

Audited Financial Statements of

School District No. 68 (Nanaimo-Ladysmith)

June 30, 2019

School District No. 68 (Nanaimo-Ladysmith)

June 30, 2019

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School District No. 68 (Nanaimo-Ladysmith)

MANAGEMENT REPORT

Version: 1664-9918-7936

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.

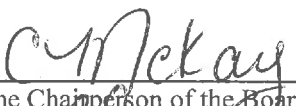
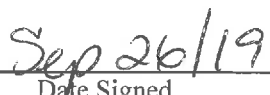
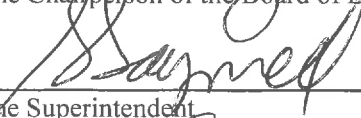

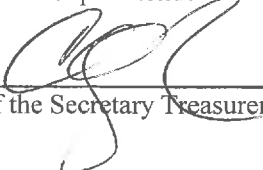

The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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 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. 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	 _____ Date Signed
 _____ Signature of the Superintendent	 _____ Date Signed
 _____ Signature of the Secretary Treasurer	 _____ Date Signed



KPMG LLP
St. Andrew's Square II
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Victoria BC V8W 3Y7
Canada
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INDEPENDENT AUDITORS' REPORT

To the Board of Education of School District No. 68 (Nanaimo-Ladysmith), and
To the Minister of Education, Province of British Columbia

Opinion

We have audited the financial statements of School District No. 68 (Nanaimo-Ladysmith) (the Entity), which comprise:

- the statement of financial position as at June 30, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the period ended June 30, 2019 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.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 – Financial Reporting Framework

We draw attention to note 2 to the financial statements which describes the applicable financial reporting framework and the significant differences between the financial reporting framework and Canadian public sector accounting standards.



Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- Financial Statement Discussion & Analysis
- Unaudited Schedules 1-4 attached to the audited financial statements

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Financial Statement Discussion and Analysis and Unaudited Schedules 1-4 as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' 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 financial reporting provisions of Section 23.1 of the Budget and Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Victoria, Canada
September 25, 2019

School District No. 68 (Nanaimo-Ladysmith)

Statement 1

Statement of Financial Position

As at June 30, 2019

	2019 Actual	2018 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	30,018,921	31,154,304
Accounts Receivable		
Due from Province - Ministry of Education (Note 3)	450,191	277,838
Due from Province - Other	-	22,000
Due from LEA Funding	221,252	272,995
Other (Note 3)	611,844	593,319
Mortgage Receivable (Note 4)	87,462	469,360
Total Financial Assets	31,389,670	32,789,816
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	13,648,789	12,304,464
Unearned Revenue (Note 6)	2,158,576	2,318,994
Deferred Revenue (Note 7)	2,489,803	2,329,131
Deferred Capital Revenue (Note 8)	120,438,878	120,680,287
Employee Future Benefits (Note 9)	1,818,596	1,805,041
Debt (Note 10)	-	158,839
Other Liabilities	1,172,778	1,304,360
Total Liabilities	141,727,420	140,901,116
Net Financial Assets (Debt)	(110,337,750)	(108,111,300)
Non-Financial Assets		
Tangible Capital Assets (Note 11)	169,927,503	167,610,632
Prepaid Expenses	10,000	-
Total Non-Financial Assets	169,937,503	167,610,632
Accumulated Surplus (Deficit) (Note 12)	59,599,753	59,499,332

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

September 26/19
Date Signed

Signature of the Superintendent

Sept 26/19
Date Signed

Signature of the Secretary Treasurer

Sept 26/19
Date Signed

School District No. 68 (Nanaimo-Ladysmith)

Statement 2

Statement of Operations

Year Ended June 30, 2019

	2019 Budget (Note 13)	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	142,171,544	142,129,935	136,744,604
Other	515,634	275,116	284,116
Tuition	4,073,000	3,762,373	4,229,284
Other Revenue	5,186,692	5,856,667	6,566,467
Rentals and Leases	560,000	672,758	601,183
Investment Income	616,000	604,675	522,421
Gain (Loss) on Disposal of Tangible Capital Assets			4,839,918
Amortization of Deferred Capital Revenue (Note 8)	5,697,500	5,708,423	5,446,762
Total Revenue	<u>158,820,370</u>	<u>159,009,947</u>	<u>159,234,755</u>
Expenses (Note 14)			
Instruction	127,545,460	126,185,871	120,055,361
District Administration	6,607,828	6,029,736	5,687,118
Operations and Maintenance	25,950,903	24,869,716	23,344,981
Transportation and Housing	1,748,562	1,820,976	1,795,762
Debt Services	1,025	3,227	4,563
Total Expense	<u>161,853,778</u>	<u>158,909,526</u>	<u>150,887,785</u>
Surplus (Deficit) for the year	<u>(3,033,408)</u>	<u>100,421</u>	<u>8,346,970</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		59,499,332	51,152,362
Accumulated Surplus (Deficit) from Operations, end of year		<u>59,599,753</u>	<u>59,499,332</u>

School District No. 68 (Nanaimo-Ladysmith)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2019

	2019 Budget (Note 13)	2019 Actual	2018 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>(3,033,408)</u>	<u>100,421</u>	<u>8,346,970</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(1,560,000)	(11,076,032)	(19,494,872)
Amortization of Tangible Capital Assets	8,610,000	8,759,161	7,915,060
Net carrying value of Tangible Capital Assets disposed of	-	-	10,082
Total Effect of change in Tangible Capital Assets	<u>7,050,000</u>	<u>(2,316,871)</u>	<u>(11,569,730)</u>
Acquisition of Prepaid Expenses	-	(10,000)	-
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(10,000)</u>	<u>-</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>4,016,592</u>	<u>(2,226,450)</u>	<u>(3,222,760)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(2,226,450)</u>	<u>(3,222,760)</u>
Net Financial Assets (Debt), beginning of year		<u>(108,111,300)</u>	<u>(104,888,540)</u>
Net Financial Assets (Debt), end of year		<u><u>(110,337,750)</u></u>	<u><u>(108,111,300)</u></u>

School District No. 68 (Nanaimo-Ladysmith)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2019

	2019 Actual	2018 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	100,421	8,346,970
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(117,135)	2,864
Prepaid Expenses	(10,000)	-
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,344,324	3,247,994
Unearned Revenue	(160,418)	(209,825)
Deferred Revenue	160,672	236,086
Employee Future Benefits	13,556	57,262
Other Liabilities	(131,582)	(146,213)
Loss (Gain) on Disposal of Tangible Capital Assets	-	(4,839,918)
Amortization of Tangible Capital Assets	8,759,161	7,915,060
Amortization of Deferred Capital Revenue	(5,708,423)	(5,446,762)
Total Operating Transactions	4,250,576	9,163,518
Capital Transactions		
Tangible Capital Assets Purchased	(9,408,311)	(12,656,768)
Tangible Capital Assets -WIP Purchased	(1,640,696)	(5,048,911)
District Portion of Proceeds on Disposal	-	4,850,000
Other Tangible Capital Assets Purchased	(27,025)	(1,789,193)
Total Capital Transactions	(11,076,032)	(14,644,872)
Financing Transactions		
Loan Payments	(158,839)	(331,825)
Capital Revenue Received	5,467,014	9,197,581
Total Financing Transactions	5,308,175	8,865,756
Investing Transactions		
Decrease (Increase) in Mortgage Receivable	381,898	(362,740)
Total Investing Transactions	381,898	(362,740)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,135,383)	3,021,662
Cash and Cash Equivalents, beginning of year	31,154,304	28,132,642
Cash and Cash Equivalents, end of year	30,018,921	31,154,304
Cash and Cash Equivalents, end of year, is made up of:		
Cash	30,018,921	31,154,304
	30,018,921	31,154,304

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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(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 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) Basis of Consolidation

These financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities. Inter-departmental balances and organizational transactions have been eliminated.

The School District does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

The School District does not administer any trust activities on behalf of external parties.

c) Cash and Cash Equivalents

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

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

d) Accounts and Mortgage Receivables

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

e) Unearned Revenue

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

f) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2 (l).

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.

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.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

g) Employee Future Benefits *(continued)*

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. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

j) Prepaid Expenses

Amounts for services paid relating to future periods are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

k) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 12 – Interfund Transfers and Accumulated 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.

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

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

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

l) Revenue Recognition *(continued)*

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

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

m) Expenditures

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

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.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

n) Financial Instruments *(continued)*

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.

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.

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 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, 2019

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

Due from Province – Ministry of Education

	2019	2018
Bylaw – Capital Funding	\$ 327,225	\$ 166,042
Carbon Tax Rebate	60,000	50,000
French Programs	60,775	60,775
Other	2,191	1,021
	<u>\$ 450,191</u>	<u>\$ 277,838</u>

Other Receivables

	2019	2018
Due from Federal Government - GST	\$ 135,613	\$ 174,058
Other	476,231	419,261
	<u>\$ 611,844</u>	<u>\$ 593,319</u>

NOTE 4 MORTGAGE RECEIVABLE

	2019	2018
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.	\$ 87,462	\$ 94,041
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
	<u>\$ 87,462</u>	<u>\$ 469,360</u>

Interest received during the year was \$8,483 (2018- \$17,358).

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Other Accounts Payable and Accrued Liabilities

	2019	2018
Trade payables	\$ 2,622,498	\$ 3,496,315
Salaries and benefits payable	9,442,280	6,975,951
Accrued vacation pay	1,556,287	1,505,583
Construction holdbacks	27,724	326,615
	<u>\$ 13,648,789</u>	<u>\$ 12,304,464</u>

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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:

	2019	2018
Balance, beginning of year	\$ 2,318,994	\$ 2,528,819
Changes for the year:		
Increase:		
Tuition fees	3,212,418	4,019,459
Decrease:		
Tuition fees	3,372,836	4,229,284
Net changes for the year	(160,418)	(209,825)
Balance, end of year	\$ 2,158,576	\$ 2,318,994

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:

	2019	2018
Balance, beginning of year	\$ 2,329,131	\$ 2,093,045
Changes for the year:		
Increase:		
Provincial Grants – Ministry of Education	16,047,377	15,233,697
Ministry of Education 17/18 CEF Adjustment	(418,318)	-
Provincial Grants - Other	62,000	-
Other	3,275,592	4,032,625
Investment income	33,585	14,990
	19,000,236	19,281,312
Decrease:		
Expenses	17,906,235	18,031,083
Transfers – tangible capital assets purchased	933,329	1,014,143
	18,839,564	19,045,226
Net changes for the year	160,672	236,086
Balance, end of year	\$ 2,489,803	\$ 2,329,131

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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 2019	Unspent Deferred Capital 2019	Total Deferred Capital Revenue 2019	Total Deferred Capital Revenue 2018
Balance, beginning of year	\$120,201,036	\$479,251	\$120,680,287	\$116,929,468
Changes for the year:				
Increase:				
Transfer from Unspent – Capital Additions	4,801,106	-	4,801,106	8,718,519
Transfer from Unspent – Work in Progress	472,109	-	472,109	1,780,531
Provincial Grants – Ministry of Education	-	5,216,361	5,216,361	7,082,294
Provincial Grants – Other	-	223,179	223,179	320,549
Investment income	-	449	449	5,545
Other	-	27,025	27,025	1,789,193
	5,273,215	5,467,014	10,740,229	19,696,631
Decrease:				
Amortization of Deferred Capital	5,708,423	-	5,708,423	5,446,762
Capital additions – transfer to Deferred Capital	-	4,801,106	4,801,106	8,718,519
Work in Progress – transfer to Deferred Capital	-	472,109	472,109	1,780,531
Other	-	-	-	-
	5,708,423	5,273,215	10,981,638	15,945,812
Net changes for the year	(435,208)	193,799	(241,409)	3,750,819
Balance, end of year	\$119,765,828	\$673,050	\$120,438,878	\$120,680,287

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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.

	2019	2018
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 1,884,976	\$ 1,910,377
Service Cost	145,011	132,939
Interest Cost	53,093	53,166
Benefit Payments	(175,642)	(187,214)
Increase (Decrease) in obligation due to Plan Amendment	-	-
Actuarial (Gain) Loss	(199,390)	(24,292)
Accrued Benefit Obligation – March 31	<u>\$ 1,708,048</u>	<u>\$ 1,884,976</u>

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation – March 31	\$ 1,708,048	\$ 1,884,976
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	(1,708,048)	(1,884,976)
Employer Contributions After Measurement Date	51,145	12,617
Benefits Expense After Measurement Date	(40,391)	(49,526)
Unamortized Net Actuarial (Gain) Loss	(121,302)	116,844
Accrued Benefit Asset (Liability) – June 30	<u>\$ (1,818,596)</u>	<u>\$ (1,805,041)</u>

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability – July 1	\$ 1,805,041	\$ 1,747,779
Net expense for Fiscal Year	227,724	230,558
Employer Contributions	(214,169)	(173,296)
Accrued Benefit Liability – June 30	<u>\$ 1,818,596</u>	<u>\$ 1,805,041</u>

Components of Net Benefit Expense

Service Cost	\$ 138,486	\$ 135,957
Interest Cost	50,483	53,147
Immediate Recognition of Plan Amendment	-	-
Amortization of Net Actuarial (Gain)/Loss	38,755	41,454
Net Benefit Expense (Income)	<u>\$ 227,724</u>	<u>\$ 230,558</u>

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

	2019	2018
Discount Rate – April 1	2.75%	2.75%
Discount Rate – March 31	2.50%	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	9.4 years	9.0 years

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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, 2019: 2.456%; 2018: 2.165%), and have monthly repayment terms and balances outstanding as follows:

	2019	2018
\$536 for a term of 14 months, due August 31, 2018	-	1,073
\$307 for a term of 16 months, due October 31, 2018	-	1,225
\$774 for a term of 18 months, due December 31, 2018	-	4,632
\$469 for a term of 18 months, due December 31, 2018	-	2,805
\$2,423 for a term of 23 months, due May 31, 2019	-	26,063
\$9,908 for a term of 22 months, due April 30, 2019	-	98,538
\$1,279 for a term of 23 months, due May 31, 2019	-	13,987
\$962 for a term of 23 months, due May 31, 2019	-	10,516
	<u>\$ -</u>	<u>\$ 158,839</u>

All promissory notes have been repaid as of June 30, 2019. Interest paid on equipment and vehicle financing during the year was \$3,227 (2018 - \$4,563).

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 11 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2019	Net Book Value 2018
Sites	\$ 15,673,196	\$ 15,673,196
Buildings	140,755,414	134,237,457
Buildings – work in progress	1,474,353	5,434,886
Furniture & Equipment	6,919,583	6,314,234
Vehicles	1,311,758	1,631,571
Computer Software	10,197	35,041
Computer Software – work in progress	169,805	-
Computer Hardware	3,613,197	4,284,247
Total	\$ 169,927,503	\$ 167,610,632

June 30, 2019

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2019
Sites	\$ 15,673,196	\$ -	\$ -	\$ -	\$ 15,673,196
Buildings	263,600,304	7,135,333	-	5,431,424	276,167,061
Buildings – work in progress	5,434,886	1,470,891	-	(5,431,424)	1,474,353
Furniture & Equipment	7,838,278	1,462,291	307,443	-	8,993,126
Vehicles	3,739,060	56,940	303,485	-	3,492,515
Computer Software	199,084	16,637	141,518	-	74,203
Computer Software – work in progress	-	169,805	-	-	169,805
Computer Hardware	6,793,856	764,135	690,688	-	6,867,303
Total	\$303,278,664	\$11,076,032	\$1,443,134	\$ -	\$312,911,562

	Opening Accumulated Amortization	Additions	Disposals	Total 2019
Buildings	\$129,362,847	\$6,048,800	\$ -	\$135,411,647
Furniture & Equipment	1,524,044	856,942	307,443	2,073,543
Vehicles	2,107,489	376,753	303,485	2,180,757
Computer Software	164,043	41,481	141,518	64,006
Computer Hardware	2,509,609	1,435,185	690,688	3,254,106
Total	\$135,668,032	\$8,759,161	\$1,443,134	\$142,984,059

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 11 TANGIBLE CAPITAL ASSETS *(Continued)*

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

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

Included in additions to furniture and equipment are contributed tangible capital assets of \$32,620 (2018 – nil).

NOTE 12 ACCUMULATED SURPLUS

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2019, were as follows:

- A transfer in the amount of \$4,869,262 was made from the operating fund to the capital fund for capital purchases made during the year.
- A transfer in the amount of \$933,329 was made from the special purpose fund to the capital fund for capital purchase made during the year.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 12 ACCUMULATED SURPLUS *(continued)*

Accumulated Surplus is comprised of the following:

OPERATING	2019	2018
Internally Restricted (appropriated) by Board for:		
Staffing/Unusual Expense Reserve:		
Staffing Contingencies	\$ -	\$750,000
Replacement Cost Contingencies	-	750,000
Employee Payroll Tax	-	500,000
	-	2,000,000
 Planning Reserve (Multiple Years):		
Qwam Qwum Startup Costs	\$375,000	\$ -
 Targeted/Constraints Reserve:		
CEF Supplement	1,704,537	-
School Supplies	330,830	373,920
Aboriginal Education Programs	330,281	479,895
Facilities Projects	236,000	797,500
Fire Plan	180,000	-
Mental Health Grant	25,000	-
Learning Alternatives – Woodlands site	-	300,000
Technology Purchase Orders	-	275,000
Community School Coordinators	-	238,568
Other	-	90,000
	2,806,648	2,554,883
Subtotal Internally Restricted	3,181,648	4,554,883
Unrestricted Operating Surplus	1,280,009	2,626,802
Total Available for Future Operations	4,461,657	7,181,685
 CAPITAL		
Investment in Tangible Capital Assets	49,526,080	46,614,442
Local Capital	5,612,016	5,703,205
Capital Surplus	55,138,096	52,317,647
 TOTAL ACCUMULATED SURPLUS	 \$ 59,599,753	 \$ 59,499,332

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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 27, 2019. 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:

	2019 Amended	2019 Preliminary	Difference
Revenues			
Provincial Grants			
Ministry of Education	\$142,171,544	\$139,024,486	\$3,147,058
Other	515,634	266,416	249,218
Tuition	4,073,000	4,154,000	(81,000)
Other Revenue	5,186,692	4,952,518	234,174
Rentals and Leases	560,000	497,000	63,000
Investment Income	616,000	311,000	305,000
Amortization of Deferred Capital Revenue	5,697,500	5,450,000	247,500
Total Revenue	\$158,820,370	\$154,655,420	\$4,164,950
Expenses			
Instruction	\$127,545,460	\$123,272,031	\$4,273,429
District Administration	6,607,828	6,350,206	257,622
Operations and Maintenance	25,950,903	24,066,830	1,884,073
Transportation and Housing	1,748,562	1,695,921	52,641
Debt Services	1,025	1,025	-
Total Expenses	\$161,853,778	\$155,386,013	\$6,467,765
Surplus (deficit) for the year	\$(3,033,408)	\$(730,593)	\$(2,302,815)
Effects of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(1,560,000)	(1,641,000)	81,000
Amortization of Tangible Capital Assets	8,610,000	7,787,000	823,000
Total Effect of change in Tangible Capital Assets	7,050,000	6,146,000	904,000
Decrease in Net Financial Debt	\$4,016,592	\$5,415,407	\$(1,398,815)

NOTE 14 EXPENSE BY OBJECT

	2019	2018
Salaries	\$106,334,133	\$99,124,316
Benefits	26,629,641	25,788,207
Services and supplies	17,183,364	18,055,639
Interest	3,227	4,563
Amortization	8,759,161	7,915,060
	\$158,909,526	\$150,887,785

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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, 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, 2017, the Teachers' Pension Plan has about 46,000 active members and approximately 38,000 retired members. As of December 31, 2017, the Municipal Pension Plan has about 197,000 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, 2017, indicated a \$1,656 million surplus for basic pension benefits on a going concern basis. As a result of the 2017 basic account actuarial valuation surplus, plan enhancements and contribution rate adjustments were made; the remaining \$644 million surplus was transferred to the rate stabilization account.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million 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 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rate remained unchanged.

The school district paid \$11,762,829 for employer contributions to the plans for the year ended June 30, 2019 (2018: \$12,109,339)

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

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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 \$170,484 (2018: \$155,746) 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	2020	2021	2022	2023	2024	Thereafter
Future lease/rental revenue	\$136,947	\$110,243	\$61,697	\$27,001	\$15,001	\$15,001

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:

2020	\$222,969
2021	202,125
2022	92,969
2023	15,000
2024	15,000
Thereafter	15,000
	<u>\$ 563,063</u>

Anticipated contractual payments related to purchase orders for operating expenses and capital construction during 2020 total \$2,896,801.

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.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 18 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES *(continued)*

The District is subject to environmental laws and regulations enacted by the Province and local authorities. Certain schools in the School District contain asbestos. No amount has been recorded in the financial statements with regard to this potential liability. 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 19 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, as well as key management personnel, if any, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

NOTE 20 ECONOMIC DEPENDENCE

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

NOTE 21 RISK MANAGEMENT

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

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

a) Credit risk:

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

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

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits as they are placed in recognized British Columbia institutions.

SCHOOL DISTRICT No. 68 (NANAIMO – LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 21 RISK MANAGEMENT *(continued)*

b) Market risk:

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

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

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

b) 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.

There has been no change to risk exposures from 2018 related to credit, market or liquidity risks. 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 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2019

	Operating Fund	Special Purpose Fund	Capital Fund	2019 Actual	2018 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	7,181,685		52,317,647	59,499,332	51,152,362
Changes for the year					
Surplus (Deficit) for the year	2,149,234	933,329	(2,982,142)	100,421	8,346,970
Interfund Transfers	(554,136)	(933,329)	1,487,465	-	-
Tangible Capital Assets Purchased	(4,315,126)		4,315,126		
Local Capital	(2,720,028)	-	2,820,449	100,421	8,346,970
Net Changes for the year					
Accumulated Surplus (Deficit), end of year - Statement 2	4,461,657	-	55,138,096	59,599,753	59,499,332

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2019

	2019 Budget (Note 13)	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	126,024,245	126,670,538	121,696,076
Other	230,416	275,116	284,116
Tuition	4,073,000	3,762,373	4,229,284
Other Revenue	2,546,692	2,510,085	2,584,759
Rentals and Leases	560,000	672,758	601,183
Investment Income	500,000	430,431	388,338
Total Revenue	133,934,353	134,321,301	129,783,756
Expenses			
Instruction	109,077,148	108,379,903	102,579,915
District Administration	6,607,828	6,029,736	5,687,118
Operations and Maintenance	16,720,698	15,941,452	14,844,393
Transportation and Housing	1,748,562	1,820,976	1,795,762
Total Expense	134,154,236	132,172,067	124,907,188
Operating Surplus (Deficit) for the year	(219,883)	2,149,234	4,876,568
Budgeted Appropriation (Retirement) of Surplus (Deficit)	4,554,883		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	-	(554,136)	(1,789,582)
Local Capital	(4,335,000)	(4,315,126)	(1,270,000)
Total Net Transfers	(4,335,000)	(4,869,262)	(3,059,582)
Total Operating Surplus (Deficit), for the year	-	(2,720,028)	1,816,986
Operating Surplus (Deficit), beginning of year		7,181,685	5,364,699
Operating Surplus (Deficit), end of year		4,461,657	7,181,685
Operating Surplus (Deficit), end of year			
Internally Restricted		3,181,648	4,554,883
Unrestricted		1,280,009	2,626,802
Total Operating Surplus (Deficit), end of year		4,461,657	7,181,685

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2019

	2019 Budget (Note 13)	2019 Actual	2018 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	127,040,756	127,077,630	121,878,350
ISC/LEA Recovery	(1,674,754)	(1,567,941)	(1,674,724)
Other Ministry of Education Grants			
Pay Equity	160,000	160,000	160,000
Funding for Graduated Adults	-	14,676	13,278
Transportation Supplement	244,630	244,630	244,630
Economic Stability Dividend	-	160,727	83,936
Return of Administrative Savings			593,079
Carbon Tax Grant	135,000	111,232	107,259
Employer Health Tax Grant	-	321,417	-
Strategic Priorities - Mental Health Grant	-	31,000	-
Support Staff Benefits Grant	-	67,920	-
BCTEA - LEA Capacity Building Grant	-	20,550	-
Premiers Excellence Award	-	4,000	-
Seismic Assessment	-	9,004	188,100
FSA and Monitored Marking	-	15,693	-
Other	118,613	-	102,168
Total Provincial Grants - Ministry of Education	126,024,245	126,670,538	121,696,076
Provincial Grants - Other	230,416	275,116	284,116
Tuition			
International and Out of Province Students	4,073,000	3,762,373	4,229,284
Total Tuition	4,073,000	3,762,373	4,229,284
Other Revenues			
Other School District/Education Authorities	494,538	494,536	502,058
LEA Funding from First Nations	1,674,754	1,567,941	1,674,724
Miscellaneous			
Cafeteria	205,000	214,369	226,330
BC Hydro Energy Manager/Fortis Energy Specialist	50,000	50,000	50,000
Other	122,400	183,239	131,647
Total Other Revenue	2,546,692	2,510,085	2,584,759
Rentals and Leases	560,000	672,758	601,183
Investment Income	500,000	430,431	388,338
Total Operating Revenue	133,934,353	134,321,301	129,783,756

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2019

	2019 Budget (Note 13)	2019 Actual	2018 Actual
	\$	\$	\$
Salaries			
Teachers	58,364,600	58,250,024	55,468,069
Principals and Vice Principals	7,808,713	7,529,074	6,849,385
Educational Assistants	9,528,039	9,576,309	8,803,698
Support Staff	11,450,631	11,237,651	10,695,692
Other Professionals	3,800,847	3,832,438	3,621,480
Substitutes	4,090,001	4,415,313	3,207,887
Total Salaries	95,042,831	94,840,809	88,646,211
Employee Benefits	23,956,138	23,735,634	23,052,444
Total Salaries and Benefits	118,998,969	118,576,443	111,698,655
Services and Supplies			
Services	4,556,991	4,038,068	3,792,540
Student Transportation	134,441	125,558	134,572
Professional Development and Travel	840,160	805,530	836,446
Rentals and Leases	18,338	16,438	9,099
Dues and Fees	513,362	543,808	663,046
Insurance	323,800	362,675	330,361
Supplies	6,351,375	5,553,764	5,422,977
Utilities	2,416,800	2,149,783	2,019,492
Total Services and Supplies	15,155,267	13,595,624	13,208,533
Total Operating Expense	134,154,236	132,172,067	124,907,188

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2019

	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	45,520,979	1,252,883	251,805	48,382	-	3,167,769	50,241,818
1.03 Career Programs	-	-	181,948	-	-	4,085	186,033
1.07 Library Services	1,557,049	-	-	261,574	-	79,095	1,897,718
1.08 Counselling	2,292,241	-	-	-	-	24,010	2,316,251
1.10 Special Education	7,390,440	110,912	7,972,683	-	-	423,135	15,897,170
1.30 English Language Learning	278,594	-	38,187	-	-	899	317,680
1.31 Aboriginal Education	1,048,506	184,595	874,439	55,973	-	76,008	2,239,521
1.41 School Administration	41,614	5,859,506	-	2,530,314	13,731	410,505	8,855,670
1.62 International and Out of Province Students	120,601	121,178	-	530	108,885	10,510	361,704
1.64 Other	-	-	192,633	80,254	-	-	272,887
Total Function 1	58,250,024	7,529,074	9,511,695	2,977,027	122,616	4,196,016	82,586,452
4 District Administration							
4.11 Educational Administration	-	-	-	188,053	1,064,241	-	1,252,294
4.40 School District Governance	-	-	-	48,824	339,398	-	388,222
4.41 Business Administration	-	-	-	760,147	1,526,924	55,247	2,342,318
Total Function 4	-	-	-	997,024	2,930,563	55,247	3,982,834
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	64,614	467,250	423,244	91,298	1,046,406
5.50 Maintenance Operations	-	-	-	5,354,814	258,921	72,752	5,686,487
5.52 Maintenance of Grounds	-	-	-	452,520	-	-	452,520
5.56 Utilities	-	-	-	67,648	-	-	67,648
Total Function 5	-	-	64,614	6,342,232	682,165	164,050	7,253,061
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	47,268	97,094	-	144,362
7.70 Student Transportation	-	-	-	874,100	-	-	874,100
Total Function 7	-	-	-	921,368	97,094	-	1,018,462
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	58,250,024	7,529,074	9,576,309	11,237,651	3,832,438	4,415,313	94,840,809

School District No. 68 (Nanaimo-Ladysmith)

Operating Expense by Function, Program and Object

Year Ended June 30, 2019

Schedule 2C (Unaudited)

	Total Salaries \$	Employee Benefits \$	Total Salaries and Benefits \$	Services and Supplies \$	2019 Actual \$	2019 Budget (Note 13) \$	2018 Actual \$
1 Instruction							
1.02 Regular Instruction	50,241,818	12,715,201	62,957,019	3,063,795	66,020,814	67,253,134	64,212,948
1.03 Career Programs	186,033	61,164	247,197	214,415	461,612	498,489	508,088
1.07 Library Services	1,897,718	506,610	2,404,328	80,640	2,484,968	2,571,159	2,435,489
1.08 Counselling	2,316,251	569,620	2,885,871	2,428	2,888,299	2,616,309	2,729,837
1.10 Special Education	15,897,170	4,274,426	20,171,596	395,680	20,567,276	19,369,147	18,294,319
1.30 English Language Learning	317,680	67,173	384,853	5,482	390,335	492,516	557,994
1.31 Aboriginal Education	2,239,521	600,579	2,840,100	212,314	3,052,414	3,482,561	2,760,328
1.41 School Administration	8,855,670	2,001,475	10,857,145	136,017	10,993,162	11,068,569	9,751,656
1.62 International and Out of Province Students	361,704	97,289	458,993	731,936	1,190,929	1,485,696	1,317,046
1.64 Other	272,887	46,663	319,550	10,544	330,094	239,568	12,210
Total Function 1	82,586,452	20,940,200	103,526,652	4,853,251	108,379,903	109,077,148	102,579,915
4 District Administration							
4.11 Educational Administration	1,252,294	248,746	1,501,040	180,882	1,681,922	1,715,202	1,541,356
4.40 School District Governance	388,222	64,155	452,377	393,430	845,807	844,369	667,708
4.41 Business Administration	2,342,318	465,766	2,808,084	693,923	3,502,007	4,048,257	3,478,054
Total Function 4	3,982,834	778,667	4,761,501	1,268,235	6,029,736	6,607,828	5,687,118
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	1,046,406	204,681	1,251,087	658,450	1,909,537	2,208,056	2,005,438
5.50 Maintenance Operations	5,686,487	1,440,807	7,127,294	3,666,275	10,793,569	10,948,919	9,721,783
5.52 Maintenance of Grounds	452,520	109,120	561,640	330,270	891,910	922,418	941,035
5.56 Utilities	67,648	14,823	82,471	2,263,965	2,346,436	2,641,305	2,176,137
Total Function 5	7,253,061	1,769,431	9,022,492	6,918,960	15,941,452	16,720,698	14,844,393
7 Transportation and Housing							
7.41 Transportation and Housing Administration	144,362	30,010	174,372	67,481	241,853	220,557	254,051
7.70 Student Transportation	874,100	217,326	1,091,426	487,697	1,579,123	1,528,005	1,541,711
Total Function 7	1,018,462	247,336	1,265,798	555,178	1,820,976	1,748,562	1,795,762
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	94,840,809	23,735,634	118,576,443	13,595,624	132,172,067	134,154,236	124,907,188

School District No. 68 (Nanaimo-Ladysmith)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2019

	2019 Budget (Note 13)	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	16,147,299	15,459,397	15,048,528
Other	285,218		-
Other Revenue	2,640,000	3,346,582	3,981,708
Investment Income	16,000	33,585	14,990
Total Revenue	<u>19,088,517</u>	<u>18,839,564</u>	<u>19,045,226</u>
Expenses			
Instruction	18,468,312	17,805,968	17,475,446
Operations and Maintenance	620,205	100,267	555,637
Total Expense	<u>19,088,517</u>	<u>17,906,235</u>	<u>18,031,083</u>
Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>933,329</u>	<u>1,014,143</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(933,329)	(1,014,143)
Total Net Transfers	<u>-</u>	<u>(933,329)</u>	<u>(1,014,143)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 68 (Nanaimo-Ladysmith)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2019

Schedule 3A (Unaudited)

Deferred Revenue, beginning of year

Add: Restricted Grants

Provincial Grants - Ministry of Education
Provincial Grants - Other
Other
Investment Income
17/18 CEF Adjustment

Less: Allocated to Revenue

Deferred Revenue, end of year

Revenues

Provincial Grants - Ministry of Education
Other Revenue
Investment Income

Expenses

Salaries

Teachers
Principals and Vice Principals
Educational Assistants
Support Staff
Other Professionals
Substitutes

Employee Benefits

Services and Supplies

Net Revenue (Expense) before Interfund Transfers

Interfund Transfers

Tangible Capital Assets Purchased

Net Revenue (Expense)

Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community/Link
\$	\$	\$	\$	\$	\$	\$	\$	\$
64,563	-	21,378	51,337	1,252,884	-	17,185	-	22,340
555,642	484,588	-	-	-	256,000	65,415	202,583	2,243,848
-	-	-	-	3,064,036	-	-	-	-
-	-	-	-	33,585	-	-	-	-
-	-	-	-	-	-	-	-	-
555,642	484,588	4,548	12,467	3,097,621	256,000	65,415	202,583	2,243,848
555,642	484,588	4,548	12,467	2,977,813	255,036	66,379	170,804	2,150,784
64,563	-	16,830	38,870	1,372,692	964	16,221	31,779	115,404
555,642	484,588	4,548	12,467	2,977,813	255,036	66,379	170,804	2,150,784
-	-	-	-	2,944,228	-	-	-	-
-	-	-	-	33,585	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	15,176	-	-	-	-	-	-	81,138
-	378,661	-	-	34,041	181,783	12,124	6,599	4,693
-	99,314	-	-	8,463	62,415	2,288	8,389	1,611,425
100,267	6,613	4,548	12,467	2,879,405	10,838	51,967	108,351	403,432
100,267	484,588	4,548	12,467	2,921,909	255,036	66,379	153,314	2,150,784
455,375	-	-	-	55,904	-	-	17,490	-
(455,375)	-	-	-	(55,904)	-	-	(17,490)	-
(455,375)	-	-	-	(55,904)	-	-	(17,490)	-
-	-	-	-	-	-	-	-	-

School District No. 68 (Nanaimo-Ladysmith)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2019

Schedule 3A (Unaudited)

	Coding and Curriculum Implementation	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	Other Misc Grants	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	1,064	42,615	39,675	336,030	480,060	2,329,131
Add: Restricted Grants						
Provincial Grants - Ministry of Education	-	1,574,133	9,956,258	708,910	-	16,047,377
Provincial Grants - Other	-	-	-	-	62,000	62,000
Other	-	-	-	-	211,556	3,275,592
Investment Income	-	-	-	-	-	33,585
17/18 CEF Adjustment	-	(42,615)	(39,675)	(336,028)	-	(418,318)
	-	1,531,518	9,916,583	372,882	273,556	19,000,236
Less: Allocated to Revenue	1,064	1,574,133	9,956,258	227,694	402,354	18,839,564
Deferred Revenue, end of year	-	-	-	481,218	351,262	2,489,803
Revenues						
Provincial Grants - Ministry of Education	1,064	1,574,133	9,956,258	227,694	-	15,459,397
Other Revenue	-	-	-	-	402,354	3,346,582
Investment Income	-	-	-	-	-	33,585
	1,064	1,574,133	9,956,258	227,694	402,354	18,839,564
Expenses						
Salaries	-	-	-	-	-	-
Teachers	-	-	7,949,107	-	-	8,228,697
Principals and Vice Principals	-	252,158	-	-	-	253,722
Educational Assistants	-	57,982	-	-	-	1,882,679
Support Staff	-	442,790	-	-	-	475,893
Other Professionals	-	-	-	-	-	81,138
Substitutes	-	354,337	-	182,155	187	571,195
	-	1,107,267	7,949,107	182,155	187	11,493,324
Employee Benefits	-	256,998	2,007,151	45,539	18	2,894,007
Services and Supplies	1,064	48,949	-	-	158,508	3,518,904
	1,064	1,413,214	9,956,258	227,694	158,713	17,906,235
Net Revenue (Expense) before Interfund Transfers	-	160,919	-	-	243,641	933,329
Interfund Transfers						
Tangible Capital Assets Purchased	-	(160,919)	-	-	(243,641)	(933,329)
	-	(160,919)	-	-	(243,641)	(933,329)
Net Revenue (Expense)	-	-	-	-	-	-

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2019

	2019 Budget (Note 13)	2019 Actual			2018 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	100,000		140,659	140,659	119,093
Gain (Loss) on Disposal of Tangible Capital Assets	-	-		-	4,839,918
Amortization of Deferred Capital Revenue	5,697,500	5,708,423		5,708,423	5,446,762
Total Revenue	<u>5,797,500</u>	<u>5,708,423</u>	<u>140,659</u>	<u>5,849,082</u>	<u>10,405,773</u>
Expenses					
Operations and Maintenance	-	-	68,836	68,836	29,891
Amortization of Tangible Capital Assets					
Operations and Maintenance	8,610,000	8,759,161		8,759,161	7,915,060
Debt Services					
Capital Loan Interest	1,025		3,227	3,227	4,563
Total Expense	<u>8,611,025</u>	<u>8,759,161</u>	<u>72,063</u>	<u>8,831,224</u>	<u>7,949,514</u>
Capital Surplus (Deficit) for the year	<u>(2,813,525)</u>	<u>(3,050,738)</u>	<u>68,596</u>	<u>(2,982,142)</u>	<u>2,456,259</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	-	1,487,465		1,487,465	2,803,725
Local Capital	4,335,000		4,315,126	4,315,126	1,270,000
Total Net Transfers	<u>4,335,000</u>	<u>1,487,465</u>	<u>4,315,126</u>	<u>5,802,591</u>	<u>4,073,725</u>
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		3,146,765	(3,146,765)	-	
Tangible Capital Assets WIP Purchased from Local Capital		1,168,587	(1,168,587)	-	
Principal Payment					
Capital Loan		159,559	(159,559)	-	
Total Other Adjustments to Fund Balances		<u>4,474,911</u>	<u>(4,474,911)</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>1,521,475</u>	<u>2,911,638</u>	<u>(91,189)</u>	<u>2,820,449</u>	<u>6,529,984</u>
Capital Surplus (Deficit), beginning of year		<u>46,614,442</u>	<u>5,703,205</u>	<u>52,317,647</u>	<u>45,787,663</u>
Capital Surplus (Deficit), end of year		<u>49,526,080</u>	<u>5,612,016</u>	<u>55,138,096</u>	<u>52,317,647</u>

School District No. 68 (Nanaimo-Ladysmith)

Tangible Capital Assets

Year Ended June 30, 2019

Schedule 4A (Unaudited)

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	15,673,196	263,600,304	7,838,278	3,739,060	199,084	6,793,856	297,843,778
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		4,377,996	60,000	-	-	-	4,437,996
Deferred Capital Revenue - Other		-	336,085	-	-	-	336,085
Operating Fund		-	353,030	56,940	-	144,166	554,136
Special Purpose Funds		580,375	293,054	-	16,637	43,263	933,329
Local Capital		2,176,962	393,097	-	-	576,706	3,146,765
Deferred Capital Revenue - City of Nanaimo		-	27,025	-	-	-	27,025
Transferred from Work in Progress		5,431,424	-	-	-	-	5,431,424
Decrease:							
Deemed Disposals	-	12,566,757	1,462,291	56,940	16,637	764,135	14,866,760
Cost, end of year							
Work in Progress, end of year	-	-	307,443	303,485	141,518	690,688	1,443,134
Cost and Work in Progress, end of year	15,673,196	276,167,061	8,993,126	3,492,515	74,203	6,867,303	311,267,404
		1,474,353			169,805		1,644,158
	15,673,196	277,641,414	8,993,126	3,492,515	244,008	6,867,303	312,911,562
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		129,362,847	1,524,044	2,107,489	164,043	2,509,609	135,668,032
Decrease:							
Deemed Disposals		6,048,800	856,942	376,753	41,481	1,435,185	8,759,161
Accumulated Amortization, end of year							
			307,443	303,485	141,518	690,688	1,443,134
		-	307,443	303,485	141,518	690,688	1,443,134
	135,411,647	2,073,543	2,180,757	64,006	3,254,106		142,984,059
Tangible Capital Assets - Net	15,673,196	142,229,767	6,919,583	1,311,758	180,002	3,613,197	169,927,503

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2019

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	5,434,886	-	-	-	5,434,886
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	472,109	-	-	-	472,109
Local Capital	998,782	-	169,805	-	1,168,587
	1,470,891	-	169,805	-	1,640,696
Decrease:					
Transferred to Tangible Capital Assets	5,431,424	-	-	-	5,431,424
	5,431,424	-	-	-	5,431,424
Net Changes for the Year	(3,960,533)	-	169,805	-	(3,790,728)
Work in Progress, end of year	1,474,353	-	169,805	-	1,644,158

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2019

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	111,743,605	4,591,731	1,699,193	118,034,529
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	4,437,996	336,085	-	4,774,081
Transferred from Work in Progress	246,607	1,916,852		2,163,459
Transferred from Deferred Revenue - City of Nanaimo			27,025	27,025
	4,684,603	2,252,937	27,025	6,964,565
Decrease:				
Amortization of Deferred Capital Revenue	5,352,524	175,628	180,271	5,708,423
	5,352,524	175,628	180,271	5,708,423
Net Changes for the Year	(667,921)	2,077,309	(153,246)	1,256,142
Deferred Capital Revenue, end of year	111,075,684	6,669,040	1,545,947	119,290,671
Work in Progress, beginning of year	249,655	1,916,852	-	2,166,507
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	472,109	-	-	472,109
	472,109	-	-	472,109
Decrease				
Transferred to Deferred Capital Revenue	246,607	1,916,852	-	2,163,459
	246,607	1,916,852	-	2,163,459
Net Changes for the Year	225,502	(1,916,852)	-	(1,691,350)
Work in Progress, end of year	475,157	-	-	475,157
Total Deferred Capital Revenue, end of year	111,550,841	6,669,040	1,545,947	119,765,828

School District No. 68 (Nanaimo-Ladysmith)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2019

Schedule 4D (Unaudited)

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	24,145	17,146	313,581	124,379	-	479,251
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	5,216,361	-	223,179	-	-	5,216,361
Provincial Grants - Other	-	449	-	-	-	223,179
Investment Income	-	-	-	-	-	449
Project Contribution - City of Nanaimo	5,216,361	449	223,179	-	27,025	27,025
Decrease:						
Transferred to DCR - Capital Additions	4,437,996	-	336,085	-	-	4,774,081
Transferred to DCR - Work in Progress	472,109	-	-	-	-	472,109
Transferred to DCR - Capital Additions (City of Nanaimo)	-	-	-	-	27,025	27,025
	4,910,105	-	336,085	-	27,025	5,273,215
Net Changes for the Year	306,256	449	(112,906)	-	-	193,799
Balance, end of year	330,401	17,595	200,675	124,379	-	673,050