

Audited Financial Statements of

School District No. 5 (Southeast Kootenay)

June 30, 2019

School District No. 5 (Southeast Kootenay)

June 30, 2019

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School District No. 5 (Southeast Kootenay)

MANAGEMENT REPORT

Version: 2377-1632-8649

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 5 (Southeast Kootenay) 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.



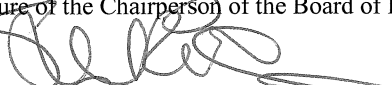
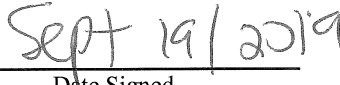

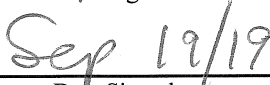
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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. 5 (Southeast Kootenay) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 5 (Southeast Kootenay) 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. 5 (Southeast Kootenay)

 _____ Signature of the Chairperson of the Board of Education	 _____ Date Signed
 _____ Signature of the Superintendent	 _____ Date Signed
 _____ Signature of the Secretary Treasurer	 _____ Date Signed



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Independent Auditor's Report

To the Board of Education of School District No. 5 (Southeast Kootenay) and
the Minister of Education of the Province of British Columbia

Opinion

We have audited the accompanying financial statements of the School District No. 5 (Southeast Kootenay), which comprise the statement of financial position as at June 30, 2019 and the statements of operations, changes in net debt and cash flows for the years ended June 30, 2019, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the School District No. 5 (Southeast Kootenay) for the year ended June 30, 2019 are prepared, in all material respects, in accordance with 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(a) to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the School District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, which requires Canadian public sector accounting standards modified by B.C. Regulation 198/2011 "Restricted Contributions", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the School District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the School District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report (Continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Cranbrook, BC

September 19, 2019

School District No. 5 (Southeast Kootenay)

Statement of Financial Position

As at June 30, 2019

	2019 Actual \$	2018 Actual \$
Financial Assets		
Cash and Cash Equivalents	11,981,487	12,905,955
Accounts Receivable		
Due from Province - Ministry of Education	375,000	-
Due from LEA Funding	93,861	138,721
Other (Note 3)	392,364	248,759
Total Financial Assets	12,842,712	13,293,435
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	5,800,615	4,571,830
Deferred Revenue (Note 5)	2,551,427	2,405,348
Deferred Capital Revenue (Note 6)	59,638,065	59,301,728
Employee Future Benefits (Note 7)	381,239	328,505
Total Liabilities	68,371,346	66,607,411
Net Financial Assets (Debt)	(55,528,634)	(53,313,976)
Non-Financial Assets		
Tangible Capital Assets (Note 8)	76,322,871	73,363,190
Prepaid Expenses	665,738	436,549
Total Non-Financial Assets	76,988,609	73,799,739
Accumulated Surplus (Deficit)	21,459,975	20,485,763

Contractual Obligations (Note 11)

Contractual Rights (Note 12)

Measurement Uncertainty (Note 21)

Approved by the Board

Signature of the Chairperson of the Board of Education	Date Signed
	Date Signed
Signature of the Superintendent	Date Signed
	Date Signed
Signature of the Secretary Treasurer	Date Signed

School District No. 5 (Southeast Kootenay)

Statement of Operations
Year Ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	61,792,345	63,679,895	60,647,830
Other	176,164	194,514	182,471
Other Revenue	3,083,207	3,414,591	3,386,512
Rentals and Leases	200,000	178,982	231,528
Investment Income	76,000	185,798	152,293
Amortization of Deferred Capital Revenue	2,830,062	2,843,594	2,830,062
Total Revenue	<u>68,157,778</u>	<u>70,497,374</u>	<u>67,430,696</u>
Expenses			
Instruction	53,978,635	55,818,473	53,149,991
District Administration	2,109,382	2,318,542	2,196,372
Operations and Maintenance	10,038,217	9,635,686	9,802,860
Transportation and Housing	1,868,618	1,750,461	1,696,739
Total Expense	<u>67,994,852</u>	<u>69,523,162</u>	<u>66,845,962</u>
Surplus (Deficit) for the year	<u>162,926</u>	<u>974,212</u>	<u>584,734</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		20,485,763	19,901,029
Accumulated Surplus (Deficit) from Operations, end of year		<u><u>21,459,975</u></u>	<u>20,485,763</u>

School District No. 5 (Southeast Kootenay)

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Surplus (Deficit) for the year	162,926	974,212	584,734
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(865,098)	(6,334,906)	(2,944,420)
Amortization of Tangible Capital Assets	3,544,234	3,375,225	3,544,244
Total Effect of change in Tangible Capital Assets	2,679,136	(2,959,681)	599,824
Acquisition of Prepaid Expenses	(298,456)	(665,738)	(436,549)
Use of Prepaid Expenses	298,456	436,549	309,466
Total Effect of change in Other Non-Financial Assets	-	(229,189)	(127,083)
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>2,842,062</u>	(2,214,658)	1,057,475
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		(2,214,658)	1,057,475
Net Financial Assets (Debt), beginning of year		(53,313,976)	(54,371,451)
Net Financial Assets (Debt), end of year		(55,528,634)	(53,313,976)

School District No. 5 (Southeast Kootenay)

Statement of Cash Flows
Year Ended June 30, 2019

	2019 Actual	2018 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	974,212	584,734
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(473,745)	(1,645)
Prepaid Expenses	(229,190)	(127,082)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,228,785	85,937
Unearned Revenue	-	(14,400)
Deferred Revenue	146,079	(110,827)
Employee Future Benefits	52,735	(2,095)
Amortization of Tangible Capital Assets	3,375,225	3,544,244
Amortization of Deferred Capital Revenue	(2,843,594)	(2,830,062)
Total Operating Transactions	<u>2,230,507</u>	<u>1,128,804</u>
Capital Transactions		
Tangible Capital Assets Purchased	(6,334,906)	(2,944,420)
Total Capital Transactions	<u>(6,334,906)</u>	<u>(2,944,420)</u>
Financing Transactions		
Capital Revenue Received	3,179,931	2,147,325
Total Financing Transactions	<u>3,179,931</u>	<u>2,147,325</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(924,468)	331,709
Cash and Cash Equivalents, beginning of year	<u>12,905,955</u>	<u>12,574,246</u>
Cash and Cash Equivalents, end of year	<u>11,981,487</u>	<u>12,905,955</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	8,692,753	6,297,338
Cash Equivalents	3,288,734	6,608,617
	<u>11,981,487</u>	<u>12,905,955</u>

School District No. 5 (Southeast Kootenay)
 Schedule of Changes in Accumulated Surplus (Deficit) by Fund
 Year Ended June 30, 2019

Schedule 1 (Unaudited)

	Operating Fund	Special Purpose Fund	Capital Fund	2019 Actual	2018 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	4,454,132		16,031,631	20,485,763	19,901,029
Changes for the year					
Surplus (Deficit) for the year	1,254,016	201,504	(481,308)	974,212	584,734
Interfund Transfers					
Tangible Capital Assets Purchased	(2,000,000)	(201,504)	201,504	-	-
Local Capital	(745,984)	-	2,000,000	-	-
Net Changes for the year	(745,984)	-	1,720,196	974,212	584,734
Accumulated Surplus (Deficit), end of year - Statement 2	3,708,148	-	17,751,827	21,459,975	20,485,763

School District No. 5 (Southeast Kootenay)

Schedule of Operating Operations

Year Ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	57,743,074	59,643,464	56,769,318
Other	68,000	85,900	73,050
Other Revenue	655,396	879,225	840,570
Rentals and Leases	200,000	178,982	231,528
Investment Income	40,000	112,970	118,979
Total Revenue	<u>58,706,470</u>	<u>60,900,541</u>	<u>58,033,445</u>
Expenses			
Instruction	47,734,487	49,317,061	46,941,688
District Administration	2,109,382	2,318,542	2,196,372
Operations and Maintenance	6,493,983	6,260,461	6,258,616
Transportation and Housing	1,868,618	1,750,461	1,696,739
Total Expense	<u>58,206,470</u>	<u>59,646,525</u>	<u>57,093,415</u>
Operating Surplus (Deficit) for the year	<u>500,000</u>	<u>1,254,016</u>	<u>940,030</u>
Net Transfers (to) from other funds			
Local Capital	(500,000)	(2,000,000)	(577,500)
Total Net Transfers	<u>(500,000)</u>	<u>(2,000,000)</u>	<u>(577,500)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(745,984)</u>	<u>362,530</u>
Operating Surplus (Deficit), beginning of year		<u>4,454,132</u>	<u>4,091,602</u>
Operating Surplus (Deficit), end of year		<u><u>3,708,148</u></u>	<u><u>4,454,132</u></u>
Operating Surplus (Deficit), end of year			
Internally Restricted		<u>3,245,884</u>	<u>3,930,125</u>
Unrestricted		<u>462,264</u>	<u>524,007</u>
Total Operating Surplus (Deficit), end of year		<u><u>3,708,148</u></u>	<u><u>4,454,132</u></u>

School District No. 5 (Southeast Kootenay)

Schedule of Operating Revenue by Source
Year Ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	56,929,946	58,582,332	55,720,505
ISC/LEA Recovery	(238,495)	(223,097)	(245,484)
Other Ministry of Education Grants			
Pay Equity	457,171	457,171	457,171
Funding for Graduated Adults		14,089	5,772
Transportation Supplement	361,459	361,459	361,459
Economic Stability Dividend		63,550	32,919
Return of Administrative Savings			277,377
Carbon Tax Grant	80,000	94,835	81,223
Employer Health Tax Grant		143,945	
Support Staff Benefits Grant	52,993	52,993	45,280
FSA/Rural/Skills		8,187	33,096
Growing Innovations		55,000	
Early Action Initiatives		33,000	
Benefit Funding	100,000		
Total Provincial Grants - Ministry of Education	<u>57,743,074</u>	<u>59,643,464</u>	<u>56,769,318</u>
Provincial Grants - Other	<u>68,000</u>	<u>85,900</u>	<u>73,050</u>
Tuition			
Other Revenues			
Other School District/Education Authorities	368,701	447,155	480,028
LEA Funding from First Nations	238,495	223,097	242,726
Miscellaneous			
Miscellaneous	10,000	57,375	37,570
Courtesy Riders		13,798	12,080
Art Starts	11,200	10,800	10,920
Health Promoting Schools	27,000	27,000	27,000
BC PSEA Benefit Reserve		100,000	-
BC Hydro Rebate			30,246
Total Other Revenue	<u>655,396</u>	<u>879,225</u>	<u>840,570</u>
Rentals and Leases	<u>200,000</u>	<u>178,982</u>	<u>231,528</u>
Investment Income	<u>40,000</u>	<u>112,970</u>	<u>118,979</u>
Total Operating Revenue	<u>58,706,470</u>	<u>60,900,541</u>	<u>58,033,445</u>

School District No. 5 (Southeast Kootenay)

Schedule of Operating Expense by Object
Year Ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Salaries			
Teachers	24,094,448	24,151,950	23,151,220
Principals and Vice Principals	4,227,326	4,186,125	4,002,642
Educational Assistants	4,106,354	4,738,184	4,341,880
Support Staff	5,330,329	5,151,387	4,956,563
Other Professionals	1,829,603	1,875,998	1,714,014
Substitutes	1,806,971	2,189,259	2,078,759
Total Salaries	41,395,031	42,292,903	40,245,078
Employee Benefits	10,260,385	10,163,228	9,653,963
Total Salaries and Benefits	51,655,416	52,456,131	49,899,041
Services and Supplies			
Services	1,815,828	2,268,375	2,179,481
Student Transportation	90,300	121,524	88,374
Professional Development and Travel	651,764	690,348	608,300
Rentals and Leases	68,950	69,070	68,877
Dues and Fees	61,900	65,085	65,811
Insurance	153,900	126,923	144,346
Supplies	2,607,412	2,715,950	2,908,798
Utilities	1,101,000	1,133,119	1,130,387
Total Services and Supplies	6,551,054	7,190,394	7,194,374
Total Operating Expense	58,206,470	59,646,525	57,093,415

School District No. 5 (Southeast Kootenay)

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	19,719,698	1,335,363		311,409	56,711	1,316,925	22,740,106
1.03 Career Programs	79,779					4,451	84,230
1.07 Library Services	671,232			127,456		36,111	834,799
1.08 Counselling	857,066					38,531	895,597
1.10 Special Education	2,697,646	128,963	4,190,075	19,317	476,338	517,695	8,030,034
1.30 English Language Learning	103,712					6,436	110,148
1.31 Aboriginal Education	22,817	67,686	548,109		97,963	4,172	740,747
1.41 School Administration		2,527,847		890,579		113,999	3,532,425
Total Function 1	24,151,950	4,059,859	4,738,184	1,348,761	631,012	2,038,320	36,968,086
4 District Administration							
4.11 Educational Administration		126,266			215,693	43,168	385,127
4.40 School District Governance					140,536		140,536
4.41 Business Administration				206,332	713,475	5,148	924,955
Total Function 4	-	126,266	-	206,332	1,069,704	48,316	1,450,618
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				63,518	120,286	160	183,964
5.50 Maintenance Operations				2,602,236		65,450	2,667,686
5.52 Maintenance of Grounds				79,173			79,173
5.56 Utilities							-
Total Function 5	-	-	-	2,744,927	120,286	65,610	2,930,823
7 Transportation and Housing							
7.41 Transportation and Housing Administration					54,996		54,996
7.70 Student Transportation				851,367		37,013	888,380
Total Function 7	-	-	-	851,367	54,996	37,013	943,376
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	24,151,950	4,186,125	4,738,184	5,151,387	1,875,998	2,189,259	42,292,903

School District No. 5 (Southeast Kootenay)

Operating Expense by Function, Program and Object

Year Ended June 30, 2019

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	22,740,106	5,237,087	27,977,193	2,585,954	30,563,147	30,180,358	29,646,182
1.03 Career Programs	84,230	19,400	103,630	70,885	174,515	183,062	157,162
1.07 Library Services	834,799	198,300	1,033,099	101,608	1,134,707	1,074,328	1,077,032
1.08 Counselling	895,597	210,935	1,106,532	9,469	1,116,001	1,098,202	1,039,662
1.10 Special Education	8,030,034	2,061,712	10,091,746	362,088	10,453,834	9,473,569	9,584,493
1.30 English Language Learning	110,148	25,660	135,808	18,082	153,890	110,300	113,214
1.31 Aboriginal Education	740,747	220,226	960,973	236,624	1,197,597	1,168,500	1,194,998
1.41 School Administration	3,532,425	882,634	4,415,059	108,311	4,523,370	4,446,168	4,128,945
Total Function 1	36,968,086	8,855,954	45,824,040	3,493,021	49,317,061	47,734,487	46,941,688
4 District Administration							
4.11 Educational Administration	385,127	60,314	445,441	107,282	552,723	506,300	661,399
4.40 School District Governance	140,536	3,864	144,400	129,572	273,972	259,897	223,101
4.41 Business Administration	924,955	220,090	1,145,045	346,802	1,491,847	1,343,185	1,311,872
Total Function 4	1,450,618	284,268	1,734,886	583,656	2,318,542	2,109,382	2,196,372
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	183,964	41,437	225,401	94,123	319,524	340,971	322,200
5.50 Maintenance Operations	2,667,686	695,607	3,363,293	1,152,994	4,516,287	4,475,012	4,226,765
5.52 Maintenance of Grounds	79,173	18,576	97,749	193,782	291,531	353,038	455,492
5.56 Utilities	-	-	-	1,133,119	1,133,119	1,324,962	1,254,159
Total Function 5	2,930,823	755,620	3,686,443	2,574,018	6,260,461	6,493,983	6,258,616
7 Transportation and Housing							
7.41 Transportation and Housing Administration	54,996	10,584	65,580	177	65,757	70,019	58,243
7.70 Student Transportation	888,380	256,802	1,145,182	539,522	1,684,704	1,798,599	1,638,496
Total Function 7	943,376	267,386	1,210,762	539,699	1,750,461	1,868,618	1,696,739
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	42,292,903	10,163,228	52,456,131	7,190,394	59,646,525	58,206,470	57,093,415

School District No. 5 (Southeast Kootenay)

Schedule of Special Purpose Operations

Year Ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	4,049,271	4,036,431	3,878,512
Other	108,164	108,614	109,421
Other Revenue	2,427,811	2,535,366	2,545,942
Investment Income	24,000	22,505	17,819
Total Revenue	<u>6,609,246</u>	<u>6,702,916</u>	<u>6,551,694</u>
Expenses			
Instruction	6,244,148	6,501,412	6,208,303
Total Expense	<u>6,244,148</u>	<u>6,501,412</u>	<u>6,208,303</u>
Special Purpose Surplus (Deficit) for the year	<u>365,098</u>	<u>201,504</u>	<u>343,391</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(365,098)	(201,504)	(343,391)
Total Net Transfers	<u>(365,098)</u>	<u>(201,504)</u>	<u>(343,391)</u>
Total Special Purpose Surplus (Deficit) for the year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u><u>-</u></u>	<u><u>-</u></u>

School District No. 5 (Southeast Kootenay)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2019

Schedule 3A (Unaudited)

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community/J/NK Fund - Overhead	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	MCF Programs
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	307,342		6,977	802,985	1,172,566		7,021		34,450	22,611		16,064
Add: Restricted Grants												
Provincial Grants - Ministry of Education	286,997	222,381				128,000	26,950	154,661	358,637	170,939	2,650,396	82,406
Provincial Grants - Other				4,200	2,626,870							110,164
Investment Income				22,505								
Less: Allocated to Revenue Recovered	286,997	222,381		26,705	2,626,870	128,000	26,950	154,661	358,637	170,939	2,650,396	82,406
	225,934	222,381	6,977	38,200	2,491,171	128,000	32,615	132,871	392,510	167,212	2,650,396	66,138
Deferred Revenue, end of year	368,405			791,490	1,308,265		1,356	21,790	577	3,727		17,614
Revenues	225,934	222,381	6,977			128,000	32,615	132,871	392,510	167,212	2,650,396	66,138
Provincial Grants - Ministry of Education												
Provincial Grants - Other				15,695	2,491,171							
Other Revenue				22,505								
Investment Income				38,200								
Expenses	225,934	222,381	6,977			128,000	32,615	132,871	392,510	167,212	2,650,396	66,138
Salaries												
Teachers												
Educational Assistants		164,188						31,911			2,030,255	
Support Staff								33,838				
Other Professionals												
Substitutes										36,608		
Employee Benefits		5,777					10,449	2,620		101,307	57,540	77,601
Services and Supplies	24,430	169,965					10,449	68,369	278,626	36,608	2,131,562	57,540
	24,430	52,416	6,977	38,200	2,491,171	128,000	1,561	20,703	85,091	7,322	518,834	18,751
	24,430	222,381	6,977	38,200	2,491,171	128,000	20,605	43,799	28,793	123,282	2,650,396	8,598
						128,000	32,615	132,871	392,510	167,212		12,262
						128,000					66,138	108,614
Net Revenue (Expense) before Interfund Transfers	201,504											
Interfund Transfers	(201,504)											
Tangible Capital Assets Purchased	(201,504)											
Net Revenue (Expense)												

School District No. 5 (Southeast Kootenay)

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

	Attendance Support	Clear Sky Summit	CBT Plays	TOTAL
	\$	\$	\$	\$
Deferred Revenue, beginning of year	33,332	2,000	-	2,405,348
Add:				
Restricted Grants				4,081,367
Provincial Grants - Ministry of Education				110,164
Provincial Grants - Other		4,000	22,500	2,657,570
Other				22,505
Investment Income		4,000	22,500	6,871,606
Less: Allocated to Revenue	11,397	6,000	22,500	6,702,916
Recovered				22,611
Deferred Revenue, end of year	21,935	-	-	2,551,427
Revenues	11,397	6,000	22,500	4,036,431
Provincial Grants - Ministry of Education				108,614
Provincial Grants - Other		6,000	22,500	2,535,366
Other Revenue				22,505
Investment Income	11,397	6,000	22,500	6,702,916
Expenses				
Salaries				2,062,166
Teachers				476,652
Educational Assistants				37,678
Support Staff	11,397		1,070	88,998
Other Professionals				187,320
Substitutes	11,397	-	10,697	2,852,814
Employee Benefits		6,000	11,803	713,276
Services and Supplies	11,397	6,000	22,500	2,935,322
Net Revenue (Expense) before Interfund Transfers	-	-	-	201,504
Interfund Transfers				
Tangible Capital Assets Purchased				(201,504)
Net Revenue (Expense)	-	-	-	-

School District No. 5 (Southeast Kootenay)

Schedule of Capital Operations
Year Ended June 30, 2019

	2019 Budget	2019 Actual			2018 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	12,000		50,323	50,323	15,495
Amortization of Deferred Capital Revenue	2,830,062	2,843,594		2,843,594	2,830,062
Total Revenue	<u>2,842,062</u>	<u>2,843,594</u>	<u>50,323</u>	<u>2,893,917</u>	<u>2,845,557</u>
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	3,544,234	3,375,225		3,375,225	3,544,244
Total Expense	<u>3,544,234</u>	<u>3,375,225</u>	<u>-</u>	<u>3,375,225</u>	<u>3,544,244</u>
Capital Surplus (Deficit) for the year	<u>(702,172)</u>	<u>(531,631)</u>	<u>50,323</u>	<u>(481,308)</u>	<u>(698,687)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	365,098	201,504		201,504	343,391
Local Capital	500,000		2,000,000	2,000,000	577,500
Total Net Transfers	<u>865,098</u>	<u>201,504</u>	<u>2,000,000</u>	<u>2,201,504</u>	<u>920,891</u>
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		2,362,272	(2,362,272)	-	
Total Other Adjustments to Fund Balances		<u>2,362,272</u>	<u>(2,362,272)</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>162,926</u>	<u>2,032,145</u>	<u>(311,949)</u>	<u>1,720,196</u>	<u>222,204</u>
Capital Surplus (Deficit), beginning of year		<u>14,795,390</u>	<u>1,236,241</u>	<u>16,031,631</u>	<u>15,809,427</u>
Capital Surplus (Deficit), end of year		<u>16,827,535</u>	<u>924,292</u>	<u>17,751,827</u>	<u>16,031,631</u>

School District No. 5 (Southeast Kootenay)

Tangible Capital Assets
Year Ended June 30, 2019

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	5,987,977	136,222,719	2,112,571	3,460,494	-	471,307	148,255,068
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,234,605	105,000	167,922			2,507,527
Deferred Capital Revenue - Other		1,241,240	22,363				1,263,603
Special Purpose Funds		201,504					201,504
Local Capital		2,068,727	25,446	242,523		25,576	2,362,272
	-	5,746,076	152,809	410,445	-	25,576	6,334,906
Decrease:							
Deemed Disposals			598,544	242,311		318,202	1,159,057
	-	-	598,544	242,311	-	318,202	1,159,057
Cost, end of year	5,987,977	141,968,795	1,666,836	3,628,628	-	178,681	153,430,917
Work in Progress, end of year							
Cost and Work in Progress, end of year	5,987,977	141,968,795	1,666,836	3,628,628	-	178,681	153,430,917
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		71,730,211	1,120,681	1,736,186		304,800	74,891,878
Decrease:							
Deemed Disposals		2,723,660	211,257	346,046		94,262	3,375,225
			598,544	242,311		318,202	1,159,057
			598,544	242,311		318,202	1,159,057
		74,453,871	733,394	1,839,921		80,860	77,108,046
Accumulated Amortization, end of year		67,514,924	933,442	1,788,707		97,821	76,322,871
Tangible Capital Assets - Net	5,987,977	67,514,924	933,442	1,788,707	-	97,821	76,322,871

School District No. 5 (Southeast Kootenay)

Deferred Capital Revenue

Year Ended June 30, 2019

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	56,670,557	1,743,723	153,520	58,567,800
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,507,527	612,533	651,070	3,771,130
	<u>2,507,527</u>	<u>612,533</u>	<u>651,070</u>	<u>3,771,130</u>
Decrease:				
Amortization of Deferred Capital Revenue	2,706,702	56,772	80,120	2,843,594
	<u>2,706,702</u>	<u>56,772</u>	<u>80,120</u>	<u>2,843,594</u>
Net Changes for the Year	<u>(199,175)</u>	<u>555,761</u>	<u>570,950</u>	<u>927,536</u>
Deferred Capital Revenue, end of year	<u>56,471,382</u>	<u>2,299,484</u>	<u>724,470</u>	<u>59,495,336</u>
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Work in Progress, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Capital Revenue, end of year	<u>56,471,382</u>	<u>2,299,484</u>	<u>724,470</u>	<u>59,495,336</u>

School District No. 5 (Southeast Kootenay)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2019

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	7,377	664,360	16,102	-	46,089	733,928
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	2,501,130		15,790			2,501,130
Provincial Grants - Other					637,015	637,015
Other		1,796				1,796
Investment Income					24,200	24,200
Parent donations for Playground equipment	2,501,130	1,796	15,790	-	661,215	3,179,931
Decrease:						
Transferred to DCR - Capital Additions	2,507,527	604,225	8,308		651,070	3,771,130
	2,507,527	604,225	8,308	-	651,070	3,771,130
	(6,397)	(602,429)	7,482	-	10,145	(591,199)
Net Changes for the Year	980	61,931	23,584	-	56,234	142,729
Balance, end of year						

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 AUTHORITY AND PURPOSE

The School District 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. 5 (Southeast Kootenay)", and operates as "School District No. 5 (Southeast Kootenay)." 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.

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(d) and 2(i).

In September 2010, the Province of British Columbia Treasury Board ("Treasury Board") provided directive through Government Organization Accounting Standards Regulation 257/2010 requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sector to adopt PSA standards of the Canadian Institute of Chartered Accountants ("CICA") without not-for-profit provisions from their first fiscal year commencing after January 1, 2012. In March 2011, PSAB released a new *Section PS 3410 "Government Transfers"*. 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. The Treasury Board direction on the accounting treatment of restricted contributions is as described in Notes 2(d) and 2(i).

As noted in notes 2 (d) and 2 (i), 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. The impact of this difference on the financial statements of the School District is as follows:

Year-ended June 30, 2018 - overstatement of revenue and annual surplus of \$338,661

June 30, 2018 - understatement of accumulated surplus and an overstatement of deferred capital revenue by \$58,567,800

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Year-ended June 30, 2019 - understatement of revenue and annual surplus of \$927,536

June 30, 2019 - understatement of accumulated surplus and an overstatement of deferred capital revenue by \$59,495,336

b) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

c) Accounts Receivable

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

d) 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 (i).

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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 prorated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2019 and projected to March 31, 2021. The valuation performed at March 31, 2019 is 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.

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.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) 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.
- 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.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

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

g) Prepaid Expenses

Prepaid membership dues, insurance, travel expenses and software licensing fees are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

h) 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 within accumulated surplus when approved (see Note 15 – Internally Restricted Surplus).

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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

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

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

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

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Expenditures

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

- 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.

Categories of Salaries

- Principals, Vice-Principals, and Directors of Instruction employed under a personal services contract are categorized as Principals and Vice-Principals.
- Superintendents, Secretary-Treasurers, Exempt Staff, Trustees and other employees excluded from union contracts are categorized as Other Professionals.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) 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, accounts payable and accrued liabilities, and other liabilities.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

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

Financial instruments have been accounted for prospectively since June 30, 2013 in accordance with public sector accounting standards as described above.

l) Measurement Uncertainty

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2019	June 30, 2018
Due from Federal Government	\$210,761	\$152,516
Other	181,603	96,243
	\$392,364	\$248,759

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2019	June 30, 2018
Trade payables	\$993,189	\$449,659
Salaries and benefits payable	4,807,426	4,122,171
	\$5,800,615	\$4,571,830

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 5 DEFERRED REVENUE

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled.

	June 30, 2019	June 30, 2018
Ministry of Education Grants	\$434,058	\$411,733
Province of BC Grants	17,614	16,064
School Generated	1,308,265	1,172,566
Scholarships	791,490	802,985
Other	-	2,000
	\$2,551,427	\$2,405,348
	June 30, 2019	June 30, 2018
Balance, beginning of year	\$2,405,348	\$2,516,175
Changes for the year:		
Increase: Grants and contributions received		
Provincial	4,191,531	3,864,131
Other	2,680,075	2,576,736
Decrease: Grants and contributions recognized		
Provincial	(4,167,656)	(3,987,933)
Other	(2,557,871)	(2,563,761)
Balance, end of year	\$2,551,427	\$2,405,348

NOTE 6 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired.

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$59,301,728	\$59,984,465
Changes for the year:		
Increase:		
Grants and contributions received	3,179,931	2,147,325
Decrease:		
Amortization of deferred capital revenue	(2,843,594)	(2,830,062)
Balance, end of year	\$59,638,065	\$59,301,728

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 7 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. Funding is provided when the benefits are paid and accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits.

	June 30, 2019	June 30, 2018
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	521,423	509,730
Service Cost	42,886	38,832
Interest Cost	14,917	14,472
Benefit Payments	(52,235)	(72,710)
Increase (Decrease) in obligation due to Plan Amendment	-	-
Actuarial Loss	244,167	31,099
Accrued Benefit Obligation – March 31	<u>771,158</u>	<u>521,423</u>
Reconciliation of Funded Status at End of Fiscal Year		
Funded Status - Deficit	(771,158)	(521,423)
Employer Contributions After Measurement Date	5,838	12,974
Benefit Expenses After Measurement Date	(22,618)	(14,451)
Unamortized Net Actuarial Loss	406,699	194,395
Accrued Benefit Liability - June 30	<u>(381,239)</u>	<u>(328,505)</u>
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability - July 1	328,505	330,600
Net Expense for Fiscal Year	97,834	83,589
Employer Contributions	(45,100)	(85,684)
Accrued Benefit Liability - June 30	<u>381,239</u>	<u>328,505</u>
Components of Net Benefit Expense		
Service Cost	49,704	39,846
Interest Cost	16,267	14,583
Immediate Recognition of Plan Amendment	-	-
Amortization of Net Actuarial Loss	31,863	29,160
Net Benefit Expense	<u>97,834</u>	<u>83,589</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 7 EMPLOYEE FUTURE BENEFITS (Continued)

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Discount Rate – April 1	2.75%	2.75%
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	10.9	11.5

NOTE 8 TANGIBLE CAPITAL ASSETS

June 30, 2019

Cost:	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2019</u>
Sites	\$ 5,987,977	\$	\$	\$ 5,987,977
Buildings	136,222,719	5,746,076		141,968,795
Furniture & Equipment	2,112,571	152,809	598,544	1,666,836
Vehicles	3,460,494	410,445	242,311	3,628,628
Computer Hardware	471,307	25,576	318,202	178,681
Total	\$148,255,068	\$6,334,906	\$1,159,057	\$153,430,917

Accumulated Amortization:	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2019</u>
Sites	\$	\$	\$	\$
Buildings	71,730,211	2,723,660		74,453,871
Furniture & Equipment	1,120,681	211,257	598,544	733,394
Vehicles	1,736,186	346,046	242,311	1,839,921
Computer Hardware	304,800	94,262	318,202	80,860
Total	\$74,891,878	\$3,375,225	\$1,159,057	\$77,108,046

Net Book Value	<u>Net Book Value June 30, 2018</u>	<u>Net Book Value June 30, 2019</u>
Sites	\$ 5,987,977	\$ 5,987,977
Buildings	64,492,508	67,514,924
Furniture & Equipment	991,890	933,442
Vehicles	1,724,308	1,788,707
Computer Hardware	166,507	97,821
Total	\$73,363,190	\$76,322,871

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2018

Cost:	Balance at June 30, 2017	Additions	Disposals	Balance at June 30, 2018
Sites	\$ 5,987,977	\$	\$	\$ 5,987,977
Buildings	133,471,805	2,750,914		136,222,719
Furniture & Equipment	2,011,483	105,009	3,921	2,112,571
Vehicles	3,697,004	74,507	311,017	3,460,494
Computer Hardware	1,474,729	13,990	1,017,412	471,307
Total	\$146,642,998	\$2,944,420	\$1,332,350	\$148,255,068

Accumulated Amortization:	Balance at June 30, 2017	Additions	Disposals	Balance at June 30, 2018
Sites	\$	\$	\$	\$
Buildings	69,051,771	2,678,440		71,730,211
Furniture & Equipment	923,454	201,148	3,921	1,120,681
Vehicles	1,677,503	369,700	311,017	1,736,186
Computer Hardware	1,027,256	294,956	1,017,412	304,800
Total	\$72,679,984	\$3,544,244	\$1,332,350	\$74,891,878

Net Book Value	Net Book Value June 30, 2017	Net Book Value June 30, 2018
Sites	\$ 5,987,977	\$ 5,987,977
Buildings	64,420,034	64,492,508
Furniture & Equipment	1,088,029	991,890
Vehicles	2,019,501	1,724,308
Computer Hardware	447,473	166,507
Total	\$73,963,014	\$73,363,190

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension Plans. The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at December 31, 2018 the Teachers' Pension Plan has about 48,000 active members from school districts, and approximately 38,000 retired members from school districts. As of December 31, 2018 the Municipal Pension Plan has about 205,000 active members, of which approximately 26,000 are from school districts.

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

The latest actuarial valuation of the Teachers' Pension Plan as at December 31, 2017, indicated a \$1,656 million surplus for basic pension benefits. 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 next valuation will be December 31, 2020, with results available in 2021.

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 rates remained unchanged. The next valuation will be 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 the plans 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. 5 (Southeast Kootenay) expensed \$4,845,686 (2018- \$5,108,944) for employer contributions to these plans in the year ended June 30, 2019.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 10 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 11 CONTRACTUAL OBLIGATIONS

Lease Commitments:

The School District has equipment under operating leases. Lease commitments over the next three years are due as follows:

Fiscal Year	Amount
2019-20	\$ 71,257
2020-21	\$ 74,332
2020-22	\$ 2,022

NOTE 12 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 lease. The following table summarizes the contractual rights of the School District for future revenue.

	<u>2020</u>	<u>2021</u>
Lease Agreement – Teck Coal Limited	\$200,725	\$167,271

NOTE 13 CONTINGENCIES

In the ordinary course of operations, the School District has legal proceedings brought against it which remain outstanding at the year end. It is the opinion of management that final determination of these claims will not have material effect on the financial position or operations of the School District.

NOTE 14 EXPENSE BY OBJECT

	June 30, 2019	June 30, 2018
Salaries and benefits	\$56,022,221	\$53,105,303
Services and supplies	10,087,516	10,163,015
Scholarships	38,200	33,400
Amortization	3,375,225	3,544,244
	<u>\$69,523,162</u>	<u>\$66,845,962</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 15 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Appropriations Summary	June 2019	June 2018
<u>Special Education</u>		
- District Summary	\$ 344,465	\$ 378,759
- Itinerant Summary 707	(7,850)	13,718
- Feb Recalc grant	-	47,675
	336,615	440,152
<u>Schools</u>		
- Operating	42,940	108,725
- Learning Resources	52,547	84,129
- Growth Plans	43,620	63,633
- School Based Special Ed	83,571	52,278
	222,678	308,765
<u>Other appropriations</u>		
Contractual Pro-D	90,850	99,607
Aboriginal Education 131	120,647	128,835
Technology Program 701	56,381	337,807
Student Learning 702	13,569	(11,352)
Education Accounts 703	81,659	80,503
Resource Center 704	(10,446)	10,708
Education Plan 708	(23,210)	(1,473)
Capital support fund - Major Projects	600,000	500,000
Capital support fund - Kootenay Learning Campus	600,000	1,500,000
Operating Projects	125,551	160,374
Transportation Fund	531,590	376,199
5 year Technology Plan	500,000	-
	\$3,245,884	\$3,930,125
<u>Appropriations - Restricted</u>		
<u>Surplus Summary June 2018</u>		
Surplus Beginning of year	\$4,454,132	\$4,091,602
Surplus/Deficit for year	1,254,016	940,030
Transfer to Local Capital	(2,000,000)	(577,500)
Accumulated Surplus	\$3,708,148	\$4,454,132
Appropriations - Restricted	\$3,245,884	\$3,930,125
Appropriations - Unrestricted	462,264	524,007
Accumulated Surplus	\$3,708,148	\$4,454,132

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 16 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 17 RISK MANAGEMENT

The School District has exposure to the following risks from its use of financial instruments: credit 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 borrower. This risk is mitigated as most amounts receivable are due from the Province and are collectible.

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

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.

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