367,356
Total	\$ 78,133,161	\$ 3,545,361	\$ (1,036,651)	\$ 80,641,871

June 30, 2020	Balance at July 1, 2019	Additions	Disposals	Balance at June 30, 2020
Cost				
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
Total	\$ 146,547,531	\$ 3,566,419	\$ (851,011)	\$ 149,262,939

Accumulated Amortization	Balance at July 1, 2019	Additions	Disposals	Balance at 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
Total	\$ 75,493,415	\$ 3,490,757	\$ (851,011)	\$ 78,133,161

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 12 DISPOSAL OF SITES AND BUILDINGS

570 Johnstone Road

During the year, the Board sold the property at 570 Johnstone Road, which was last used for District office space and before that was used as the North Shore Elementary School. The property was originally acquired in 1962, with construction of the original building and several renovations completed over time. The property was sold for gross proceeds of \$1,120,000, which, after deducting costs associated with the disposal, netted \$1,084,172. Of these net proceeds, \$813,409 (75%) was allocated to Restricted Capital and \$271,043 (25%) was allocated to Local Capital in accordance with the Ministry of Education regulation requiring a 75%/25% split when a property was originally purchased using funding provided by the Ministry of Education.

The carrying value of the building at the time of the sale was \$505,224, and there was \$302,548 in accumulated amortization, which were deducted from tangible capital assets and amortization, respectively.

W.E. Graham Elementary Secondary Modular

During the year, the Board sold a modular building that was last installed at W.E. Graham Elementary Secondary School. The modular building was original purchased in 1965 was an estimated \$18,505, which was fully amortized by the time of the sale. The structure was sold for \$5,000, of which \$3,750 (75%) was allocated to Restricted Capital and \$1,250 (25%) was allocated to Local Capital in accordance with the Ministry of Education regulation requiring a 75%/25% split when a property was originally purchased using funding provided by the Ministry of Education.

The carrying value of the modular building at the time of the sale was \$18,505, and there was \$18,505 in accumulated amortization, which were deducted from tangible capital assets and amortization, respectively.

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

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

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 13 EMPLOYEE PENSION PLANS *(Continued)*

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2017, indicated a \$1,656 million surplus for basic pension benefits on a going concern basis.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

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

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

NOTE 14 INTERFUND TRANSFERS

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

- Tangible capital assets purchased from operating funds - \$1,115,874 (2020 - \$750,911)
- Tangible capital assets purchased from special purpose funds - \$679,276 (2020 - \$201,586)

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 office equipment, computer equipment, 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.

	2022	2023	2024
Computer Equipment	\$ 210,000	\$ 210,000	\$ 210,000
Other	65,000	50,000	40,000

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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.

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, 2021 the liability is not reasonably 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 16, 2021, whereas the original budget was approved by the Board on April 28, 2020.

Significant changes between the original and amended budget are as follows:

	Original Budget	Amended Budget	Change
Revenue			
Provincial Grants MOE	\$ 62,596,447	\$ 66,336,939	\$ 3,740,492
Tuition	1,391,000	689,700	(701,300)
Other	3,680,489	3,225,580	(454,909)
Amortization Deferred Cap. Revs.	2,733,453	2,725,489	(7,964)
	<u>\$ 70,401,389</u>	<u>\$ 72,977,708</u>	<u>\$ 2,576,319</u>
Expenses			
Instruction	\$ 53,182,034	\$ 53,916,357	\$ 734,323
District Administration	3,523,616	3,411,689	(111,927)
Operations and Maintenance	10,903,174	12,684,945	1,781,771
Transportation and Housing	2,792,565	2,880,313	87,748
	<u>\$ 70,401,389</u>	<u>\$ 72,893,304</u>	<u>\$ 2,491,915</u>
Budgeted Surplus (Deficit)	<u>\$ -</u>	<u>\$ 84,404</u>	<u>\$ 84,404</u>

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 19 EXPENSE BY OBJECT

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

	2021	2020
Salaries and benefits	\$ 58,335,436	\$ 56,137,861
Services and supplies	9,555,521	10,331,406
Amortization of tangible capital assets	3,545,361	3,490,757
	<u>\$ 71,436,318</u>	<u>\$ 69,960,024</u>

NOTE 20 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

	2021	2020
Internally restricted (appropriated) by Board for:		
Schools and other programs	\$ 321,057	\$ 491,905
Community Grants Unspent	57,719	27,000
International program	76,000	76,000
Contractual Pro-D	195,382	163,854
Baragar Systems	-	79,543
Subtotal internally restricted	<u>650,158</u>	<u>838,302</u>
District reserve	500,000	500,000
Unrestricted operating surplus	<u>158,545</u>	<u>194,860</u>
Total available for future operations	<u>\$ 1,308,703</u>	<u>\$ 1,533,162</u>

NOTE 21 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 22 RISK MANAGEMENT

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

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

a) Credit risk:

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

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 22 RISK MANAGEMENT *(continued)*

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.

NOTE 23 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 1 (Unaudited)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2021 Actual	2020 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	1,533,162		23,619,047	25,152,209	25,232,697
Changes for the year					
Surplus (Deficit) for the year	891,415	679,276	(692,273)	878,418	(80,488)
Interfund Transfers					
Tangible Capital Assets Purchased	(1,115,874)	(679,276)	1,795,150	-	
Net Changes for the year	(224,459)	-	1,102,877	878,418	(80,488)
Accumulated Surplus (Deficit), end of year - Statement 2	1,308,703	-	24,721,924	26,030,627	25,152,209

School District No. 8 (Kootenay Lake)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	56,931,920	57,285,139	54,882,309
Other	454,224	447,483	486,291
Tuition	689,700	685,219	1,567,940
Other Revenue	508,356	667,403	602,201
Rentals and Leases	116,000	71,315	69,200
Investment Income	30,000	27,620	74,951
Total Revenue	58,730,200	59,184,179	57,682,892
Expenses			
Instruction	43,882,909	44,382,455	43,894,545
District Administration	3,304,119	3,198,916	3,082,219
Operations and Maintenance	8,144,328	8,043,282	7,814,457
Transportation and Housing	2,741,154	2,668,111	2,454,991
Total Expense	58,072,510	58,292,764	57,246,212
Operating Surplus (Deficit) for the year	657,690	891,415	436,680
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(657,690)	(1,115,874)	(750,911)
Total Net Transfers	(657,690)	(1,115,874)	(750,911)
Total Operating Surplus (Deficit), for the year	-	(224,459)	(314,231)
Operating Surplus (Deficit), beginning of year		1,533,162	1,847,393
Operating Surplus (Deficit), end of year		1,308,703	1,533,162
Operating Surplus (Deficit), end of year			
Internally Restricted		1,150,158	1,338,302
Unrestricted		158,545	194,860
Total Operating Surplus (Deficit), end of year		1,308,703	1,533,162

School District No. 8 (Kootenay Lake)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	54,689,259	55,142,127	52,845,060
ISC/LEA Recovery	(131,651)	(104,295)	(96,555)
Other Ministry of Education Grants			
Pay Equity	300,996	300,996	300,996
Funding for Graduated Adults	18,000	29,245	27,147
Student Transportation Fund	419,602	419,602	419,602
Carbon Tax Grant			100,923
Employer Health Tax Grant			391,971
Support Staff Wage Increase Funding			273,150
Teachers' Labour Settlement Funding	1,338,788	1,338,788	552,773
Early Career Mentorship Funding	105,000	105,000	-
FSA Scorer Grant	8,187	8,187	8,187
NGN Self-Provisioned Sites	43,200	43,200	52,766
Miscellaneous	2,289	2,289	6,289
Operating Grant, Ministry of Education (Additional Unique Needs)	138,250	-	-
Total Provincial Grants - Ministry of Education	56,931,920	57,285,139	54,882,309
Provincial Grants - Other	454,224	447,483	486,291
Tuition			
International and Out of Province Students	659,700	638,519	1,512,940
Distance Education/Correspondence Course Fees	30,000	46,700	55,000
Total Tuition	689,700	685,219	1,567,940
Other Revenues			
Other School District/Education Authorities	283,487	441,763	291,228
Funding from First Nations	131,651	104,295	96,555
Miscellaneous			
Private School Bussing	67,348	72,246	60,588
Cultural Grants	11,370	14,870	10,370
Sales	14,500	15,643	-
GIE Program Fees	-	9,217	97,588
Miscellaneous	-	9,369	45,872
Total Other Revenue	508,356	667,403	602,201
Rentals and Leases	116,000	71,315	69,200
Investment Income	30,000	27,620	74,951
Total Operating Revenue	58,730,200	59,184,179	57,682,892

School District No. 8 (Kootenay Lake)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Salaries			
Teachers	21,518,373	21,718,300	20,916,539
Principals and Vice Principals	4,225,882	4,372,278	3,903,818
Educational Assistants	3,611,337	3,730,209	4,089,854
Support Staff	6,998,126	6,909,694	6,934,504
Other Professionals	2,182,929	2,054,804	1,890,859
Substitutes	2,095,108	1,932,800	1,848,845
Total Salaries	40,631,755	40,718,085	39,584,419
Employee Benefits	10,276,802	10,084,414	9,988,631
Total Salaries and Benefits	50,908,557	50,802,499	49,573,050
Services and Supplies			
Services	1,409,010	1,389,505	1,519,389
Student Transportation	269,800	189,010	410,883
Professional Development and Travel	884,425	843,931	1,009,179
Rentals and Leases	41,400	43,442	53,494
Dues and Fees	78,944	97,838	74,885
Insurance	163,000	148,876	154,254
Supplies	2,898,374	3,250,854	2,916,607
Utilities	1,419,000	1,526,809	1,534,471
Total Services and Supplies	7,163,953	7,490,265	7,673,162
Total Operating Expense	58,072,510	58,292,764	57,246,212

School District No. 8 (Kootenay Lake)

Operating Expense by Function, Program and Object

Year Ended June 30, 2021

Schedule 2C (Unaudited)

	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	18,181,070	28,609				1,480,857	19,690,536
1.03 Career Programs	12,289						12,289
1.07 Library Services	233,163			107,324		179	340,666
1.08 Counselling	453,470						453,470
1.10 Special Education	2,101,544	16,891	3,519,000	75,614	163,496	158,623	6,035,168
1.30 English Language Learning	37,350						37,350
1.31 Indigenous Education	569,312	22,932	207,544			2,856	802,644
1.41 School Administration		3,926,227		1,123,848		27,341	5,077,416
1.62 International and Out of Province Students	103,183	141,017	3,665	116,664			364,529
1.64 Other							-
Total Function 1	21,691,381	4,135,676	3,730,209	1,423,450	163,496	1,669,856	32,814,068
4 District Administration							
4.11 Educational Administration	26,919	236,602			378,564		642,085
4.40 School District Governance					165,475		165,475
4.41 Business Administration				350,741	760,166	192	1,111,099
Total Function 4	26,919	236,602	-	350,741	1,304,205	192	1,918,659
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				27,419	492,455	3,034	522,908
5.50 Maintenance Operations				3,430,855		151,563	3,582,418
5.52 Maintenance of Grounds				199,359		6,502	205,861
5.56 Utilities							-
Total Function 5	-	-	-	3,657,633	492,455	161,099	4,311,187
7 Transportation and Housing							
7.41 Transportation and Housing Administration				44,957	94,648		139,605
7.70 Student Transportation				1,432,913		101,653	1,534,566
Total Function 7	-	-	-	1,477,870	94,648	101,653	1,674,171
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	21,718,300	4,372,278	3,730,209	6,909,694	2,054,804	1,932,800	40,718,085

School District No. 8 (Kootenay Lake)

Operating Expense by Function, Program and Object

Year Ended June 30, 2021

Schedule 2C (Unaudited)

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	19,690,536	4,827,317	24,517,853	2,309,343	26,827,196	26,681,607	26,856,270
1.03 Career Programs	12,289	2,771	15,060	5,884	20,944	-	23,247
1.07 Library Services	340,666	83,986	424,652	63,264	487,916	475,225	334,968
1.08 Counselling	453,470	106,151	559,621	994	560,615	313,713	307,316
1.10 Special Education	6,035,168	1,703,760	7,738,928	242,819	7,981,747	7,860,281	8,220,200
1.30 English Language Learning	37,350	8,859	46,209		46,209	48,667	13,482
1.31 Indigenous Education	802,644	240,490	1,043,134	198,277	1,241,411	1,395,999	1,270,200
1.41 School Administration	5,077,416	1,142,696	6,220,112	97,899	6,318,011	6,083,177	5,489,443
1.62 International and Out of Province Students	364,529	76,055	440,584	422,066	862,650	962,334	1,329,683
1.64 Other	-		-	35,756	35,756	61,906	49,736
Total Function 1	32,814,068	8,192,085	41,006,153	3,376,302	44,382,455	43,882,909	43,894,545
4 District Administration							
4.11 Educational Administration	642,085	126,886	768,971	240,897	1,009,868	1,245,821	1,061,727
4.40 School District Governance	165,475	9,625	175,100	58,583	233,683	267,138	259,456
4.41 Business Administration	1,111,099	250,202	1,361,301	594,064	1,955,365	1,791,160	1,761,036
Total Function 4	1,918,659	386,713	2,305,372	893,544	3,198,916	3,304,119	3,082,219
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	522,908	109,109	632,017	301,522	933,539	866,345	738,459
5.50 Maintenance Operations	3,582,418	895,635	4,478,053	681,288	5,159,341	5,440,922	5,091,980
5.52 Maintenance of Grounds	205,861	48,915	254,776	85,447	340,223	372,061	350,647
5.56 Utilities	-		-	1,610,179	1,610,179	1,465,000	1,633,371
Total Function 5	4,311,187	1,053,659	5,364,846	2,678,436	8,043,282	8,144,328	7,814,457
7 Transportation and Housing							
7.41 Transportation and Housing Administration	139,605	33,724	173,329	22,737	196,066	213,970	189,533
7.70 Student Transportation	1,534,566	418,233	1,952,799	519,246	2,472,045	2,527,184	2,265,458
Total Function 7	1,674,171	451,957	2,126,128	541,983	2,668,111	2,741,154	2,454,991
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	40,718,085	10,084,414	50,802,499	7,490,265	58,292,764	58,072,510	57,246,212

School District No. 8 (Kootenay Lake)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	9,405,019	9,170,391	7,390,124
Other Revenue	2,085,000	1,062,706	2,006,473
Investment Income	12,000	44,372	28,044
Total Revenue	11,502,019	10,277,469	9,424,641
Expenses			
Instruction	10,033,448	8,855,254	9,022,237
District Administration	107,570	7,988	-
Operations and Maintenance	995,256	633,276	200,818
Transportation and Housing	139,159	101,675	-
Total Expense	11,275,433	9,598,193	9,223,055
Special Purpose Surplus (Deficit) for the year	226,586	679,276	201,586
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(226,586)	(679,276)	(201,586)
Total Net Transfers	(226,586)	(679,276)	(201,586)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

School District No. 8 (Kootenay Lake)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2021

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	-	-	698,739	1,360,962	44,572	101,016	19,322	17,478	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education	279,588	200,282			160,000	49,000	84,115	631,599	207,086
Other			18,331	1,053,287					
Investment Income			10,993	33,379					
	279,588	200,282	29,324	1,086,666	160,000	49,000	84,115	631,599	207,086
Less: Allocated to Revenue	279,588	200,282	38,363	1,046,168	155,078	35,822	52,810	623,381	207,086
Deferred Revenue, end of year	-	-	689,700	1,401,460	49,494	114,194	50,627	25,696	-
Revenues									
Provincial Grants - Ministry of Education	279,588	200,282			155,078	35,822	52,810	623,381	207,086
Other Revenue			27,370	1,012,789					
Investment Income			10,993	33,379					
	279,588	200,282	38,363	1,046,168	155,078	35,822	52,810	623,381	207,086
Expenses									
Salaries									
Teachers								60,157	
Educational Assistants		149,464					20,350	243,523	
Support Staff									161,402
Substitutes									
	-	149,464	-	-	-	-	20,350	303,680	161,402
Employee Benefits		50,818					9,770	95,690	44,366
Services and Supplies	32,466		38,363	1,046,168	155,078	35,822	22,690	224,011	1,318
	32,466	200,282	38,363	1,046,168	155,078	35,822	52,810	623,381	207,086
Net Revenue (Expense) before Interfund Transfers	247,122	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(247,122)								
	(247,122)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 8 (Kootenay Lake)
Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2021

Schedule 3A (Unaudited)

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	Safe Return to School Grant	Federal Safe Return to Class Fund	Donations	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	533	13,028	59,980	-	-	20,704	2,336,334
Add: Restricted Grants									
Provincial Grants - Ministry of Education	5,147,364	65,231	32,647	55,000	25,000	437,667	1,856,158		9,230,737
Other								39,084	1,110,702
Investment Income									44,372
	5,147,364	65,231	32,647	55,000	25,000	437,667	1,856,158	39,084	10,385,811
Less: Allocated to Revenue	5,147,364	65,231	31,941	52,683	25,300	437,667	1,856,158	22,547	10,277,469
Deferred Revenue, end of year	-	-	1,239	15,345	59,680	-	-	37,241	2,444,676
Revenues									
Provincial Grants - Ministry of Education	5,147,364	65,231	31,941	52,683	25,300	437,667	1,856,158		9,170,391
Other Revenue								22,547	1,062,706
Investment Income									44,372
	5,147,364	65,231	31,941	52,683	25,300	437,667	1,856,158	22,547	10,277,469
Expenses									
Salaries									
Teachers	4,160,495						944,352		5,165,004
Educational Assistants							43,732		457,069
Support Staff						181,195	2,322		344,919
Substitutes		55,879					23,039	1,293	80,211
	4,160,495	55,879	-	-	-	181,195	1,013,445	1,293	6,047,203
Employee Benefits	986,869	9,352				57,043	231,619	207	1,485,734
Services and Supplies			31,941	52,683	300	199,429	203,940	21,047	2,065,256
	5,147,364	65,231	31,941	52,683	300	437,667	1,449,004	22,547	9,598,193
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	25,000	-	407,154	-	679,276
Interfund Transfers									
Tangible Capital Assets Purchased					(25,000)		(407,154)		(679,276)
	-	-	-	-	(25,000)	-	(407,154)	-	(679,276)
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 8 (Kootenay Lake)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual			2020 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	20,000		22,614	22,614	38,550
Gain (Loss) on Disposal of Tangible Capital Assets	-	104,955		104,955	-
Amortization of Deferred Capital Revenue	2,725,489	2,725,519		2,725,519	2,733,453
Total Revenue	<u>2,745,489</u>	<u>2,830,474</u>	<u>22,614</u>	<u>2,853,088</u>	<u>2,772,003</u>
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	3,545,361	3,545,361		3,545,361	3,490,757
Total Expense	<u>3,545,361</u>	<u>3,545,361</u>	<u>-</u>	<u>3,545,361</u>	<u>3,490,757</u>
Capital Surplus (Deficit) for the year	<u>(799,872)</u>	<u>(714,887)</u>	<u>22,614</u>	<u>(692,273)</u>	<u>(718,754)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	884,276	1,795,150		1,795,150	952,497
Total Net Transfers	<u>884,276</u>	<u>1,795,150</u>	<u>-</u>	<u>1,795,150</u>	<u>952,497</u>
Other Adjustments to Fund Balances					
District Portion of Proceeds on Disposal		(272,293)	272,293	-	
Tangible Capital Assets Purchased from Local Capital		1,286,598	(1,286,598)	-	
Total Other Adjustments to Fund Balances		<u>1,014,305</u>	<u>(1,014,305)</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>84,404</u>	<u>2,094,568</u>	<u>(991,691)</u>	<u>1,102,877</u>	<u>233,743</u>
Capital Surplus (Deficit), beginning of year		<u>22,625,484</u>	<u>993,563</u>	<u>23,619,047</u>	<u>23,385,304</u>
Capital Surplus (Deficit), end of year		<u>24,720,052</u>	<u>1,872</u>	<u>24,721,924</u>	<u>23,619,047</u>

School District No. 8 (Kootenay Lake)

Tangible Capital Assets
Year Ended June 30, 2021

Schedule 4A (Unaudited)

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	9,039,595	133,150,700	1,143,478	4,855,560	-	1,073,606	149,262,939
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,495,882	84,642	140,530			2,721,054
Deferred Capital Revenue - Other		266,065					266,065
Operating Fund		698,810	45,113	99,792		272,159	1,115,874
Special Purpose Funds		430,683				248,593	679,276
Local Capital		1,241,995	44,603				1,286,598
	-	5,133,435	174,358	240,322	-	520,752	6,068,867
Decrease:							
Disposed of	69,088	523,729					592,817
Deemed Disposals			113,104	582,807		19,686	715,597
	69,088	523,729	113,104	582,807	-	19,686	1,308,414
Cost, end of year	8,970,507	137,760,406	1,204,732	4,513,075	-	1,574,672	154,023,392
Work in Progress, end of year							-
Cost and Work in Progress, end of year	8,970,507	137,760,406	1,204,732	4,513,075	-	1,574,672	154,023,392
Accumulated Amortization, beginning of year		75,314,621	364,325	2,281,892		172,323	78,133,161
Changes for the Year							
Increase: Amortization for the Year		2,730,737	114,349	485,556		214,719	3,545,361
Decrease:							
Disposed of		321,054					321,054
Deemed Disposals			113,104	582,807		19,686	715,597
		321,054	113,104	582,807	-	19,686	1,036,651
Accumulated Amortization, end of year		77,724,304	365,570	2,184,641	-	367,356	80,641,871
Tangible Capital Assets - Net	8,970,507	60,036,102	839,162	2,328,434	-	1,207,316	73,381,521

School District No. 8 (Kootenay Lake)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2021

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	47,362,755	870,572	270,966	48,504,293
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,721,054	266,065		2,987,119
	2,721,054	266,065	-	2,987,119
Decrease:				
Amortization of Deferred Capital Revenue	2,651,454	64,721	9,344	2,725,519
Revenue Recognized on Disposal of Buildings	104,425			104,425
	2,755,879	64,721	9,344	2,829,944
Net Changes for the Year	(34,825)	201,344	(9,344)	157,175
Deferred Capital Revenue, end of year	47,327,930	1,071,916	261,622	48,661,468
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	47,327,930	1,071,916	261,622	48,661,468

School District No. 8 (Kootenay Lake)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2021

Schedule 4D (Unaudited)

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	-	481,500	-			481,500
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	2,721,054					2,721,054
Provincial Grants - Other			266,065			266,065
MEd Restricted Portion of Proceeds on Disposal		816,879				816,879
	2,721,054	816,879	266,065	-	-	3,803,998
Decrease:						
Transferred to DCR - Capital Additions	2,721,054		266,065			2,987,119
	2,721,054	-	266,065	-	-	2,987,119
Net Changes for the Year	-	816,879	-	-	-	816,879
Balance, end of year	-	1,298,379	-	-	-	1,298,379