

Audited Financial Statements of

School District No. 68 (Nanaimo-Ladysmith)

June 30, 2018

School District No. 68 (Nanaimo-Ladysmith)

June 30, 2018

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School District No. 68 (Nanaimo-Ladysmith)

MANAGEMENT REPORT

Version: 5348-4041-2059

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 68 (Nanaimo-Ladysmith) 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. 68 (Nanaimo-Ladysmith) (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 bi-annual basis and externally audited financial statements yearly.

The external auditors, KPMG, 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. 68 (Nanaimo-Ladysmith) 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. 68 (Nanaimo-Ladysmith)



Signature of the Chairperson of the Board of Education

2018/09/26

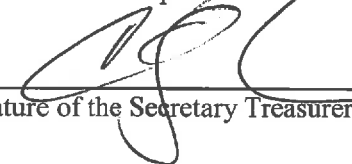
Date Signed



Signature of the Superintendent

2018/09/27

Date Signed



Signature of the Secretary Treasurer

2018/09/27

Date Signed



We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of School District No. 68 ((Nanaimo-Ladysmith) as at and for the year ended June 30, 2018 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

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

The financial statements of School District No. 68 (Nanaimo-Ladysmith) as at and for the year ending June 30, 2017 were audited by another auditor who expressed an unqualified opinion on those statements on September 27, 2017.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
September 26, 2018

School District No. 68 (Nanaimo-Ladysmith)

Statement of Financial Position

As at June 30, 2018

	2018 Actual	2017 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	31,154,304	28,132,642
Accounts Receivable		
Due from Province - Ministry of Education (Note 3)	277,838	489,150
Due from Province - Other	22,000	29,866
Due from LEA/Direct Funding	272,995	85,000
Other (Note 3)	593,319	565,000
Mortgage Receivable (Note 4)	469,360	106,620
Total Financial Assets	<u>32,789,816</u>	<u>29,408,278</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	12,304,464	9,056,470
Unearned Revenue (Note 6)	2,318,994	2,528,819
Deferred Revenue (Note 7)	2,329,131	2,093,045
Deferred Capital Revenue (Note 8)	120,680,287	116,929,468
Employee Future Benefits (Note 9)	1,805,041	1,747,779
Debt (Note 10)	158,839	490,664
Other Liabilities	1,304,360	1,450,573
Total Liabilities	<u>140,901,116</u>	<u>134,296,818</u>
Net Financial Assets (Debt)	<u>(108,111,300)</u>	<u>(104,888,540)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 11)	167,610,632	156,040,902
Total Non-Financial Assets	<u>167,610,632</u>	<u>156,040,902</u>
Accumulated Surplus (Deficit) (Note 12)	<u>59,499,332</u>	<u>51,152,362</u>

Contractual Obligations (Note 18)

Contractual Rights (Note 17)

Contingent Liabilities (Note 18)

Approved by the Board

Signature of the Chairperson of the Board of Education

2018/09/26

Date Signed

Signature of the Superintendent

2018/09/27

Date Signed

Signature of the Secretary Treasurer

2018/09/27

Date Signed

School District No. 68 (Nanaimo-Ladysmith)

Statement of Operations
Year Ended June 30, 2018

	2018 Budget (Note 13) \$	2018 Actual \$	2017 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	138,755,550	136,744,604	125,398,821
Other	200,416	284,116	168,416
Tuition	4,154,000	4,229,284	4,591,001
Other Revenue	5,027,647	6,566,467	5,236,526
Rentals and Leases	531,235	601,183	691,385
Investment Income	236,000	522,421	306,530
Gain (Loss) on Disposal of Tangible Capital Assets	4,839,918	4,839,918	
Amortization of Deferred Capital Revenue (Note 8)	5,450,000	5,446,762	5,170,886
Total Revenue	159,194,766	159,234,755	141,563,565
Expenses			
Instruction	124,424,306	120,055,361	109,458,267
District Administration	5,403,345	5,687,118	5,614,866
Operations and Maintenance	23,778,522	23,344,981	22,855,235
Transportation and Housing	1,632,777	1,795,762	1,613,550
Debt Services	4,500	4,563	12,470
Total Expense	155,243,450	150,887,785	139,554,388
Surplus (Deficit) for the year	3,951,316	8,346,970	2,009,177
Accumulated Surplus (Deficit) from Operations, beginning of year		51,152,362	49,143,185
Accumulated Surplus (Deficit) from Operations, end of year		59,499,332	51,152,362

School District No. 68 (Nanaimo-Ladysmith)

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2018

	2018 Budget (Note 13)	2018 Actual	2017 Actual
	\$	\$	\$
Surplus (Deficit) for the year	3,951,316	8,346,970	2,009,177
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(1,192,000)	(19,494,872)	(6,602,251)
Amortization of Tangible Capital Assets	7,787,000	7,915,060	7,277,312
Net carrying value of Tangible Capital Assets disposed of	10,082	10,082	
Total Effect of change in Tangible Capital Assets	6,605,082	(11,569,730)	675,061
Total Effect of change in Other Non-Financial Assets	-	-	-
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	10,556,398	(3,222,760)	2,684,238
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		(3,222,760)	2,684,238
Net Financial Assets (Debt), beginning of year		(104,888,540)	(107,572,778)
Net Financial Assets (Debt), end of year		(108,111,300)	(104,888,540)

School District No. 68 (Nanaimo-Ladysmith)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2018

	2018 Actual	2017 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	8,346,970	2,009,177
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	2,864	46,415
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	3,247,994	(359,169)
Unearned Revenue	(209,825)	175,784
Deferred Revenue	236,086	164,783
Employee Future Benefits	57,262	81,228
Other Liabilities	(146,213)	(250,892)
Loss (Gain) on Disposal of Tangible Capital Assets	(4,839,918)	
Amortization of Tangible Capital Assets	7,915,060	7,277,312
Amortization of Deferred Capital Revenue	(5,446,762)	(5,170,886)
Total Operating Transactions	<u>9,163,518</u>	<u>3,973,752</u>
Capital Transactions		
Tangible Capital Assets Purchased	(12,656,768)	(5,707,592)
Tangible Capital Assets -WIP Purchased	(5,048,911)	(894,659)
District Portion of Proceeds on Disposal	4,850,000	
Other Tangible Capital Assets Purchased	(1,789,193)	
Total Capital Transactions	<u>(14,644,872)</u>	<u>(6,602,251)</u>
Financing Transactions		
Loan Proceeds	-	490,664
Loan Payments	(331,825)	
Capital Revenue Received	9,197,581	4,341,786
Capital Lease Principal Payments		(980,318)
Total Financing Transactions	<u>8,865,756</u>	<u>3,852,132</u>
Investing Transactions		
Decrease (Increase) in Mortgage Receivable	(362,740)	7,577
Total Investing Transactions	<u>(362,740)</u>	<u>7,577</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>3,021,662</u>	<u>1,231,210</u>
Cash and Cash Equivalents, beginning of year	<u>28,132,642</u>	<u>26,901,432</u>
Cash and Cash Equivalents, end of year	<u>31,154,304</u>	<u>28,132,642</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	31,154,304	28,132,642
	<u>31,154,304</u>	<u>28,132,642</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 12, 1946 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.68 (Nanaimo-Ladysmith) and operates as "School District No. 68 (Nanaimo-Ladysmith)" and "Nanaimo Ladysmith Public Schools." 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. 68 (Nanaimo-Ladysmith) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

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(e) and 2(k), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue.

b) Cash and Cash Equivalents

Cash and cash equivalents include deposits held in commercial banks as well as deposits held by the Provincial Treasurer.

c) Accounts and Mortgage Receivables

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

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

d) Unearned Revenue

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

e) 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(k).

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.

f) 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, 2016 and projected to March 31, 2019. The next valuation will be performed at March 31, 2019 for use at June 30, 2019. 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.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

f) Employee Future Benefits *(continued)*

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.

g) Asset Retirement Obligations

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.

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. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Tangible Capital Assets

The following criteria apply:

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

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

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

j) 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 12 – Interfund Transfers and Note 12 – Accumulated Surplus).

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

k) 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 that are government transfers 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.

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. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

l) Expenditures

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Interest expense includes payments made on capital leases.

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.

m) 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, mortgage receivable, accounts payable and accrued liabilities, debt and other liabilities.

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.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

m) Financial Instruments *(continued)*

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

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

A statement of remeasurement gains and losses has not been presented as the District does not hold any financial assets or liabilities that would give rise to remeasurement gains or losses.

n) 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 tangible capital assets, liabilities for contaminated sites, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 3 ACCOUNTS RECEIVABLE

Due From Province – Ministry of Education

	2018	2017
Bylaw – Capital Funding	\$ 166,042	\$ 377,029
Carbon Tax Rebate	50,000	45,575
French Programs	60,775	60,775
Other	1,021	5,771
	\$ 277,838	\$ 489,150

Other Receivables

	2018	2017
Due from Federal Government – GST	174,058	126,888
Conseil Scolaire Francophone	-	217,186
Other	419,261	220,926
	\$593,319	\$565,000

NOTE 4 MORTGAGE RECEIVABLE

	2018	2017
Mortgage #1 – on 4985 Christie Road, Ladysmith (former Diamond Elementary School property); blended payments are \$700 per month including interest at 2% p.a., for a term of 5 years ending April 1, 2023.	94,041	\$106,620
Mortgage #2 – on 838 Old Victoria Road, Nanaimo (Clay Tree property); blended payments are \$3,000 per month including interest at 2% p.a., for a term of 1 year.	375,319	-
	\$469,360	\$106,620

Interest received during the year was \$17,358 (2017- interest free).

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Other Accounts Payable and Accrued Liabilities

	2018	2017
Trade payables	\$ 3,496,315	\$ 2,250,657
Salaries and benefits payable	6,975,951	5,489,390
Accrued vacation pay	1,505,583	1,202,570
Construction holdbacks	326,615	113,853
	\$ 12,304,464	\$ 9,056,470

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6 UNEARNED REVENUE

Unearned revenue consists of contributions received for services to be delivered in a future period. Changes in unearned revenue are as follows:

	2018	2017
Balance, beginning of year	\$ 2,528,819	\$ 2,353,035
Changes for the year:		
Increase:		
Tuition fees	4,019,459	4,766,785
Decrease:		
Tuition fees	4,229,284	4,591,001
Net changes for the year	(209,825)	175,784
Balance, end of year	\$ 2,318,994	\$ 2,528,819

NOTE 7 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. Changes in deferred revenue are as follows:

	2018	2017
Balance, beginning of year	\$ 2,093,045	\$ 1,928,262
Changes for the year:		
Increase:		
Provincial Grants – Ministry of Education	15,233,697	7,017,916
Other	4,032,625	2,853,796
Investment income	14,990	14,124
	19,281,312	9,885,836
Decrease:		
Expenses	18,031,083	9,631,684
Transfers – tangible capital assets purchased	1,014,143	89,369
	19,045,226	9,721,053
Net changes for the year	236,086	164,783
Balance, end of year	\$ 2,329,131	\$ 2,093,045

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 8 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. Changes to deferred capital revenue are as follows:

	Deferred Capital 2018	Unspent Deferred Capital 2018	Total Deferred Capital Revenue 2018	Total Deferred Capital Revenue 2017
Balance, beginning of year	\$115,148,748	\$1,780,720	\$116,929,468	\$117,759,058
Changes for the year:				
Increase:				
Transfer from Unspent – Capital Additions	8,718,519	-	8,718,519	2,663,194
Transfer from Unspent – Work in Progress	1,780,531	-	1,780,531	763,005
Provincial Grants – Ministry of Education	-	7,082,294	7,082,294	4,245,574
Provincial Grants – Other	-	320,549	320,549	85,425
Investment income	-	5,545	5,545	10,787
Other	-	1,789,193	1,789,193	-
	<u>10,499,050</u>	<u>9,197,581</u>	<u>19,696,631</u>	<u>7,767,985</u>
Decrease:				
Amortization of Deferred Capital	5,446,762	-	5,446,762	5,170,886
Capital additions – transfer to Deferred Capital	-	8,718,519	8,718,519	2,663,194
Work in Progress – transfer to Deferred Capital	-	1,780,531	1,780,531	763,005
Other	-	-	-	490
	<u>5,446,762</u>	<u>10,499,050</u>	<u>15,945,812</u>	<u>8,597,575</u>
Net changes for the year	<u>5,052,288</u>	<u>(1,301,469)</u>	<u>3,750,819</u>	<u>(829,590)</u>
Balance, end of year	<u>\$120,201,036</u>	<u>\$479,251</u>	<u>\$120,680,287</u>	<u>\$116,929,468</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9 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.

	2018	2017
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 1,910,377	\$ 2,013,965
Service Cost	132,939	132,731
Interest Cost	53,166	50,469
Benefit Payments	(187,214)	(155,911)
Increase (Decrease) due to plan amendment	-	-
Actuarial (Gain) Loss	(24,292)	(130,877)
Accrued Benefit Obligation – March 31	\$ 1,884,976	\$ 1,910,377
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 1,884,976	\$ 1,910,377
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	(1,884,976)	(1,910,377)
Employer Contributions After Measurement Date	12,617	26,535
Benefits Expense After Measurement Date	(49,526)	(46,526)
Unamortized Net Actuarial (Gain) Loss	116,844	182,589
Accrued Benefit Asset (Liability) – June 30	\$ (1,805,041)	\$ (1,747,779)
Components of Net Benefit Expense		
Service Cost – July 1 to March 31	\$ 99,704	\$ 99,549
Service Cost- April 1 to June 30	36,253	33,235
Interest Cost – July 1 to March 31	39,874	37,852
Interest Cost – April 1 to June 30	13,273	13,291
Immediate Recognition of Plan Amendment	-	-
Amortization of Net Actuarial (Gain)/Loss	41,454	55,995
Net Benefit Expense (Income)	\$ 230,558	\$ 239,922
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 1,747,779	\$ 1,666,551
Net expense for Fiscal Year	230,558	239,922
Employer Contributions – July 1 to March 31	(160,680)	(132,159)
Employer Contributions – April 1 to June 30	(12,617)	(26,535)
Accrued Benefit Liability – June 30	\$ 1,805,041	\$ 1,747,779

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9 EMPLOYEE FUTURE BENEFITS *(continued)*

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

	2018	2017
Discount Rate – April 1	2.75%	2.50%
Discount Rate – March 31	2.75%	2.75%
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	9.0 years	9.0 years

NOTE 10 DEBT

During the 2017 fiscal year, the School District entered into loans for vehicles and equipment financed through the Municipal Finance Authority (“MFA”). These unsecured loans replaced the financing previously provided by MFA Capital Leases.

Promissory Notes that were approved by the District on May 30, 2017 and borrowed on June 8, 2017, are payable in blended monthly principal and interest payments to the MFA, bear interest at a variable rate tied to the CDOR rate (June 30, 2018: 2.165%; 2017: 1.48%), and have monthly repayment terms as follows:

	2018	2017
\$1,923 for a term of 8 months, due February 28, 2018	\$ -	\$ 15,310
\$802 for a term of 9 months, due March 31, 2018	-	7,181
\$508 for a term of 10 months, due April 30, 2018	-	5,049
\$601 for a term of 9 months, due March 31, 2018	-	5,376
\$565 for a term of 8 months, due February 28, 2018	-	4,496
\$231 for a term of 7 months, due February 28, 2018	-	1,836
\$12,592 for a term of 8 months, due January 31, 2018	-	87,748
\$1028 for a term of 8 months, due February 28, 2018	-	8,186
\$536 for a term of 14 months, due August 31, 2018	1,073	7,444
\$307 for a term of 16 months, due October 31, 2018	1,225	4,864
\$774 for a term of 18 months, due December 31, 2018	4,632	13,790
\$469 for a term of 18 months, due December 31, 2018	2,805	8,352
\$2,423 for a term of 23 months, due May 31, 2019	26,063	54,995
\$9,908 for a term of 22 months, due April 30, 2019	98,538	215,180
\$1,279 for a term of 23 months, due May 31, 2019	13,987	29,031
\$962 for a term of 23 months, due May 31, 2019	10,516	21,826
	<u>\$ 158,839</u>	<u>\$ 490,664</u>

Anticipated annual principal repayments due on Promissory Notes over the next five years total \$158,839, all of which are due in 2019. Interest paid on equipment and vehicle financing during the year was \$4,563 (2017 - \$418).

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 11 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2018	Net Book Value 2017
Sites	\$ 15,673,196	\$ 15,683,278
Buildings	134,237,457	133,471,281
Buildings – work in progress	5,434,886	894,659
Furniture & Equipment	6,314,234	1,242,421
Vehicles	1,631,571	1,993,728
Computer Software	35,041	954
Computer Hardware	4,284,247	2,754,581
Total	\$ 167,610,632	\$ 156,040,902

June 30, 2018

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2018
Sites	\$ 15,683,278	\$ -	\$ 10,082	\$ -	\$ 15,673,196
Buildings	257,003,085	6,237,983	-	359,236	263,600,304
Buildings – work in progress	894,659	5,048,911	-	(508,684)	5,434,886
Furniture & Equipment	2,656,511	5,466,462	434,143	149,448	7,838,278
Vehicles	3,927,659	32,221	220,820	-	3,739,060
Computer Software	160,151	38,933	-	-	199,084
Computer Hardware	4,530,158	2,670,362	406,664	-	6,793,856
Total	\$284,855,501	\$19,494,872	\$1,071,709	\$ -	\$303,278,664

	Opening Accumulated Amortization	Additions	Disposals	Total 2018
Buildings	\$123,531,804	\$5,831,043	\$ -	\$129,362,847
Furniture & Equipment	1,414,090	544,097	434,143	1,524,044
Vehicles	1,933,931	394,378	220,820	2,107,489
Computer Software	159,197	4,846	-	164,043
Computer Hardware	1,775,577	1,140,696	406,664	2,509,609
Total	\$128,814,599	\$7,915,060	\$1,061,627	\$135,668,032

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 11 TANGIBLE CAPITAL ASSETS (continued)

June 30, 2017

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2017
Sites	\$ 15,683,278	\$ -	\$ -	\$ -	\$ 15,683,278
Buildings	251,932,423	3,380,994	-	1,689,668	257,003,085
Buildings – work in progress	1,689,668	894,659	-	(1,689,668)	894,659
Furniture & Equipment	2,756,005	219,167	318,661	-	2,656,511
Vehicles	3,528,573	473,214	74,128	-	3,927,659
Computer Software	229,744	18,634	88,227	-	160,151
Computer Hardware	3,598,586	1,615,583	684,011	-	4,530,158
Total	\$279,418,277	\$6,602,251	\$1,165,027	\$ -	\$284,855,501

	Opening Accumulated Amortization	Additions	Disposals	Total 2017
Buildings	\$117,846,158	\$5,685,646	\$ -	\$123,531,804
Furniture & Equipment	1,446,692	286,059	318,661	1,414,090
Vehicles	1,631,541	376,518	74,128	1,933,931
Computer Software	199,612	47,812	88,227	159,197
Computer Hardware	1,578,311	881,277	684,011	1,775,577
Total	\$122,702,314	\$7,277,312	\$1,165,027	\$128,814,599

Buildings-work in progress have not been amortized. Amortization of these assets will commence when the asset is put into use.

NOTE 12 ACCUMULATED SURPLUS

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2018, were as follows:

- A transfer in the amount of \$3,059,582 was made from the operating fund to the capital fund for capital purchases made during the year.
- A transfer in the amount of \$1,014,143 was made from the special purpose fund to the capital fund for capital purchase made during the year.
- A transfer in the amount of \$336,388 was made from the operating fund to the capital fund for equipment loan payments made during the year.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 12 ACCUMULATED SURPLUS (continued)

Accumulated Surplus is comprised of the following:

OPERATING	2018	2017
Internally Restricted (appropriated) by Board for:		
Staffing/Unusual Expense Reserve:		
Staffing Contingencies	\$750,000	\$750,000
Replacement Cost Contingencies	750,000	750,000
Employee Payroll Tax	500,000	-
	2,000,000	1,500,000
Targeted/Constraints Reserve:		
Aboriginal Education Programs	479,895	469,134
Facilities Projects	797,500	-
School Supplies	373,920	320,167
Learning Alternatives – Woodlands site	300,000	-
Technology Purchase Orders	275,000	-
Community School Coordinators	238,568	-
Other	90,000	110,000
Student Learning Grant	-	685,163
Operating Budget	-	500,000
	2,554,883	2,084,464
Subtotal Internally Restricted	4,554,883	3,584,464
Unrestricted Operating Surplus	2,626,802	1,780,235
Total Available for Future Operations	7,181,685	5,364,699
CAPITAL		
Investment in Tangible Capital Assets	46,614,442	39,765,176
Local Capital	5,703,205	6,022,487
Capital Surplus	52,317,647	45,787,663
TOTAL ACCUMULATED SURPLUS	\$ 59,499,332	\$ 51,152,362

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 13 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget on February 21, 2018. The amended budget is used for comparison purposes, as these are based on actual student enrollments. The difference between the preliminary (annual) and amended budgets is as follows:

	2018 Amended	2018 Preliminary	Difference
Revenues			
Provincial Grants			
Ministry of Education	\$138,755,550	\$132,743,189	\$6,012,361
Other	200,416	170,000	30,416
Tuition	4,154,000	3,531,875	622,125
Other Revenue	5,027,647	4,981,354	46,293
Rentals and Leases	531,235	531,235	-
Investment Income	236,000	236,000	-
Gain(Loss) on Disposal of Capital Assets	4,839,918	-	4,839,918
Amortization of Deferred Capital Revenue	5,450,000	5,045,000	405,000
Total Revenue	\$159,194,766	\$147,238,653	\$11,956,113
Expenses			
Instruction	\$124,424,306	\$118,929,347	\$5,494,959
District Administration	5,403,345	5,378,676	24,669
Operations and Maintenance	23,778,522	22,062,988	1,715,534
Transportation and Housing	1,632,777	1,671,642	(38,865)
Debt Services	4,500	13,000	(8,500)
Total Expenses	\$155,243,450	\$148,055,653	\$7,187,797
Surplus (deficit) for the year	\$3,951,316	\$(817,000)	\$4,768,316
Effects of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(1,192,000)	(1,283,000)	91,000
Amortization of Tangible Capital Assets	7,787,000	7,004,000	783,000
Disposal of Tangible Capital Assets	10,082		10,082
Total Effect of change in Tangible Capital Assets	6,605,082	5,721,000	884,082
Decrease in Net Financial Debt	\$10,556,398	\$4,904,000	\$5,652,398

NOTE 14 EXPENSE BY OBJECT

	2018	2017
Salaries	\$99,124,316	\$92,768,349
Benefits	25,788,207	22,992,896
Services and supplies	18,055,639	16,503,361
Interest	4,563	12,470
Amortization	7,915,060	7,277,312
	\$150,887,785	\$139,554,388

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 15 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 represent plan members and employers and are responsible for administering the pension plans including investing assets and administering benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2016, the Teachers' Pension Plan has about 45,000 active members and approximately 37,000 retired members. As of December 31, 2016, the Municipal Pension Plan has about 193,000 active members, including approximately 24,000 from school districts.

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

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014 indicated a \$449 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2014 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, the employer basic contribution rate decreased.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rate remained unchanged.

The valuation for the Teachers' Pension Plan was updated as at December 31, 2017 and results are expected to be made available later in 2018. The next valuation for the Municipal Pension Plan will be as at December 31, 2018, with results available in 2019.

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 \$12,109,339 for employer contributions to these plans in the year ended June 30, 2018 (2017: \$11,323,029).

**SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE 16 NANAIMO-LADYSMITH SCHOOLS FOUNDATION

The School District and the Nanaimo-Ladysmith Schools Foundation (the “Foundation”) have a mutually supportive relationship whereby the Foundation acts as a fundraising agency for the students in School District No. 68, and the School District provided the Foundation with financial and administrative support. The Foundation is a separate legal entity, has its own Board of Directors and is a registered charity under the provisions of the Income Tax Act of Canada.

The School District provided contributions of \$155,746 (2017: \$151,750) for administrative assistance and support to the Foundation and also provided office space free of charge. The Foundation provided miscellaneous grants directly to Schools.

NOTE 17 CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The School District’s contractual rights arise because of contracts entered into for School District facilities leases. The following table summarizes the contractual rights of the School District for future assets:

Contractual rights	2019	2020	2021	2022	2023	Thereafter
Future lease/rental revenue	\$215,425	\$111,417	\$59,225	\$31,608	\$17,024	\$15,000

NOTE 18 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has entered into a number of multiple-year contracts for the delivery of services. 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.

Operating Expenses: anticipated contractual payments due over the terms of the contracts are as follows:

2019	\$216,394
2020	190,491
2021	190,491
2022	31,748
	\$ 629,124

Anticipated contractual payments related to purchase orders for operating expenses and capital construction during 2019 total \$2,686,700.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 18 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES *(continued)*

Each year the School District is involved with a number of legal actions and arbitrations. Although the outcomes of these matters are not determinable at this time, management believes they will not have a material adverse effect on the School District's financial position or results of operations.

NOTE 19 ASSET RETIREMENT OBLIGATION

The District is subject to environmental laws and regulations enacted by the Province and local authorities.

The District currently provides educational programs in 34 schools. It also operates a number of administrative support buildings. Many of these schools and buildings were constructed prior to the implementation of current asbestos removal regulations and asbestos containing materials were utilized in their construction. The nature and extent of asbestos construction material varies from building to building.

Upon the retirement of these District buildings, either through demolition or sale, the District may incur removal costs or realize reduced sale proceeds because of the presence of asbestos. The District has made no provision for the financial impact of removal costs or reduced sale proceeds as they cannot be reasonably estimated due to the indeterminate nature and date of potential future retirements

NOTE 20 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 21 ECONOMIC DEPENDENCE

The operations of the 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.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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 and amounts receivable.

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 as they are placed in recognized British Columbia institutions.

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.

c) Liquidity risk

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

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

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

School District No. 68 (Nanaimo-Ladysmith)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund

Year Ended June 30, 2018

Schedule 1 (Unaudited)

	Operating Fund	Special Purpose Fund	Capital Fund	2018 Actual	2017 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	5,364,699		45,787,663	51,152,362	49,143,185
Changes for the year					
Surplus (Deficit) for the year	4,876,568	1,014,143	2,456,259	8,346,970	2,009,177
Interfund Transfers	(1,789,582)	(1,014,143)	2,803,725	-	-
Tangible Capital Assets Purchased	(1,270,000)		1,270,000	-	-
Local Capital	1,816,986	-	6,529,984	8,346,970	2,009,177
Net Changes for the year	7,181,685	-	52,317,647	59,499,332	51,152,362

Accumulated Surplus (Deficit), end of year - Statement 2

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2018

	2018 Budget (Note 13)	2018 Actual	2017 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	121,307,042	121,696,076	118,319,309
Other	200,416	284,116	168,416
Tuition	4,154,000	4,229,284	4,591,001
Other Revenue	2,387,647	2,584,759	2,582,502
Rentals and Leases	531,235	601,183	691,385
Investment Income	175,000	388,338	234,191
Total Revenue	128,755,340	129,783,756	126,586,804
Expenses			
Instruction	104,939,999	102,579,915	100,443,978
District Administration	5,403,345	5,687,118	5,614,866
Operations and Maintenance	15,371,321	14,844,393	14,956,413
Transportation and Housing	1,632,777	1,795,762	1,613,550
Total Expense	127,347,442	124,907,188	122,628,807
Operating Surplus (Deficit) for the year	1,407,898	4,876,568	3,957,997
Budgeted Appropriation (Retirement) of Surplus (Deficit)	2,084,464		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(1,789,582)	(1,720,197)
Local Capital	(3,492,362)	(1,270,000)	(2,097,451)
Total Net Transfers	(3,492,362)	(3,059,582)	(3,817,648)
Total Operating Surplus (Deficit), for the year	-	1,816,986	140,349
Operating Surplus (Deficit), beginning of year		5,364,699	5,224,350
Operating Surplus (Deficit), end of year		7,181,685	5,364,699
Operating Surplus (Deficit), end of year			
Internally Restricted		4,554,883	3,584,464
Unrestricted		2,626,802	1,780,235
Total Operating Surplus (Deficit), end of year		7,181,685	5,364,699

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2018

	2018 Budget (Note 13) \$	2018 Actual \$	2017 Actual \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	121,629,751	121,878,350	117,892,435
DISC/LEA Recovery	(1,471,111)	(1,674,724)	(1,471,111)
Other Ministry of Education Grants			
Pay Equity	160,000	160,000	160,000
Funding for Graduated Adults	-	13,278	5,708
Transportation Supplement	244,630	244,630	244,630
Economic Stability Dividend	-	83,936	72,835
Return of Administrative Savings	593,079	593,079	593,079
Carbon Tax Grant	135,000	107,259	101,477
Student Learning Grant			685,163
Seismic Assessment	-	188,100	-
Other	15,693	102,168	35,093
Total Provincial Grants - Ministry of Education	121,307,042	121,696,076	118,319,309
Provincial Grants - Other	200,416	284,116	168,416
Tuition			
International and Out of Province Students	4,154,000	4,229,284	4,591,001
Total Tuition	4,154,000	4,229,284	4,591,001
Other Revenues			
Other School District/Education Authorities	528,436	502,058	512,843
LEA/Direct Funding from First Nations	1,471,111	1,674,724	1,471,111
Miscellaneous			
Cafeteria	205,000	226,330	225,405
BC Hydro Energy Manager/Fortis Energy Specialist	50,000	50,000	98,834
Other	133,100	131,647	274,309
Total Other Revenue	2,387,647	2,584,759	2,582,502
Rentals and Leases	531,235	601,183	691,385
Investment Income	175,000	388,338	234,191
Total Operating Revenue	128,755,340	129,783,756	126,586,804

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object
Year Ended June 30, 2018

	2018 Budget (Note 13) \$	2018 Actual \$	2017 Actual \$
Salaries			
Teachers	56,206,263	55,468,069	55,599,528
Principals and Vice Principals	6,775,507	6,849,385	6,089,219
Educational Assistants	8,646,982	8,803,698	8,106,165
Support Staff	10,811,627	10,695,692	10,631,051
Other Professionals	3,357,871	3,621,480	3,671,178
Substitutes	4,019,487	3,207,887	3,845,299
Total Salaries	89,817,737	88,646,211	87,942,440
Employee Benefits	23,078,197	23,052,444	21,859,458
Total Salaries and Benefits	112,895,934	111,698,655	109,801,898
Services and Supplies			
Services	3,718,590	3,792,540	3,805,591
Student Transportation	126,651	134,572	147,824
Professional Development and Travel	915,383	836,446	746,791
Rentals and Leases	18,338	9,099	10,152
Dues and Fees	510,112	663,046	487,546
Insurance	295,633	330,361	320,017
Supplies	6,457,001	5,422,977	5,193,689
Utilities	2,409,800	2,019,492	2,115,299
Total Services and Supplies	14,451,508	13,208,533	12,826,909
Total Operating Expense	127,347,442	124,907,188	122,628,807

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object
Year Ended June 30, 2018

	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	44,297,363	1,441,430	258,501	52,824	154,079	2,322,882	48,527,079
1.03 Career Programs	23,007		186,645			2,064	211,716
1.07 Library Services	1,515,549			268,092		62,018	1,845,659
1.08 Counselling	2,179,484					4,765	2,184,249
1.10 Special Education	6,070,429	142,110	7,437,960			320,534	13,971,033
1.30 English Language Learning	424,179	4,277				2,557	431,013
1.31 Aboriginal Education	806,385	110,691	864,479	55,079	32,364	76,245	1,945,243
1.41 School Administration	35,803	5,030,818		2,482,889		214,133	7,763,643
1.62 International and Out of Province Students	115,870	120,059		71,300	110,558	14,010	431,797
1.64 Other							
Total Function 1	55,468,069	6,849,385	8,747,585	2,930,184	297,001	3,019,208	77,311,432
4 District Administration							
4.11 Educational Administration		143,910			1,077,471		1,221,381
4.40 School District Governance		47,274			316,773		364,047
4.41 Business Administration		671,902			1,260,308	55,440	1,987,650
Total Function 4	-	-	-	863,086	2,654,552	55,440	3,573,078
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration			56,113	547,697	368,947	72,669	1,045,426
5.50 Maintenance Operations				4,936,002	201,846	11,490	5,149,338
5.52 Maintenance of Grounds				438,808		21,098	459,906
5.56 Utilities				66,603			66,603
Total Function 5	-	-	56,113	5,989,110	570,793	105,257	6,721,273
7 Transportation and Housing							
7.41 Transportation and Housing Administration				52,807	99,134		151,941
7.70 Student Transportation				860,505		27,982	888,487
Total Function 7	-	-	-	913,312	99,134	27,982	1,040,428
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	55,468,069	6,849,385	8,803,698	10,695,692	3,621,480	3,207,887	88,646,211

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2018 Actual	2018 Budget (Note 13)	2017 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	48,527,079	12,632,609	61,159,688	3,053,260	64,212,948	67,291,098	65,665,107
1.03 Career Programs	211,716	70,041	281,757	226,331	508,088	532,797	427,854
1.07 Library Services	1,845,659	514,807	2,360,466	75,023	2,435,489	2,625,100	2,368,293
1.08 Counselling	2,184,249	542,952	2,727,201	2,636	2,729,837	1,294,373	1,312,837
1.10 Special Education	13,971,033	3,993,889	17,964,922	329,397	18,294,319	18,111,184	17,213,205
1.30 English Language Learning	431,013	114,226	545,239	12,755	557,994	550,093	588,068
1.31 Aboriginal Education	1,945,243	441,972	2,387,215	373,113	2,760,328	3,241,197	2,331,173
1.41 School Administration	7,763,643	1,862,017	9,625,660	125,996	9,751,656	9,888,591	9,076,974
1.62 International and Out of Province Students	431,797	100,600	532,397	784,649	1,317,046	1,374,566	1,317,094
1.64 Other	-	-	-	12,210	12,210	31,000	143,373
Total Function 1	77,311,432	20,273,113	97,584,545	4,995,370	102,579,915	104,939,999	100,443,978
4 District Administration							
4.11 Educational Administration	1,221,381	232,523	1,453,904	87,452	1,541,356	1,431,087	1,721,672
4.40 School District Governance	364,047	70,467	434,514	233,194	667,708	700,175	602,471
4.41 Business Administration	1,987,650	450,227	2,437,877	1,040,177	3,478,054	3,272,083	3,290,723
Total Function 4	3,573,078	753,217	4,326,295	1,360,823	5,687,118	5,403,345	5,614,866
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	1,045,426	214,494	1,259,920	745,518	2,005,438	1,864,713	1,931,115
5.50 Maintenance Operations	5,149,338	1,425,572	6,574,910	3,146,873	9,721,783	9,947,643	9,902,756
5.52 Maintenance of Grounds	459,906	117,168	577,074	363,961	941,035	926,030	822,343
5.56 Utilities	66,603	15,059	81,662	2,094,475	2,176,137	2,632,935	2,300,199
Total Function 5	6,721,273	1,772,293	8,493,566	6,350,827	14,844,393	15,371,321	14,956,413
7 Transportation and Housing							
7.41 Transportation and Housing Administration	151,941	31,281	183,222	70,829	254,051	217,882	225,506
7.70 Student Transportation	888,487	222,540	1,111,027	430,684	1,541,711	1,414,895	1,388,044
Total Function 7	1,040,428	253,821	1,294,249	501,513	1,795,762	1,632,777	1,613,550
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	88,646,211	23,052,444	111,698,655	13,208,533	124,907,188	127,347,442	122,628,807

School District No. 68 (Nanaimo-Ladysmith)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2018

	2018 Budget (Note 13) \$	2018 Actual \$	2017 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	17,448,508	15,048,528	7,079,512
Other Revenue	2,640,000	3,981,708	2,627,417
Investment Income	16,000	14,990	14,124
Total Revenue	20,104,508	19,045,226	9,721,053
Expenses			
Instruction	19,484,307	17,475,446	9,014,289
Operations and Maintenance	620,201	555,637	617,395
Total Expense	20,104,508	18,031,083	9,631,684
Special Purpose Surplus (Deficit) for the year	-	1,014,143	89,369
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(1,014,143)	
Tangible Capital Assets - Work in Progress			(89,369)
Total Net Transfers	-	(1,014,143)	(89,369)
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. 68 (Nanaimo-Ladysmith)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	Service Delivery Transformation	School Generated Funds	Strong Start	Ready, Set, Learn	OLEFP
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	64,559		32,640	80,289	36,141	1,353,958		59,897	
Add: Restricted Grants									
Provincial Grants - Ministry of Education	555,642	477,836				3,236,324	256,000	66,150	202,584
Other Investment Income						14,990			
Less: Allocated to Revenue	555,638	477,836	11,262	28,952	36,141	3,251,314	256,000	66,150	202,584
Deferred Revenue, end of year	64,563	-	21,378	51,337	-	1,252,884	-	17,185	-
Revenues	555,638	477,836	11,262	28,952	36,141	3,337,398	256,000	108,862	202,584
Provincial Grants - Ministry of Education									
Other Revenue						3,337,398			
Investment Income						14,990			
Expenses	555,638	477,836	11,262	28,952	36,141	3,352,388	256,000	108,862	202,584
Salaries									
Teachers									
Principals and Vice Principals									29,674
Educational Assistants	357,338					12,564	190,464		
Support Staff	14,965				19,861				
Other Professionals					10,563				
Substitutes						12,314	39	17,711	1,555
Employee Benefits		372,303			30,424	24,878	190,503	17,711	31,229
Services and Supplies	555,638	105,533	4,883	20,560	5,717	4,621	65,516	3,201	7,732
	555,638	477,836	4,883	20,560	36,141	3,322,889	(19)	87,950	133,164
			4,883	20,560		3,352,388	256,000	108,862	172,125
Net Revenue (Expense) before Interfund Transfers	-	-	6,379	8,392	-	-	-	-	30,459
Interfund Transfers									
Tangible Capital Assets Purchased			(6,379)	(8,392)					(30,459)
			(6,379)	(8,392)					(30,459)
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 68 (Nanaimo-Ladysmith)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

	CommunityLINK	Coding and Curriculum Implementation	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	Other Misc Grants	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	92,764	44,728			328,069	2,093,045
Add: Restricted Grants						
Provincial Grants - Ministry of Education	2,224,297		1,892,051	9,559,137		15,233,697
Other					796,301	4,032,625
Investment Income						14,990
Less: Allocated to Revenue						
Deferred Revenue, end of year	<u>22,340</u>	<u>1,064</u>	<u>42,615</u>	<u>375,705</u>	<u>480,060</u>	<u>2,329,131</u>
Revenues						
Provincial Grants - Ministry of Education	2,294,721	43,664	1,849,436	9,183,432		15,048,528
Other Revenue				644,310		3,981,708
Investment Income					644,310	14,990
Expenses						
Salaries						
Teachers	332,594			6,881,591		7,243,859
Principals and Vice Principals			176,343		9,777	186,120
Educational Assistants	1,238,837					1,799,203
Support Staff	41,913		269,510			346,249
Other Professionals			102,860			113,423
Substitutes	12,052	3,334	319,443	422,012	792	789,252
Employee Benefits	1,625,396	3,334	868,156	7,303,603	10,569	10,478,106
Services and Supplies	460,916	672	201,157	1,879,829	869	2,735,763
	202,304	16,668	257,684		215,493	4,817,214
	2,288,616	20,674	1,326,997	9,183,432	226,931	18,031,083
Net Revenue (Expense) before Interfund Transfers	<u>6,105</u>	<u>22,990</u>	<u>522,439</u>	<u>-</u>	<u>417,379</u>	<u>1,014,143</u>
Interfund Transfers						
Tangible Capital Assets Purchased	(6,105)	(22,990)	(522,439)		(417,379)	(1,014,143)
	(6,105)	(22,990)	(522,439)		(417,379)	(1,014,143)
Net Revenue (Expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2018

	2018 Budget (Note 13)	2018 Actual			2017 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Other Revenue				-	26,607
Investment Income	45,000		119,093	119,093	58,215
Gain (Loss) on Disposal of Tangible Capital Assets	4,839,918	4,839,918		4,839,918	
Amortization of Deferred Capital Revenue	5,450,000	5,446,762		5,446,762	5,170,886
Total Revenue	10,334,918	10,286,680	119,093	10,405,773	5,255,708
Expenses					
Operations and Maintenance			29,891	29,891	4,115
Amortization of Tangible Capital Assets					
Operations and Maintenance	7,787,000	7,915,060		7,915,060	7,277,312
Debt Services					
Capital Lease Interest				-	12,470
Capital Loan Interest	4,500		4,563	4,563	
Total Expense	7,791,500	7,915,060	34,454	7,949,514	7,293,897
Capital Surplus (Deficit) for the year	2,543,418	2,371,620	84,639	2,456,259	(2,038,189)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased		2,803,725		2,803,725	1,809,566
Local Capital	3,492,362		1,270,000	1,270,000	2,097,451
Total Net Transfers	3,492,362	2,803,725	1,270,000	4,073,725	3,907,017
Other Adjustments to Fund Balances					
District Portion of Proceeds on Disposal		(4,850,000)	4,850,000	-	
Tangible Capital Assets Purchased from Local Capital		2,923,717	(2,923,717)	-	
Tangible Capital Assets WIP Purchased from Local Capital		3,268,380	(3,268,380)	-	
Principal Payment					
Capital Loan		331,825	(331,825)	-	
Total Other Adjustments to Fund Balances		1,673,922	(1,673,922)	-	
Total Capital Surplus (Deficit) for the year	6,035,780	6,849,267	(319,283)	6,529,984	1,868,828
Capital Surplus (Deficit), beginning of year		39,765,175	6,022,488	45,787,663	43,918,835
Capital Surplus (Deficit), end of year		46,614,442	5,703,205	52,317,647	45,787,663

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2018

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
Cost, beginning of year	\$ 15,683,278	\$ 257,003,085	\$ 2,656,511	\$ 3,927,659	\$ 160,151	\$ 4,530,158	\$ 283,960,842
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		6,237,983	599,440				6,837,423
Deferred Capital Revenue - Other			91,903				91,903
Operating Fund			310,569	32,221	13,358	1,433,434	1,789,582
Special Purpose Funds			927,206		25,575	61,362	1,014,143
Local Capital			1,748,151			1,175,566	2,923,717
Deferred Capital Revenue - City of Nanaimo		359,236	1,789,193				1,789,193
Transferred from Work in Progress		149,448					508,684
	-	6,597,219	5,615,910	32,221	38,933	2,670,362	14,954,645
Decrease:							
Disposed of	10,082						10,082
Deemed Disposals			434,143	220,820		406,664	1,061,627
	10,082		434,143	220,820		406,664	1,071,709
Cost, end of year	15,673,196	263,600,304	7,838,278	3,739,060	199,084	6,793,856	297,843,778
Work in Progress, end of year		5,434,886					5,434,886
Cost and Work in Progress, end of year	15,673,196	269,035,190	7,838,278	3,739,060	199,084	6,793,856	303,278,664
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		123,531,804	1,414,090	1,933,931	159,197	1,775,577	128,814,599
Decrease:							
Deemed Disposals		5,831,043	544,097	394,378	4,846	1,140,696	7,915,060
			434,143	220,820		406,664	1,061,627
			434,143	220,820		406,664	1,061,627
Accumulated Amortization, end of year		129,362,847	1,524,044	2,107,489	164,043	2,509,609	135,668,032
Tangible Capital Assets - Net	15,673,196	139,672,343	6,314,234	1,631,571	35,041	4,284,247	167,610,632

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2018

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	894,659				894,659
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	249,655				249,655
Deferred Capital Revenue - Other	1,530,876				1,530,876
Local Capital	3,268,380				3,268,380
	<u>5,048,911</u>	-	-	-	<u>5,048,911</u>
Decrease:					
Transferred to Tangible Capital Assets	359,236	149,448			508,684
Reclass Prior Year WIP	149,448	(149,448)			-
	<u>508,684</u>	-	-	-	<u>508,684</u>
Net Changes for the Year	<u>4,540,227</u>	-	-	-	<u>4,540,227</u>
Work in Progress, end of year	<u>5,434,886</u>	-	-	-	<u>5,434,886</u>

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4C (Unaudited)

Deferred Capital Revenue
Year Ended June 30, 2018

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	109,748,607	4,637,136		114,385,743
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	6,837,423	91,903		6,929,326
Transferred from Work in Progress	377,029			377,029
Transferred from Deferred Revenue - City of Nanaimo			1,789,193	1,789,193
	7,214,452	91,903	1,789,193	9,095,548
Decrease:				
Amortization of Deferred Capital Revenue	5,219,454	137,308	90,000	5,446,762
	5,219,454	137,308	90,000	5,446,762
Net Changes for the Year	1,994,998	(45,405)	1,699,193	3,648,786
Deferred Capital Revenue, end of year	111,743,605	4,591,731	1,699,193	118,034,529
Work in Progress, beginning of year	377,029	385,976		763,005
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	249,655	1,530,876		1,780,531
	249,655	1,530,876	-	1,780,531
Decrease				
Transferred to Deferred Capital Revenue	377,029			377,029
	377,029	-	-	377,029
Net Changes for the Year	(127,374)	1,530,876	-	1,403,502
Work in Progress, end of year	249,655	1,916,852	-	2,166,507
Total Deferred Capital Revenue, end of year	111,993,260	6,508,583	1,699,193	120,201,036

School District No. 68 (Nanaimo-Ladysmith)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2018

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
Balance, beginning of year	\$ 28,929	\$ 1,542,477	\$ 84,935	\$ 124,379	\$ -	\$ 1,780,720
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	7,082,294		320,549			7,082,294
Provincial Grants - Other		5,545				5,545
Investment Income						
Project Contribution - City of Nanaimo	7,082,294	5,545	320,549	-	1,789,193	1,789,193
Decrease:						
Transferred to DCR - Capital Additions	6,837,423		91,903			6,929,326
Transferred to DCR - Work in Progress	249,655	1,530,876				1,780,531
Transferred to DCR - Capital Additions (City of Nanaimo)	7,087,078	1,530,876	91,903	-	1,789,193	1,789,193
Net Changes for the Year	(4,784)	(1,525,331)	228,646	-	-	(1,301,469)
Balance, end of year	24,145	17,146	313,581	124,379	-	479,251

