

Audited Financial Statements of

School District No. 61 (Greater Victoria)

June 30, 2018

School District No. 61 (Greater Victoria)

June 30, 2018

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School District No. 61 (Greater Victoria)

MANAGEMENT REPORT

Version: 5405-4659-2677

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 61 (Greater Victoria) 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. 61 (Greater Victoria) (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 quarterly 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. 61 (Greater Victoria) 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. 61 (Greater Victoria)

| | |
|---|-------------|
|  | 9/24/2018 |
| Signature of the Chairperson of the Board of Education | Date Signed |
|  | 9/24/2018 |
| Signature of the Superintendent | Date Signed |
|  | 9/24/2018 |
| Signature of the Secretary Treasurer | Date Signed |



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To the Board of Education, and
To the Minister of Education, Province of British Columbia

We have audited the accompanying financial statements of School District No. 61 (Greater Victoria), which comprise the statement of financial position as at June 30, 2018, the statement of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements of School District No. 61 (Greater Victoria) as at and for the year ended June 30, 2018 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

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




KPMG LLP

Chartered Professional Accountants

Victoria, Canada
September 24, 2018

School District No. 61 (Greater Victoria)

Statement of Financial Position
As at June 30, 2018

| | 2018 Actual | 2017 Actual |
|---|----------------------|----------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and Cash Equivalents | 65,262,701 | 64,491,341 |
| Accounts Receivable | | |
| Due from Province - Ministry of Education | 122,078 | 106,886 |
| Other (Note 3) | 1,268,501 | 943,956 |
| Portfolio Investments (Note 4) | 499,487 | 499,430 |
| Long-Term Accounts Receivable (Note 5) | - | 458,827 |
| Total Financial Assets | <u>67,152,767</u> | <u>66,500,440</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | | |
| Other (Note 7) | 23,799,850 | 21,471,468 |
| Unearned Revenue (Note 8) | 11,570,216 | 11,731,014 |
| Deferred Revenue (Note 9) | 4,333,871 | 4,608,979 |
| Deferred Capital Revenue (Note 10) | 192,042,758 | 190,852,147 |
| Employee Future Benefits (Note 11) | 2,632,598 | 2,517,305 |
| Total Liabilities | <u>234,379,293</u> | <u>231,180,913</u> |
| Net Financial Assets (Debt) | <u>(167,226,526)</u> | <u>(164,680,473)</u> |
| Non-Financial Assets | | |
| Tangible Capital Assets (Note 12) | 233,343,274 | 233,597,213 |
| Prepaid Expenses | 581,847 | 577,766 |
| Total Non-Financial Assets | <u>233,925,121</u> | <u>234,174,979</u> |
| Accumulated Surplus (Deficit) (Note 22) | <u>66,698,595</u> | <u>69,494,506</u> |
| Unrecognized Assets (Note 12) | | |
| Contractual Obligations (Note 16) | | |
| Contractual Rights (Note 17) | | |
| Contingent Liabilities (Note 19) | | |
| Approved by the Board | | |
|  | 9/24/2018 | |
| Signature of the Chairperson of the Board of Education | Date Signed | |
|  | 9/24/2018 | |
| Signature of the Superintendent | Date Signed | |
|  | 9/24/2018 | |
| Signature of the Secretary Treasurer | Date Signed | |

School District No. 61 (Greater Victoria)

Statement of Operations
Year Ended June 30, 2018

| | 2018 Budget (Note 18) \$ | 2018 Actual \$ | 2017 Actual \$ |
|---|-----------------------------------|---------------------------|----------------------|
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 192,589,973 | 196,460,651 | 181,264,735 |
| Other | | 65,139 | |
| Municipal Grants Spent on Sites | | | - |
| Tuition | 13,282,552 | 15,107,552 | 14,787,726 |
| Other Revenue | 7,412,520 | 9,158,451 | 8,069,686 |
| Rentals and Leases | 1,697,745 | 1,950,307 | 1,885,131 |
| Investment Income | 762,491 | 1,156,849 | 871,826 |
| Gain (Loss) on Disposal of Tangible Capital Assets | | | 275,000 |
| Amortization of Deferred Capital Revenue | 6,974,392 | 6,920,788 | 6,687,944 |
| Total Revenue | <u>222,719,673</u> | <u>230,819,737</u> | <u>213,842,048</u> |
| Expenses | | | |
| Instruction | 189,081,700 | 192,815,715 | 172,683,404 |
| District Administration | 4,598,414 | 4,916,326 | 4,575,541 |
| Operations and Maintenance | 34,354,257 | 35,000,477 | 35,033,055 |
| Transportation and Housing | 1,014,683 | 883,130 | 1,018,348 |
| Debt Services | | | 3,762 |
| Total Expense | <u>229,049,054</u> | <u>233,615,648</u> | <u>213,314,110</u> |
| Surplus (Deficit) for the year | <u>(6,329,381)</u> | <u>(2,795,911)</u> | <u>527,938</u> |
| Accumulated Surplus (Deficit) from Operations, beginning of year | | 69,494,506 | 68,966,568 |
| Accumulated Surplus (Deficit) from Operations, end of year | | <u>66,698,595</u> | <u>69,494,506</u> |

School District No. 61 (Greater Victoria)

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2018

| | 2018 Budget (Note 18) \$ | 2018 Actual \$ | 2017 Actual \$ |
|--|-----------------------------------|----------------------|----------------------|
| Surplus (Deficit) for the year | <u>(6,329,381)</u> | <u>(2,795,911)</u> | <u>527,938</u> |
| Effect of change in Tangible Capital Assets | | | |
| Acquisition of Tangible Capital Assets | (4,314,457) | (10,206,896) | (11,464,040) |
| Amortization of Tangible Capital Assets | 10,238,338 | 10,460,835 | 9,658,430 |
| Total Effect of change in Tangible Capital Assets | <u>5,923,881</u> | <u>253,939</u> | <u>(1,805,610)</u> |
| Acquisition of Prepaid Expenses | - | (4,081) | (224,784) |
| Use of Prepaid Expenses | 60,000 | - | - |
| Total Effect of change in Other Non-Financial Assets | <u>60,000</u> | <u>(4,081)</u> | <u>(224,784)</u> |
| (Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses) | <u>(345,500)</u> | <u>(2,546,053)</u> | <u>(1,502,456)</u> |
| Net Remeasurement Gains (Losses) | | | |
| (Increase) Decrease in Net Financial Assets (Debt) | | <u>(2,546,053)</u> | <u>(1,502,456)</u> |
| Net Financial Assets (Debt), beginning of year | | <u>(164,680,473)</u> | <u>(163,178,017)</u> |
| Net Financial Assets (Debt), end of year | | <u>(167,226,526)</u> | <u>(164,680,473)</u> |

School District No. 61 (Greater Victoria)

Statement of Cash Flows
Year Ended June 30, 2018

| | 2018 Actual | 2017 Actual |
|---|---------------------|---------------------|
| | \$ | \$ |
| Operating Transactions | | |
| Surplus (Deficit) for the year | (2,795,911) | 527,938 |
| Changes in Non-Cash Working Capital | | |
| Decrease (Increase) | | |
| Accounts Receivable | 119,090 | (131,490) |
| Prepaid Expenses | (4,081) | (224,784) |
| Increase (Decrease) | | |
| Accounts Payable and Accrued Liabilities | 734,032 | (991,204) |
| Unearned Revenue | (160,798) | 1,496,452 |
| Deferred Revenue | (275,108) | 981,873 |
| Employee Future Benefits | 115,293 | 69,127 |
| Other Liabilities | 1,594,350 | 802,178 |
| Loss (Gain) on Disposal of Tangible Capital Assets | - | (275,000) |
| Amortization of Tangible Capital Assets | 10,460,835 | 9,658,430 |
| Amortization of Deferred Capital Revenue | (6,920,788) | (6,687,944) |
| Total Operating Transactions | 2,866,914 | 5,225,576 |
| Capital Transactions | | |
| Tangible Capital Assets Purchased | (3,671,377) | (6,098,086) |
| Tangible Capital Assets -WIP Purchased | (6,535,519) | (5,365,954) |
| District Portion of Proceeds on Disposal | - | 275,000 |
| Bylaw Expenditures | (1,103,065) | (1,597,187) |
| Total Capital Transactions | (11,309,961) | (12,786,227) |
| Financing Transactions | | |
| Capital Revenue Received | 9,214,464 | 7,301,055 |
| Capital Lease Principal Repayment | - | (276,746) |
| Total Financing Transactions | 9,214,464 | 7,024,309 |
| Investing Transactions | | |
| Investments in Portfolio Investments | (57) | (57) |
| Total Investing Transactions | (57) | (57) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 771,360 | (536,399) |
| Cash and Cash Equivalents, beginning of year | 64,491,341 | 65,027,740 |
| Cash and Cash Equivalents, end of year | 65,262,701 | 64,491,341 |
| Cash and Cash Equivalents, end of year, is made up of: | | |
| Cash | 65,262,701 | 64,491,341 |
| | 65,262,701 | 64,491,341 |

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

1. Authority and Purpose

The School District operates under the authority of the School Act of British Columbia as a corporation under the name of "The Board of Education of School District No. 61 (Greater Victoria)" and operates as "School District No. 61 (Greater Victoria)." 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. 61 (Greater Victoria) is exempt from federal and provincial corporate income taxes.

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 (n).

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

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid securities 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 are shown net of allowance for doubtful accounts.

(d) Portfolio Investments

The School District has investments in bonds that have a maturity of greater than 3 months at the time of acquisition. GICs, term deposits, bonds and other investments not quoted in an active market are reported at cost or amortized cost.

Detailed information regarding portfolio investments is disclosed in Note 4.

(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 services or products are delivered.

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (Continued)

(f) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes both government transfers and other 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 (n).

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 qualified 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 and retirement rates, and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

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

The most recent valuation of the obligation was performed at March 31, 2016 and projected to June 30, 2019. The next valuation will be performed at March 31, 2019 for use at June 30, 2019. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

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

(h) Asset Retirement Obligations

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

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (Continued)

(i) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use 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. At this time the School District has determined there are no liabilities for contaminated sites.

(j) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction, as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- 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. Work in Progress is not amortized until the asset is utilized.
- 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. One-half of the amortization is recorded in the year of acquisition. 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 lives are as follows:

| | |
|-------------------------|----------|
| Buildings | 40 years |
| Site Improvements | 10 years |
| Furniture and Equipment | 10 years |
| Vehicles | 10 years |
| Computer Software | 5 years |
| Computer Hardware | 5 years |

School District No. 61 (Greater Victoria)

Notes to Financial Statements
Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (Continued)

(k) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the School District are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g. insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the School District's rate for incremental borrowing or the interest rate implicit in the lease.

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(l) Prepaid Expenses

Payments for insurance, subscriptions, and maintenance contracts for use within the School District in a future period are included as a prepaid expense and stated at acquisition cost and are charged to expenses over the periods expected to benefit from it. Textbooks and other teaching supplies are expensed as purchased.

(m) Funds and Reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 14 – Interfund Transfers and Note 22 – Accumulated Surplus).

(n) 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.

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (Continued)

(n) Revenue Recognition (continued)

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

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

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

(o) 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 interest paid on the capital lease obligation.

Allocation of Costs

- Operating expenses are reported by function, program and object. Whenever possible, expenses 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 and principal and vice-principal salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits are allocated on a pro rata basis of overall salary expenses within each salary category.
- Supplies and services are allocated based on actual program identification.

(p) 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, long-term accounts receivable, investments, accounts payable and accrued liabilities, and other current liabilities. The School District does not have any derivative financial instruments.

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. The School District has not invested in any equity instruments that are actively quoted in the market and has not designated any financial instruments to be recorded at fair value. The School District has no instruments in the fair value category.

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

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (Continued)

(p) Financial Instruments (continued)

The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

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

(q) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2 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, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

(r) Comparative Figures

Certain comparative figures presented in the financial statements have been reclassified to conform with the financial statement presentation adopted in the current year.

(s) New Accounting Standards

(i) PS 2200, *Related Party Disclosures* defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when the transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and the transactions have, or could have, a material financial effect on the consolidated financial statements. PS 2200 applies to fiscal years beginning on or after June 30, 2017. See note 15.

(ii) PS 3420, *Inter-entity Transactions* establishes standards of how to account for and report transactions between public sector entities that comprise a government reporting entity from both a provider and a recipient perspective. The main features of the standard are as follows:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- Transactions are measured at the carrying amount, except in specific circumstances;
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice; and
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

Requirements of this standard are considered in conjunction with requirements of PS 2200. PS 3420 applies to fiscal years beginning on or after June 30, 2017. Management has determined that there is no impact of adoption of PS 3420 on the financial statements of School District No. 61.

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (Continued)

(s) New Accounting Standards (continued)

(iii) PS 3210, *Assets* provides guidance for applying the definition of assets set out in PS 1000, *Financial Statement Concepts*, and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, a disclosure should be provided. PS 3210 applies to fiscal years beginning on or after June 30, 2017. Management has determined that there is no impact of adoption of PS 3210 on the financial statements of School District No. 61.

(iv) PS 3320, *Contingent Assets* defines and establishes disclosure standards for contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. PS 3320 applies to fiscal years beginning on or after June 30, 2017. Management has determined that there is no impact of adoption of PS 3320 on the financial statements of School District No. 61.

(v) PS 3380, *Contractual Rights* defines and establishes disclosure standards for contractual rights. Contractual rights are rights to resources arising from contracts or agreements that will result in both an asset and revenue in the future. Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right. Disclosure of information about contractual rights is required including a description of their nature and extent, and the timing. PS 3380 applies to fiscal years beginning on or after June 30, 2017. See note 17.

3. Accounts Receivable – Other Receivables

| | June 30, 2018 | June 30, 2017 |
|------------------------------------|---------------------|-------------------|
| Due from Agencies and Associations | \$ 269,413 | \$ 179,805 |
| Due from Government of Canada | 149,943 | 162,077 |
| Other Receivables | 849,145 | 602,074 |
| | <u>\$ 1,268,501</u> | <u>\$ 943,956</u> |

4. Portfolio Investments

Portfolio investments is comprised of a 7.6% Province of Ontario Bond maturing June 2, 2027. The market value of the investments as of June 30, 2018 was \$0.7 million (2017: \$0.7 million).

5. Long-Term Accounts Receivable

The School District entered into an agreement for the lease of Hampton Elementary School for a 99-year term commencing March 1, 2006. The lease involved land and building and was accounted for separately. The building was accounted for as a sales-type lease, whereby finance income was recognized in a manner that produces a constant rate of return on the investment in the lease. The implicit discount rate in the lease was 4%. The land was accounted for as an operating lease. Rental income on the lease of \$193,986 (2017: \$70,901) is included in deferred capital revenue of the Capital fund. The remaining lease was paid in full in October 2017.

6. Bank Indebtedness

The School District has an unutilized line of credit facility agreement with the CIBC, dated March 12, 2009, in the amount of \$1,500,000.

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

7. Accounts Payable and Accrued Liabilities – Other

| | June 30, 2018 | June 30, 2017 |
|---|----------------------|----------------------|
| Trade Payables | \$ 2,782,016 | \$ 1,857,039 |
| Salaries and Benefits Payable | 12,774,265 | 11,421,330 |
| Accrued Vacation Pay | 1,556,974 | 1,570,522 |
| Holdback Payables | 99,144 | 31,293 |
| International Student Program Fee Payable | 5,938,586 | 5,928,785 |
| Other | 648,865 | 662,499 |
| | \$ 23,799,850 | \$ 21,471,468 |

International Student Program Fees Payable in the amount of \$5,938,586 (2017: \$5,928,785) is comprised of homestay fees of \$4,552,098 (2017: \$4,669,556) and medical fees of \$1,386,488 (2017: \$1,259,229). These amounts are collected and paid by the School District on behalf of the International Student Program. The same amount included in cash and cash equivalents is restricted and not available for general use.

8. Unearned Revenue

| | June 30, 2018 | June 30, 2017 |
|-------------------------------------|----------------------|----------------------|
| Unearned Revenue, Beginning of Year | \$ 11,731,014 | \$ 10,234,562 |
| Changes for the Year: | | |
| Increase: | | |
| Tuition fees | 14,901,365 | 15,945,351 |
| Rentals and Leases | 1,912,817 | 1,870,873 |
| Other | 10,300 | 230,600 |
| Summer school | 59,437 | 51,865 |
| | <u>16,883,919</u> | <u>18,098,689</u> |
| Decrease: | | |
| Tuition fees | 15,042,774 | 14,703,438 |
| Rentals and Leases | 1,944,463 | 1,881,103 |
| Other | 600 | - |
| Summer school | 56,880 | 17,696 |
| | <u>17,044,717</u> | <u>16,602,237</u> |
| Net Changes for the Year | (160,798) | 1,496,452 |
| Unearned Revenue, End of Year | \$ 11,570,216 | \$ 11,731,014 |

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

9. 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, 2018 | June 30, 2017 |
|---|-------------------|-------------------|
| Deferred Revenue, Beginning of Year | \$ 4,608,979 | \$ 3,627,106 |
| Changes for the Year: | | |
| Increase: | | |
| Provincial Grants - Ministry of Education | 23,103,650 | 11,402,802 |
| Other | 6,789,800 | 6,893,616 |
| Investment Income | 101,350 | 79,833 |
| | <u>29,994,800</u> | <u>18,376,251</u> |
| Decrease: | | |
| Allocation to Revenue | 30,238,936 | 17,394,378 |
| Recovered | 30,972 | - |
| | <u>30,269,908</u> | <u>17,394,378</u> |
| Net Changes for the Year | (275,108) | 981,873 |
| Deferred Revenue, End of Year | \$ 4,333,871 | \$ 4,608,979 |

10. 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.

Deferred Capital Revenue:

| | June 30, 2018 | June 30, 2017 |
|---|------------------|------------------|
| Deferred Capital Revenue, Beginning of Year | \$ 183,900,796 | \$ 181,208,233 |
| Changes for the Year: | | |
| Increase: | | |
| Transferred from Deferred Capital Revenue – Capital Additions | 428,274 | - |
| Transferred from Deferred Capital Revenue – Work in Progress | 3,557,869 | 9,380,507 |
| | <u>3,986,143</u> | <u>9,380,507</u> |
| Decrease: | | |
| Amortization of Deferred Capital Revenue | 6,920,788 | 6,687,944 |
| | <u>6,920,788</u> | <u>6,687,944</u> |
| Net Changes for the Year | (2,934,645) | 2,692,563 |
| Deferred Capital Revenue, End of Year | \$ 180,966,151 | \$ 183,900,796 |

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

10. Deferred Capital Revenue (Continued)**Deferred Capital Revenue – Work in Progress:**

| | June 30, 2018 | June 30, 2017 |
|---|------------------|------------------|
| Work in Progress, Beginning of Year | \$ 1,450,828 | \$ 5,465,381 |
| Changes for the Year: | | |
| Increase: | | |
| Transferred from Unspent Deferred Capital Revenue | 6,472,368 | 5,365,954 |
| | <u>6,472,368</u> | <u>5,365,954</u> |
| Decrease: | | |
| Transferred to Deferred Capital Revenue | 3,557,869 | 9,380,507 |
| | <u>3,557,869</u> | <u>9,380,507</u> |
| Net Changes for the Year | 2,914,499 | (4,014,553) |
| Work in Progress, End of Year | \$ 4,365,327 | \$ 1,450,828 |

Unspent Deferred Capital Revenue:

| | June 30, 2018 | June 30, 2017 |
|---|-----------------------|-----------------------|
| Unspent Deferred Capital Revenue, Beginning of Year | \$ 5,500,523 | \$ 5,162,609 |
| Changes for the Year: | | |
| Increase: | | |
| Provincial Grants - Ministry of Education | 8,657,612 | 5,721,373 |
| Provincial Grants - Other | 238,329 | 405,409 |
| Other | 292,084 | 344,772 |
| Investment Income | 26,439 | 4,501 |
| MEd Restricted Portion of Proceeds on Disposal | - | 825,000 |
| | <u>9,214,464</u> | <u>7,301,055</u> |
| Decrease: | | |
| Transferred to Deferred Capital Revenue – Capital Additions | 428,274 | - |
| Transferred to Deferred Capital Revenue – Work in Progress | 6,472,368 | 5,365,954 |
| Bylaw Expenditures | 1,103,065 | 1,597,187 |
| | <u>8,003,707</u> | <u>6,963,141</u> |
| Net Changes for the Year | 1,210,757 | 337,914 |
| Unspent Deferred Capital Revenue, End of Year | \$ 6,711,280 | \$ 5,500,523 |
| Total Deferred Capital Revenue, End of Year | \$ 192,042,758 | \$ 190,852,147 |

School District No. 61 (Greater Victoria)

Notes to Financial Statements
Year Ended June 30, 2018

11. Employee Future Benefits

The School District provides certain benefits upon retirement including vested sick leave, accumulating non-vested sick leave, lump sum retirement payments, vacation, overtime and death benefits for qualified employees pursuant to certain contracts and union agreements. 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.

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

| | June 30, 2018 | June 30, 2017 |
|--|-----------------|-----------------|
| Discount Rate - April 1 | 2.75% | 2.50% |
| Discount Rate - March 31 | 2.75% | 2.75% |
| Long-Term Salary Growth - April 1 | 2.50%+seniority | 2.50%+seniority |
| Long-Term Salary Growth - March 31 | 2.50%+seniority | 2.50%+seniority |
| Expected Average Remaining Service Lifetime - March 31 | 9.7 | 9.7 |

| | June 30, 2018 | June 30, 2017 |
|--|---------------|---------------|
| Reconciliation of Accrued Benefit Obligation: | | |
| Accrued Benefit Obligation - April 1 | \$ 2,658,252 | \$ 2,788,523 |
| Service Cost | 228,149 | 228,622 |
| Interest Cost | 75,036 | 70,630 |
| Benefit Payments | (225,942) | (303,652) |
| Actuarial Loss | (76,753) | (125,871) |
| Accrued Benefit Obligation - March 31 | \$ 2,658,742 | \$ 2,658,252 |

| | | |
|---|----------------|----------------|
| Reconciliation of Funded Status at End of Fiscal Year: | | |
| Accrued Benefit Obligation - March 31 | \$ 2,658,742 | \$ 2,658,252 |
| Market Value of Plan Assets - March 31 | - | - |
| Funded Status - Deficit | (2,658,742) | (2,658,252) |
| Employer Contributions After Measurement Date | 13,209 | 22,064 |
| Benefit Expense After Measurement Date | (80,735) | (75,796) |
| Unamortized Net Actuarial Loss | 93,671 | 194,679 |
| Accrued Benefit Liability - June 30 | \$ (2,632,598) | \$ (2,517,305) |

| | | |
|---|--------------|--------------|
| Reconciliation of Change in Accrued Benefit Liability: | | |
| Accrued Benefit Liability - July 1 | \$ 2,517,305 | \$ 2,448,178 |
| Net Expense for Fiscal Year | 332,380 | 337,468 |
| Employer Contributions | (217,087) | (268,341) |
| Accrued Benefit Liability - June 30 | \$ 2,632,598 | \$ 2,517,305 |

| | | |
|---|------------|------------|
| Components of Net Benefit Expense: | | |
| Service Cost | \$ 232,898 | \$ 228,503 |
| Interest Cost | 75,226 | 71,732 |
| Amortization of Net Actuarial Loss | 24,256 | 37,233 |
| Net Benefit Expense | \$ 332,380 | \$ 337,468 |

School District No. 61 (Greater Victoria)

Notes to Financial Statements
Year Ended June 30, 2018

12. Tangible Capital Assets

June 30, 2018

| Cost: | Balance at June 30, 2017 | Additions | Disposals / Reclassification | Transfers (WIP) | Balance at June 30, 2018 |
|-----------------------------|-----------------------------|----------------------|---------------------------------|--------------------|-----------------------------|
| Sites | \$ 10,833,717 | \$ - | \$ - | \$ - | \$ 10,833,717 |
| Site Improvements | 1,700,000 | - | - | - | 1,700,000 |
| Buildings | 344,109,129 | - | - | 2,632,976 | 346,742,105 |
| Buildings – WIP | 1,449,881 | 5,607,875 | - | (2,632,976) | 4,424,780 |
| Furniture & Equipment | 6,731,018 | 2,061,487 | (494,375) | 902,247 | 9,200,377 |
| Furniture & Equipment – WIP | 524 | 905,422 | - | (902,247) | 3,699 |
| Vehicles | 623,993 | 293,763 | (81,456) | - | 836,300 |
| Computer Software | 320,713 | 64,194 | (17,414) | - | 367,493 |
| Computer Hardware | 8,165,755 | 1,251,933 | (759,038) | 22,646 | 8,681,296 |
| Computer Hardware – WIP | 424 | 22,222 | - | (22,646) | - |
| Total | \$ 373,935,154 | \$ 10,206,896 | \$ (1,352,283) | \$ - | \$ 382,789,767 |

| Accumulated Amortization: | Balance at June 30, 2017 | Additions | Disposals / Reclassification | Transfers (WIP) | Balance at June 30, 2018 |
|----------------------------------|-----------------------------|----------------------|---------------------------------|--------------------|-----------------------------|
| Sites | \$ - | \$ - | \$ - | \$ - | \$ - |
| Site Improvements | 85,000 | 170,000 | - | - | 255,000 |
| Buildings | 134,852,005 | 7,561,288 | - | - | 142,413,293 |
| Furniture & Equipment | 2,800,301 | 821,289 | (494,375) | - | 3,127,215 |
| Vehicles | 288,706 | 77,087 | (81,456) | - | 284,337 |
| Computer Software | 95,470 | 70,562 | (17,414) | - | 148,618 |
| Computer Hardware | 2,216,459 | 1,760,609 | (759,038) | - | 3,218,030 |
| Total | \$ 140,337,941 | \$ 10,460,835 | \$ (1,352,283) | \$ - | \$ 149,446,493 |

June 30, 2017

| Cost: | Balance at June 30, 2016 | Additions | Disposals / Reclassification | Transfers (WIP) | Balance at June 30, 2017 |
|------------------------------|-----------------------------|----------------------|---------------------------------|--------------------|-----------------------------|
| Sites | \$ 10,833,717 | \$ - | \$ - | \$ - | \$ 10,833,717 |
| Site Improvements – WIP | 1,450,000 | 250,000 | - | (1,700,000) | - |
| Site Improvements | - | - | - | 1,700,000 | 1,700,000 |
| Buildings | 336,251,946 | 385,870 | - | 7,471,313 | 344,109,129 |
| Buildings – WIP | 4,015,382 | 4,905,812 | - | (7,471,313) | 1,449,881 |
| Furniture & Equipment | 6,489,956 | 768,888 | (705,673) | 177,847 | 6,731,018 |
| Furniture & Equipment – WIP | - | 178,371 | - | (177,847) | 524 |
| Vehicles | 704,128 | 47,416 | (127,551) | - | 623,993 |
| Computer Software | 290,883 | 47,244 | (17,414) | - | 320,713 |
| Computer Hardware | 3,351,569 | 4,848,668 | (65,829) | 31,347 | 8,165,755 |
| Computer Hardware – WIP | - | 31,771 | - | (31,347) | 424 |
| Hardware under capital lease | 557,821 | - | (557,821) | - | - |
| Total | \$ 363,945,402 | \$ 11,464,040 | \$ (1,474,288) | \$ - | \$ 373,935,154 |

School District No. 61 (Greater Victoria)

Notes to Financial Statements
 Year Ended June 30, 2018

12. Tangible Capital Assets (Continued)

June 30, 2017 (Continued)

| Accumulated Amortization: | Balance at June 30, 2016 | Additions | Disposals / Reclassification | Transfers (WIP) | Balance at June 30, 2017 |
|----------------------------------|-----------------------------|---------------------|---------------------------------|--------------------|-----------------------------|
| Sites | \$ - | \$ - | \$ - | \$ - | \$ - |
| Site Improvements | - | 85,000 | - | - | 85,000 |
| Buildings | 127,380,470 | 7,471,535 | - | - | 134,852,005 |
| Furniture & Equipment | 2,809,642 | 696,332 | (705,673) | - | 2,800,301 |
| Vehicles | 343,474 | 72,783 | (127,551) | - | 288,706 |
| Computer Software | 49,983 | 62,901 | (17,414) | - | 95,470 |
| Computer Hardware | 1,303,538 | 1,228,042 | (315,121) | - | 2,216,459 |
| Hardware under capital lease | 266,692 | 41,837 | (308,529) | - | - |
| Total | \$ 132,153,799 | \$ 9,658,430 | \$ (1,474,288) | \$ - | \$ 140,337,941 |

Net Book Value:

| | Net Book Value June 30, 2018 | Net Book Value June 30, 2017 |
|-----------------------------|---------------------------------|---------------------------------|
| Sites | \$ 10,833,717 | \$ 10,833,717 |
| Site Improvements | 1,445,000 | 1,615,000 |
| Buildings | 204,328,812 | 209,257,124 |
| Buildings – WIP | 4,424,780 | 1,449,881 |
| Furniture & Equipment | 6,073,162 | 3,930,717 |
| Furniture & Equipment – WIP | 3,699 | 524 |
| Vehicles | 551,963 | 335,287 |
| Computer Software | 218,875 | 225,243 |
| Computer Hardware | 5,463,266 | 5,949,296 |
| Computer Hardware – WIP | - | 424 |
| | \$ 233,343,274 | \$ 233,597,213 |

Buildings – Work in Progress having a value of \$4,424,780 (2017: \$1,449,881) Furniture & Equipment – Work in Progress having a value of \$3,699 (2017: \$524) and Computer Hardware – Work in Progress \$0 (2017: \$424) have not been amortized. Amortization of these assets commence when the asset is put into service.

The School District manages and controls various works of art including painting and sculptures. These assets are not recorded as tangible capital assets and are not amortized as a reasonable amount cannot be determined.

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

13. Employee Pension Plans

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. At December 31, 2016, the Teachers' Pension Plan has about 45,000 active members and approximately 37,000 retired members. As of December 31, 2016, the Municipal Pension Plan has about 193,000 active members, including approximately 24,000 from school districts.

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

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million 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 Greater Victoria School District paid \$18,872,925 for employer contributions to these plans in the year ended June 30, 2018 (2017: \$17,057,974).

The next valuation for the Teachers' Pension Plan will be as at December 31, 2017, with results available later in 2018. The next valuation for the Municipal Pension Plan will be as at December 31, 2018, with results available in 2019.

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

14. Interfund Transfers

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

- Transfer to the capital fund for tangible capital assets purchased from the operating fund \$2,291,396.
- Transfer to the capital fund for tangible capital assets purchased from the special purpose fund \$709,599.
- Transfer from the operating fund to the capital fund (local capital) \$374,374 for the student device replacement reserve.
- Transfer from the operating fund to the capital fund (local capital) \$200,000 for the technology for learning equipment replacement reserve.

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

15. Related Party Transactions

The School District is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

16. Contractual Obligations

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

| | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter |
|------------------|--------------|------------|------------|------------|-----------|------------|
| Youth and Family | \$ 1,409,000 | \$ - | \$ - | \$ - | \$ - | - |
| Catering | 800,000 | - | - | - | - | - |
| Transportation | 1,000,000 | 157,000 | 157,000 | - | - | - |
| Operating Lease | 115,235 | 115,235 | 115,235 | 115,235 | 64,105 | - |
| Total | \$ 3,324,235 | \$ 272,235 | \$ 272,235 | \$ 115,235 | \$ 64,105 | \$ - |

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 property leases and the School District's Local Education Agreement with The Songhees Nation. The following table summarizes the contractual rights of the School District for future assets:

| | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter |
|---------------------------|--------------|--------------|------------|------------|------------|--------------|
| Property Leases | \$ 956,393 | \$ 630,184 | \$ 239,351 | \$ 162,684 | \$ 162,684 | \$ 2,822,017 |
| Local Education Agreement | \$ 1,000,000 | \$ 1,000,000 | \$ - | \$ - | \$ - | - |
| Total | \$ 1,956,393 | \$ 1,630,184 | \$ 239,351 | \$ 162,684 | \$ 162,684 | \$ 2,822,017 |

18. Budget Figures

Budget figures were approved by the Board through the adoption of an annual budget on April 19, 2017.

19. Contingent Liabilities and Assets

The School District, in conducting its usual business activities, is involved in various legal claims and litigation. In the event any unsettled claims are successful, management believes that such claims are not expected to have a material effect on the School District's financial position. A liability for these claims is recorded to the extent that the probability of a loss is likely and the amount of potential loss is estimable.

At June 30, 2018, unspent Classroom Enhancement Fund remedies totalled \$508,000. The School District was unable to reach an agreement with the local teachers' union regarding the treatment of the unspent remedies by June 30th. Of the estimated \$508,000 in unspent remedies, \$201,311 is recognized as Deferred Revenue.

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

20. Asset Retirement Obligation

As at June 30, 2018, the School District has identified asset retirement obligations relating to asbestos removal in several of its facilities. The asset retirement obligations have not been recognized where there is an indeterminate settlement date of the future demolition or renovation of the facilities, and therefore the fair value cannot be reasonably estimated. The asset retirement obligation will be recognized as a liability in the period when the fair value can be reasonably estimated.

At this time the School District has determined that there are no asset retirement obligations.

21. Expense by Object

| | June 30, 2018 | June 30, 2017 |
|-----------------------|-----------------------|-----------------------|
| Salaries and Benefits | \$ 191,209,646 | \$ 172,913,336 |
| Services and Supplies | 31,945,167 | 30,738,582 |
| Interest | - | 3,762 |
| Amortization | 10,460,835 | 9,658,430 |
| | <u>\$ 233,615,648</u> | <u>\$ 213,314,110</u> |

22. Accumulated Surplus

The Internally Restricted Operating Funds represent the amount of funds committed for planned educational activities at the school level; for the completion of projects in progress at June 30, 2018; for outstanding purchase order commitments; and for the amounts approved for the 2017/2018 and 2018/2019 operating budgets. The Internally Restricted Capital Fund represents the balance from the Local Capital Reserve. The use of Local Capital is entirely at the discretion of the School District. Appropriations from Local Capital are made to finance projects as determined by the Board.

| | June 30, 2018 | June 30, 2017 |
|---|----------------------|----------------------|
| Internally Restricted - Operating Fund | | |
| Carry Forward of Unspent School Budgets | \$ 4,246,216 | \$ 5,379,427 |
| Carry Forward of Unspent Project Budgets | 5,307,670 | 3,729,737 |
| Purchase Order Commitments | 1,018,775 | 1,385,806 |
| Appropriated for Future Years' Operating Budget | 3,900,000 | 5,500,000 |
| | <u>14,472,661</u> | <u>15,994,970</u> |
| Internally Restricted - Capital Fund | | |
| Local Capital Reserve | 6,341,597 | 5,993,508 |
| | <u>6,341,597</u> | <u>5,993,508</u> |
| Total Internally Restricted Fund Balances | 20,814,258 | 21,988,478 |
| Unrestricted Operating Surplus | 2,386,696 | 3,774,594 |
| Invested in Tangible Capital Assets | 43,497,641 | 43,731,434 |
| Accumulated Surplus | \$ 66,698,595 | \$ 69,494,506 |

23. 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.

School District No. 61 (Greater Victoria)

Notes to Financial Statements

Year Ended June 30, 2018

24. Risk Management

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

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

a) Credit risk:

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

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

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

b) Market risk:

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

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

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

c) Liquidity risk

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

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

Risk management and insurance services for all school districts in British Columbia are provided by the Risk Management Branch of the Ministry of Finance.

School District No. 61 (Greater Victoria)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund

Year Ended June 30, 2018

| | Operating Fund | Special Purpose Fund | Capital Fund | 2018 Actual | 2017 Actual |
|---|--------------------|-------------------------|-------------------|--------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Accumulated Surplus (Deficit), beginning of year | 19,769,564 | | 49,724,942 | 69,494,506 | 68,966,568 |
| Changes for the year | | | | | |
| Surplus (Deficit) for the year | (44,437) | 709,599 | (3,461,073) | (2,795,911) | 527,938 |
| Interfund Transfers | | | | | |
| Tangible Capital Assets Purchased | (2,291,396) | (709,599) | 3,000,995 | - | |
| Local Capital | (574,374) | | 574,374 | - | |
| Net Changes for the year | (2,910,207) | - | 114,296 | (2,795,911) | 527,938 |
| Accumulated Surplus (Deficit), end of year - Statement 2 | 16,859,357 | - | 49,839,238 | 66,698,595 | 69,494,506 |

School District No. 61 (Greater Victoria)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2018

| | 2018 Budget (Note 18) \$ | 2018 Actual \$ | 2017 Actual \$ |
|---|-----------------------------------|----------------------|----------------------|
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 169,511,584 | 172,045,629 | 168,767,439 |
| Other | | 65,139 | |
| Tuition | 13,282,552 | 15,107,552 | 14,787,726 |
| Other Revenue | 997,520 | 2,312,484 | 1,664,632 |
| Rentals and Leases | 1,694,784 | 1,944,463 | 1,881,103 |
| Investment Income | 650,000 | 1,002,707 | 747,143 |
| Total Revenue | 186,136,440 | 192,477,974 | 187,848,043 |
| Expenses | | | |
| Instruction | 161,522,590 | 164,167,079 | 156,340,350 |
| District Administration | 4,598,414 | 4,916,326 | 4,575,541 |
| Operations and Maintenance | 22,105,640 | 22,555,876 | 22,958,100 |
| Transportation and Housing | 1,014,683 | 883,130 | 1,018,348 |
| Total Expense | 189,241,327 | 192,522,411 | 184,892,339 |
| Operating Surplus (Deficit) for the year | (3,104,887) | (44,437) | 2,955,704 |
| Budgeted Appropriation (Retirement) of Surplus (Deficit) | 4,104,887 | | |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | (800,000) | (2,291,396) | (5,494,277) |
| Local Capital | (200,000) | (574,374) | (492,290) |
| Total Net Transfers | (1,000,000) | (2,865,770) | (5,986,567) |
| Total Operating Surplus (Deficit), for the year | - | (2,910,207) | (3,030,863) |
| Operating Surplus (Deficit), beginning of year | | 19,769,564 | 22,800,427 |
| Operating Surplus (Deficit), end of year | | 16,859,357 | 19,769,564 |
| Operating Surplus (Deficit), end of year | | | |
| Internally Restricted (Note 23) | | 14,472,661 | 15,994,970 |
| Unrestricted | | 2,386,696 | 3,774,594 |
| Total Operating Surplus (Deficit), end of year | | 16,859,357 | 19,769,564 |

School District No. 61 (Greater Victoria)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2018

| | 2018 Budget (Note 18) | 2018 Actual | 2017 Actual |
|--|-----------------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Provincial Grants - Ministry of Education | | | |
| Operating Grant, Ministry of Education | 166,715,079 | 168,767,603 | 164,765,932 |
| DISC/LEA Recovery | (927,465) | (1,064,664) | (986,370) |
| Other Ministry of Education Grants | | | |
| Pay Equity | 2,896,617 | 2,896,617 | 2,896,617 |
| Funding for Graduated Adults | - | 80,815 | 37,952 |
| Transportation Supplement | - | 20,027 | 20,027 |
| Economic Stability Dividend | - | 115,387 | 101,450 |
| Return of Administrative Savings | 827,353 | 827,353 | 827,353 |
| Carbon Tax Grant | - | 145,245 | 127,977 |
| Student Learning Grant | - | - | 955,761 |
| FSA Scorer Training | - | 17,740 | 17,740 |
| Other Grants | - | 5,000 | 3,000 |
| SRG3 Assessments | - | 211,850 | - |
| Support Staff Benefits | - | 22,656 | - |
| Total Provincial Grants - Ministry of Education | 169,511,584 | 172,045,629 | 168,767,439 |
| Provincial Grants - Other | - | 65,139 | - |
| Tuition | | | |
| Summer School Fees | 17,696 | 56,880 | 17,696 |
| Continuing Education | 58,124 | 26,298 | 66,592 |
| International and Out of Province Students | 13,206,732 | 15,024,374 | 14,703,438 |
| Total Tuition | 13,282,552 | 15,107,552 | 14,787,726 |
| Other Revenues | | | |
| Other School District/Education Authorities | - | 2,700 | 2,700 |
| LEA/Direct Funding from First Nations | 927,465 | 1,064,664 | 986,370 |
| Miscellaneous | | | |
| Industry Training Secondary Schools | - | 121,150 | 109,034 |
| Aboriginal Nations Education Curriculum Project | 15,000 | 13,140 | 24,374 |
| Misc Fees and Grants | 36,755 | 459,971 | 475,919 |
| Cafeteria | - | 146,084 | - |
| International Student Program Revenues | - | 486,975 | 47,935 |
| ArtsStarts Grant | 18,300 | 17,800 | 18,300 |
| Total Other Revenue | 997,520 | 2,312,484 | 1,664,632 |
| Rentals and Leases | 1,694,784 | 1,944,463 | 1,881,103 |
| Investment Income | 650,000 | 1,002,707 | 747,143 |
| Total Operating Revenue | 186,136,440 | 192,477,974 | 187,848,043 |

School District No. 61 (Greater Victoria)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2018

| | 2018 Budget (Note 18) | 2018 Actual | 2017 Actual |
|-------------------------------------|-----------------------------|--------------------|----------------|
| | \$ | \$ | \$ |
| Salaries | | | |
| Teachers | 82,684,954 | 82,713,167 | 80,199,425 |
| Principals and Vice Principals | 12,255,821 | 11,729,196 | 10,811,359 |
| Educational Assistants | 17,240,139 | 17,325,907 | 16,759,453 |
| Support Staff | 17,038,427 | 16,723,091 | 16,481,061 |
| Other Professionals | 3,697,241 | 4,201,752 | 3,463,181 |
| Substitutes | 7,181,346 | 8,253,999 | 7,989,295 |
| Total Salaries | 140,097,928 | 140,947,112 | 135,703,774 |
| Employee Benefits | 32,198,765 | 31,402,246 | 30,004,741 |
| Total Salaries and Benefits | 172,296,693 | 172,349,358 | 165,708,515 |
| Services and Supplies | | | |
| Services | 4,527,695 | 6,985,412 | 6,880,929 |
| Student Transportation | 998,933 | 974,700 | 1,086,592 |
| Professional Development and Travel | 571,601 | 1,232,663 | 1,227,406 |
| Rentals and Leases | 79,238 | 49,832 | - |
| Dues and Fees | 88,207 | 95,497 | 118,028 |
| Insurance | 442,842 | 363,016 | 396,831 |
| Supplies | 5,593,711 | 6,360,109 | 4,975,430 |
| Utilities | 4,642,407 | 4,111,824 | 4,498,608 |
| Total Services and Supplies | 16,944,634 | 20,173,053 | 19,183,824 |
| Total Operating Expense | 189,241,327 | 192,522,411 | 184,892,339 |

School District No. 61 (Greater Victoria)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

| | Teachers Salaries | Principals and Vice Principals Salaries | Educational Assistants Salaries | Support Staff Salaries | Other Professionals Salaries | Substitutes Salaries | Total Salaries |
|---|----------------------|---|---------------------------------------|------------------------------|------------------------------------|-------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | |
| 1.02 Regular Instruction | 61,860,505 | 4,300,962 | 1,740,694 | 429,775 | 231,203 | 5,511,941 | 74,075,080 |
| 1.03 Career Programs | 826,483 | 89,637 | 290,000 | 2,761 | - | 85,435 | 1,294,316 |
| 1.07 Library Services | 1,890,378 | 4,338 | - | 351,557 | - | 85,828 | 2,332,101 |
| 1.08 Counselling | 2,250,612 | 1,305 | - | - | - | 49,244 | 2,301,161 |
| 1.10 Special Education | 8,324,288 | 249,371 | 14,570,878 | 233,636 | 111,927 | 1,237,972 | 24,728,072 |
| 1.30 English Language Learning | 1,667,651 | 140,705 | - | - | - | 115,987 | 1,924,343 |
| 1.31 Aboriginal Education | 493,003 | 139,829 | 556,551 | 50,769 | 105,720 | 52,463 | 1,398,335 |
| 1.41 School Administration | - | 6,750,795 | - | 3,640,765 | - | 63,809 | 10,455,369 |
| 1.60 Summer School | 141,915 | 19,925 | 1,784 | 10,940 | - | - | 174,564 |
| 1.61 Continuing Education | 248,106 | 32,329 | 1,096 | 53,413 | - | 16,333 | 351,277 |
| 1.62 International and Out of Province Students | 4,958,057 | - | 132,576 | 752,291 | 629,789 | 363,791 | 6,836,504 |
| 1.64 Other | - | - | - | 9,888 | - | - | 9,888 |
| Total Function 1 | 82,660,998 | 11,729,196 | 17,293,579 | 5,535,795 | 1,078,639 | 7,582,803 | 125,881,010 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | - | - | - | 147,854 | 732,332 | 26,011 | 906,197 |
| 4.40 School District Governance | - | - | - | 28,858 | 251,866 | - | 280,724 |
| 4.41 Business Administration | - | - | - | 1,054,388 | 1,124,110 | 102,741 | 2,281,239 |
| Total Function 4 | - | - | - | 1,231,100 | 2,108,308 | 128,752 | 3,468,160 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | 52,169 | - | 32,328 | 282,090 | 889,888 | 23,331 | 1,279,806 |
| 5.50 Maintenance Operations | - | - | - | 8,826,733 | 124,917 | 287,481 | 9,239,131 |
| 5.52 Maintenance of Grounds | - | - | - | 820,503 | - | 231,632 | 1,052,135 |
| 5.56 Utilities | - | - | - | - | - | - | - |
| Total Function 5 | 52,169 | - | 32,328 | 9,929,326 | 1,014,805 | 542,444 | 11,571,072 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | - | - | - | 26,870 | - | - | 26,870 |
| 7.70 Student Transportation | - | - | - | - | - | - | - |
| Total Function 7 | - | - | - | 26,870 | - | - | 26,870 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 82,713,167 | 11,729,196 | 17,325,907 | 16,723,091 | 4,201,752 | 8,253,999 | 140,947,112 |

School District No. 61 (Greater Victoria)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

| | Total Salaries | Employee Benefits | Total Salaries and Benefits | Services and Supplies | 2018 Actual | 2018 Budget (Note 18) | 2017 Actual |
|---|--------------------|-------------------|-----------------------------|-----------------------|--------------------|-----------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | |
| 1.02 Regular Instruction | 74,075,080 | 16,579,057 | 90,654,137 | 4,947,193 | 95,601,330 | 95,829,727 | 93,195,795 |
| 1.03 Career Programs | 1,294,316 | 290,965 | 1,585,281 | 517,693 | 2,102,974 | 1,537,605 | 1,443,835 |
| 1.07 Library Services | 2,332,101 | 537,371 | 2,869,472 | 148,415 | 3,017,887 | 2,754,540 | 2,888,670 |
| 1.08 Counselling | 2,301,161 | 531,245 | 2,832,406 | 4,589 | 2,836,995 | 2,717,687 | 2,654,541 |
| 1.10 Special Education | 24,728,072 | 5,466,988 | 30,195,060 | 890,300 | 31,085,360 | 31,110,703 | 28,781,044 |
| 1.30 English Language Learning | 1,924,343 | 435,112 | 2,359,455 | 93,979 | 2,453,434 | 2,442,644 | 2,324,267 |
| 1.31 Aboriginal Education | 1,398,335 | 293,693 | 1,692,028 | 392,106 | 2,084,134 | 2,008,789 | 2,119,359 |
| 1.41 School Administration | 10,455,369 | 2,237,623 | 12,692,992 | 288,107 | 12,981,099 | 12,728,808 | 11,622,119 |
| 1.60 Summer School | 174,564 | 39,961 | 214,525 | 19,781 | 234,306 | 216,543 | 219,898 |
| 1.61 Continuing Education | 351,277 | 79,654 | 430,931 | 188,636 | 619,567 | 354,326 | 407,352 |
| 1.62 International and Out of Province Students | 6,836,504 | 1,542,306 | 8,378,810 | 2,758,953 | 11,137,763 | 9,808,558 | 10,670,881 |
| 1.64 Other | 9,888 | 2,342 | 12,230 | - | 12,230 | 12,660 | 12,589 |
| Total Function 1 | 125,881,010 | 28,036,317 | 153,917,327 | 10,249,752 | 164,167,079 | 161,522,590 | 156,340,350 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | 906,197 | 182,147 | 1,088,344 | 90,000 | 1,178,344 | 1,165,587 | 1,119,626 |
| 4.40 School District Governance | 280,724 | 21,819 | 302,543 | 172,533 | 475,076 | 453,562 | 408,178 |
| 4.41 Business Administration | 2,281,239 | 491,016 | 2,772,255 | 490,651 | 3,262,906 | 2,979,265 | 3,047,737 |
| Total Function 4 | 3,468,160 | 694,982 | 4,163,142 | 753,184 | 4,916,326 | 4,598,414 | 4,575,541 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | 1,279,806 | 260,335 | 1,540,141 | 555,665 | 2,095,806 | 1,796,225 | 1,628,983 |
| 5.50 Maintenance Operations | 9,239,131 | 2,172,286 | 11,411,417 | 3,012,291 | 14,423,708 | 14,315,748 | 15,271,373 |
| 5.52 Maintenance of Grounds | 1,052,135 | 231,963 | 1,284,098 | 639,038 | 1,923,136 | 1,348,660 | 1,557,734 |
| 5.56 Utilities | - | - | - | 4,113,226 | 4,113,226 | 4,645,007 | 4,500,010 |
| Total Function 5 | 11,571,072 | 2,664,584 | 14,235,656 | 8,320,220 | 22,555,876 | 22,105,640 | 22,958,100 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | 26,870 | 6,363 | 33,233 | - | 33,233 | 32,000 | 33,958 |
| 7.70 Student Transportation | - | - | - | 849,897 | 849,897 | 982,683 | 984,390 |
| Total Function 7 | 26,870 | 6,363 | 33,233 | 849,897 | 883,130 | 1,014,683 | 1,018,348 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 140,947,112 | 31,402,246 | 172,349,358 | 20,173,053 | 192,522,411 | 189,241,327 | 184,892,339 |

School District No. 61 (Greater Victoria)

Schedule of Special Purpose Operations

Year Ended June 30, 2018

Schedule 3 (Unaudited)

| | 2018 Budget (Note 18) | 2018 Actual | 2017 Actual |
|---|-----------------------------|--------------------------|-------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 21,878,389 | 23,311,957 | 10,900,110 |
| Other Revenue | 6,415,000 | 6,845,967 | 6,405,054 |
| Investment Income | 76,000 | 81,012 | 89,214 |
| Total Revenue | <u>28,369,389</u> | <u>30,238,936</u> | <u>17,394,378</u> |
| Expenses | | | |
| Instruction | 27,559,110 | 28,648,636 | 16,343,054 |
| Operations and Maintenance | 810,279 | 880,701 | 819,339 |
| Total Expense | <u>28,369,389</u> | <u>29,529,337</u> | <u>17,162,393</u> |
| Special Purpose Surplus (Deficit) for the year | <u>-</u> | <u>709,599</u> | <u>231,985</u> |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | | (709,599) | (231,985) |
| Total Net Transfers | <u>-</u> | <u>(709,599)</u> | <u>(231,985)</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> | <u><u>-</u></u> |

School District No. 61 (Greater Victoria)

Schedule 3A (Unaudited)

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

| | Annual Facility Grant | Learning Improvement Fund | Scholarships and Bursaries | Special Education Technology | School Generated Funds | Strong Start | Ready, Set, Learn | OLEP | CommunityLINK |
|---|-----------------------------|---------------------------------|----------------------------------|------------------------------------|------------------------------|-----------------|-------------------------|---------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | 65,075 | | 563,983 | 30,972 | 3,034,714 | 34,059 | 23,963 | | 329,950 |
| Add: Restricted Grants | | | | | | | | | |
| Provincial Grants - Ministry of Education | 810,279 | 668,206 | | 111,000 | | 192,000 | 66,150 | 410,966 | 3,859,245 |
| Other | | | 4,139 | | 6,463,170 | | | | |
| Investment Income | 5,347 | | 45,263 | | 39,230 | | | | |
| | 815,626 | 668,206 | 49,402 | 111,000 | 6,502,400 | 192,000 | 66,150 | 410,966 | 3,859,245 |
| Less: Allocated to Revenue | 880,701 | 668,206 | 26,716 | 111,000 | 6,558,567 | 198,833 | 79,756 | 410,966 | 3,755,374 |
| Recovered | | | | 30,972 | | | | | |
| Deferred Revenue, end of year | - | - | 586,669 | - | 2,978,547 | 27,226 | 10,357 | - | 433,821 |
| Revenues | | | | | | | | | |
| Provincial Grants - Ministry of Education | 875,354 | 668,206 | | 111,000 | | 198,833 | 79,756 | 410,966 | 3,755,374 |
| Other Revenue | | | 4,139 | | 6,519,337 | | | | |
| Investment Income | 5,347 | | 22,577 | | 39,230 | | | | |
| | 880,701 | 668,206 | 26,716 | 111,000 | 6,558,567 | 198,833 | 79,756 | 410,966 | 3,755,374 |
| Expenses | | | | | | | | | |
| Salaries | | | | | | | | | |
| Teachers | | | | | | | | 1,625 | 191,406 |
| Principals and Vice Principals | | | | 2,272 | | | | 48,736 | 157,058 |
| Educational Assistants | | 550,306 | | 86,582 | | 133,653 | | | 623,222 |
| Support Staff | | | | | | | | 5,961 | 92,718 |
| Other Professionals | | | | | | | | | 40,925 |
| Substitutes | | 22,024 | | | 62,683 | 6,251 | 27,551 | 99,301 | 49,015 |
| | - | 572,330 | - | 88,854 | 62,683 | 139,904 | 27,551 | 155,623 | 1,154,344 |
| Employee Benefits | | 95,876 | | 16,746 | 9,944 | 31,848 | 4,410 | 27,703 | 258,216 |
| Services and Supplies | 880,701 | | 26,716 | 5,400 | 6,288,955 | 27,081 | 47,795 | 222,862 | 2,334,252 |
| | 880,701 | 668,206 | 26,716 | 111,000 | 6,361,582 | 198,833 | 79,756 | 406,188 | 3,746,812 |
| Net Revenue (Expense) before Interfund Transfers | - | - | - | - | 196,985 | - | - | 4,778 | 8,562 |
| Interfund Transfers | | | | | | | | | |
| Tangible Capital Assets Purchased | | | | | (196,985) | | | (4,778) | (8,562) |
| | - | - | - | - | (196,985) | - | - | (4,778) | (8,562) |
| Net Revenue (Expense) | - | - | - | - | - | - | - | - | - |

School District No. 61 (Greater Victoria)

Schedule 3A (Unaudited)

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

| | Coding and Curriculum Implementation | Priority Measures | Classroom Enhancement Fund - Overhead | Classroom Enhancement Fund - Staffing | Ledger School | Provincial Inclusion Outreach | Charitable Trust | Estate Trust | TOTAL |
|---|--------------------------------------|-------------------|---------------------------------------|---------------------------------------|---------------|-------------------------------|------------------|---------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | 121,989 | 353,990 | | | | | 700 | 49,584 | 4,608,979 |
| Add: Restricted Grants | | | | | | | | | |
| Provincial Grants - Ministry of Education | | | 1,360,638 | 14,888,527 | 242,312 | 494,327 | | | 23,103,650 |
| Other | | | | | | | 322,491 | | 6,789,800 |
| Investment Income | | | | | | | | 11,510 | 101,350 |
| | - | - | 1,360,638 | 14,888,527 | 242,312 | 494,327 | 322,491 | 11,510 | 29,994,800 |
| Less: Allocated to Revenue Recovered | 73,985 | 353,990 | 1,360,638 | 14,687,216 | 242,312 | 494,327 | 322,491 | 13,858 | 30,238,936 |
| Deferred Revenue, end of year | 48,004 | - | - | 201,311 | - | - | 700 | 47,236 | 4,333,871 |
| Revenues | | | | | | | | | |
| Provincial Grants - Ministry of Education | 73,985 | 353,990 | 1,360,638 | 14,687,216 | 242,312 | 494,327 | | | 23,311,957 |
| Other Revenue | | | | | | | 322,491 | | 6,845,967 |
| Investment Income | | | | | | | | 13,858 | 81,012 |
| | 73,985 | 353,990 | 1,360,638 | 14,687,216 | 242,312 | 494,327 | 322,491 | 13,858 | 30,238,936 |
| Expenses | | | | | | | | | |
| Salaries | | | | | | | | | |
| Teachers | | 276,648 | 8,922 | 10,323,899 | 119,152 | 126,359 | | | 11,048,011 |
| Principals and Vice Principals | | | | | 4,961 | 10,121 | | | 223,148 |
| Educational Assistants | | | | | 47,211 | 87,820 | | | 1,528,794 |
| Support Staff | | | 104,680 | | | 20,750 | | | 224,109 |
| Other Professionals | | | | | | | | | 40,925 |
| Substitutes | 10,342 | 9,914 | 435,207 | 1,643,301 | 4,230 | 985 | | 1,117 | 2,371,921 |
| | 10,342 | 286,562 | 548,809 | 11,967,200 | 175,554 | 246,035 | - | 1,117 | 15,436,908 |
| Employee Benefits | 1,655 | 67,428 | 94,663 | 2,720,016 | 41,026 | 53,670 | | 179 | 3,423,380 |
| Services and Supplies | 47,278 | | 232,602 | | 25,732 | 194,622 | 322,491 | 12,562 | 10,669,049 |
| | 59,275 | 353,990 | 876,074 | 14,687,216 | 242,312 | 494,327 | 322,491 | 13,858 | 29,529,337 |
| Net Revenue (Expense) before Interfund Transfers | 14,710 | - | 484,564 | - | - | - | - | - | 709,599 |
| Interfund Transfers | | | | | | | | | |
| Tangible Capital Assets Purchased | (14,710) | | (484,564) | | | | | | (709,599) |
| | (14,710) | - | (484,564) | - | - | - | - | - | (709,599) |
| Net Revenue (Expense) | - | - | - | - | - | - | - | - | - |

School District No. 61 (Greater Victoria)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2018

| | 2018 Budget (Note 18) | 2018 Actual | | | 2017 Actual |
|--|-----------------------------|--|------------------|--------------------|--------------------|
| | | Invested in Tangible Capital Assets | Local Capital | Fund Balance | |
| | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | |
| Provincial Grants | | | | | |
| Ministry of Education | 1,200,000 | 1,103,065 | | 1,103,065 | 1,597,186 |
| Other | | | | - | - |
| Municipal Grants Spent on Sites | | | | - | - |
| Federal Grants | | | | - | - |
| Other Revenue | | | | - | - |
| Rentals and Leases | 2,961 | | 5,844 | 5,844 | 4,028 |
| Investment Income | 36,491 | | 73,130 | 73,130 | 35,469 |
| Gain (Loss) on Disposal of Tangible Capital Assets | | | | - | 275,000 |
| Amortization of Deferred Capital Revenue | 6,974,392 | 6,920,788 | | 6,920,788 | 6,687,944 |
| Total Revenue | 8,213,844 | 8,023,853 | 78,974 | 8,102,827 | 8,599,627 |
| Expenses | | | | | |
| Operations and Maintenance | 1,200,000 | 1,103,065 | | 1,103,065 | 1,597,186 |
| Amortization of Tangible Capital Assets | | | | | |
| Operations and Maintenance | 10,238,338 | 10,460,835 | | 10,460,835 | 9,658,430 |
| Debt Services | | | | | |
| Capital Lease Interest | | | | - | 3,762 |
| Total Expense | 11,438,338 | 11,563,900 | - | 11,563,900 | 11,259,378 |
| Capital Surplus (Deficit) for the year | (3,224,494) | (3,540,047) | 78,974 | (3,461,073) | (2,659,751) |
| Net Transfers (to) from other funds | | | | | |
| Tangible Capital Assets Purchased | 800,000 | 3,000,995 | | 3,000,995 | 5,726,262 |
| Local Capital | 200,000 | | 574,374 | 574,374 | 492,290 |
| Total Net Transfers | 1,000,000 | 3,000,995 | 574,374 | 3,575,369 | 6,218,552 |
| Other Adjustments to Fund Balances | | | | | |
| Tangible Capital Assets Purchased from Local Capital | | 242,108 | (242,108) | - | |
| Tangible Capital Assets WIP Purchased from Local Capital | | 63,151 | (63,151) | - | |
| Total Other Adjustments to Fund Balances | | 305,259 | (305,259) | - | |
| Total Capital Surplus (Deficit) for the year | (2,224,494) | (233,793) | 348,089 | 114,296 | 3,558,801 |
| Capital Surplus (Deficit), beginning of year | | 43,731,434 | 5,993,508 | 49,724,942 | 46,166,141 |
| Capital Surplus (Deficit), end of year | | 43,497,641 | 6,341,597 | 49,839,238 | 49,724,942 |

School District No. 61 (Greater Victoria)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2018

| | Sites | Buildings | Furniture and Equipment | Vehicles | Computer Software | Computer Hardware | Total |
|--|-------------------|--------------------|----------------------------|----------------|----------------------|----------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost, beginning of year | 10,833,717 | 345,809,129 | 6,731,018 | 623,993 | 320,713 | 8,165,755 | 372,484,325 |
| Changes for the Year | | | | | | | |
| Increase: | | | | | | | |
| Purchases from: | | | | | | | |
| Deferred Capital Revenue - Other | | | 428,274 | | | | 428,274 |
| Operating Fund | | | 938,462 | 293,763 | 64,194 | 994,977 | 2,291,396 |
| Special Purpose Funds | | | 566,696 | | | 142,903 | 709,599 |
| Local Capital | | | 128,055 | | | 114,053 | 242,108 |
| Transferred from Work in Progress | | 2,632,976 | 902,247 | | | 22,646 | 3,557,869 |
| | - | 2,632,976 | 2,963,734 | 293,763 | 64,194 | 1,274,579 | 7,229,246 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 494,375 | 81,456 | 17,414 | 759,038 | 1,352,283 |
| | - | - | 494,375 | 81,456 | 17,414 | 759,038 | 1,352,283 |
| Cost, end of year | 10,833,717 | 348,442,105 | 9,200,377 | 836,300 | 367,493 | 8,681,296 | 378,361,288 |
| Work in Progress, end of year | | 4,424,780 | 3,699 | | | | 4,428,479 |
| Cost and Work in Progress, end of year | 10,833,717 | 352,866,885 | 9,204,076 | 836,300 | 367,493 | 8,681,296 | 382,789,767 |
| Accumulated Amortization, beginning of year | | 134,937,005 | 2,800,301 | 288,706 | 95,470 | 2,216,459 | 140,337,941 |
| Changes for the Year | | | | | | | |
| Increase: Amortization for the Year | | 7,731,288 | 821,289 | 77,087 | 70,562 | 1,760,609 | 10,460,835 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 494,375 | 81,456 | 17,414 | 759,038 | 1,352,283 |
| | | | 494,375 | 81,456 | 17,414 | 759,038 | 1,352,283 |
| Accumulated Amortization, end of year | | 142,668,293 | 3,127,215 | 284,337 | 148,618 | 3,218,030 | 149,446,493 |
| Tangible Capital Assets - Net | 10,833,717 | 210,198,592 | 6,076,861 | 551,963 | 218,875 | 5,463,266 | 233,343,274 |

School District No. 61 (Greater Victoria)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2018

| | Buildings | Furniture and Equipment | Computer Software | Computer Hardware | Total |
|--|-------------------------|------------------------------------|------------------------------|------------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Work in Progress, beginning of year | 1,449,881 | 524 | - | 424 | 1,450,829 |
| Changes for the Year | | | | | |
| Increase: | | | | | |
| Deferred Capital Revenue - Bylaw | 4,660,163 | 905,422 | | 22,222 | 5,587,807 |
| Deferred Capital Revenue - Other | 884,561 | | | | 884,561 |
| Local Capital | 63,151 | | | | 63,151 |
| | <u>5,607,875</u> | <u>905,422</u> | <u>-</u> | <u>22,222</u> | <u>6,535,519</u> |
| Decrease: | | | | | |
| Transferred to Tangible Capital Assets | 2,632,976 | 902,247 | | 22,646 | 3,557,869 |
| | <u>2,632,976</u> | <u>902,247</u> | <u>-</u> | <u>22,646</u> | <u>3,557,869</u> |
| Net Changes for the Year | <u>2,974,899</u> | <u>3,175</u> | <u>-</u> | <u>(424)</u> | <u>2,977,650</u> |
| Work in Progress, end of year | <u>4,424,780</u> | <u>3,699</u> | <u>-</u> | <u>-</u> | <u>4,428,479</u> |

School District No. 61 (Greater Victoria)

Schedule 4C (Unaudited)

Deferred Capital Revenue
Year Ended June 30, 2018

| | Bylaw Capital | Other Provincial | Other Capital | Total Capital |
|---|---------------------------|-----------------------------|--------------------------|---------------------------|
| | \$ | \$ | \$ | \$ |
| Deferred Capital Revenue, beginning of year | 165,646,709 | 15,792,206 | 2,461,881 | 183,900,796 |
| Changes for the Year | | | | |
| Increase: | | | | |
| Transferred from Deferred Revenue - Capital Additions | | 428,274 | | 428,274 |
| Transferred from Work in Progress | 3,557,869 | | | 3,557,869 |
| | <u>3,557,869</u> | <u>428,274</u> | <u>-</u> | <u>3,986,143</u> |
| Decrease: | | | | |
| Amortization of Deferred Capital Revenue | 6,252,330 | 562,731 | 105,727 | 6,920,788 |
| | <u>6,252,330</u> | <u>562,731</u> | <u>105,727</u> | <u>6,920,788</u> |
| Net Changes for the Year | <u>(2,694,461)</u> | <u>(134,457)</u> | <u>(105,727)</u> | <u>(2,934,645)</u> |
| Deferred Capital Revenue, end of year | <u>162,952,248</u> | <u>15,657,749</u> | <u>2,356,154</u> | <u>180,966,151</u> |
| Work in Progress, beginning of year | (88,305) | 1,239,133 | 300,000 | 1,450,828 |
| Changes for the Year | | | | |
| Increase | | | | |
| Transferred from Deferred Revenue - Work in Progress | 5,587,807 | 873,590 | 10,971 | 6,472,368 |
| | <u>5,587,807</u> | <u>873,590</u> | <u>10,971</u> | <u>6,472,368</u> |
| Decrease | | | | |
| Transferred to Deferred Capital Revenue | 3,557,869 | | | 3,557,869 |
| | <u>3,557,869</u> | <u>-</u> | <u>-</u> | <u>3,557,869</u> |
| Net Changes for the Year | <u>2,029,938</u> | <u>873,590</u> | <u>10,971</u> | <u>2,914,499</u> |
| Work in Progress, end of year | <u>1,941,633</u> | <u>2,112,723</u> | <u>310,971</u> | <u>4,365,327</u> |
| Total Deferred Capital Revenue, end of year | <u>164,893,881</u> | <u>17,770,472</u> | <u>2,667,125</u> | <u>185,331,478</u> |

School District No. 61 (Greater Victoria)

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

| | Bylaw Capital | MEd Restricted Capital | Other Provincial Capital | Land Capital | Other Capital | Total |
|---|--------------------------|---------------------------------------|---|-------------------------|--------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, beginning of year | 1,014,765 | 3,939,025 | 405,409 | - | 141,324 | 5,500,523 |
| Changes for the Year | | | | | | |
| Increase: | | | | | | |
| Provincial Grants - Ministry of Education | 8,657,612 | | | | | 8,657,612 |
| Provincial Grants - Other | | | 238,329 | | | 238,329 |
| Other | | 193,986 | | | 98,098 | 292,084 |
| Investment Income | | 24,074 | | | 2,365 | 26,439 |
| Transfer project surplus to MEd Restricted (from) Bylaw | (263,935) | 263,935 | | | | - |
| | <u>8,393,677</u> | <u>481,995</u> | <u>238,329</u> | <u>-</u> | <u>100,463</u> | <u>9,214,464</u> |
| Decrease: | | | | | | |
| Transferred to DCR - Capital Additions | | | 428,274 | | | 428,274 |
| Transferred to DCR - Work in Progress | 5,587,807 | 873,590 | | | 10,971 | 6,472,368 |
| Bylaw Expenditures | 1,103,065 | | | | | 1,103,065 |
| | <u>6,690,872</u> | <u>873,590</u> | <u>428,274</u> | <u>-</u> | <u>10,971</u> | <u>8,003,707</u> |
| Net Changes for the Year | <u>1,702,805</u> | <u>(391,595)</u> | <u>(189,945)</u> | <u>-</u> | <u>89,492</u> | <u>1,210,757</u> |
| Balance, end of year | <u>2,717,570</u> | <u>3,547,430</u> | <u>215,464</u> | <u>-</u> | <u>230,816</u> | <u>6,711,280</u> |