

Audited Financial Statements of

School District No. 60 (Peace River North)

And Independent Auditors' Report thereon

June 30, 2020

School District No. 60 (Peace River North)

June 30, 2020

Table of Contents

Management Report	1
Independent Auditors' Report	2-4
Statement of Financial Position - Statement 1	5
Statement of Operations - Statement 2	6
Statement of Changes in Net Debt - Statement 4	7
Statement of Cash Flows - Statement 5	8
Notes to the Financial Statements	9-27
Schedule of Changes in Accumulated Surplus (Deficit) by Fund - Schedule 1 (Unaudited)	28
Schedule of Operating Operations - Schedule 2 (Unaudited)	29
Schedule 2A - Schedule of Operating Revenue by Source (Unaudited)	30
Schedule 2B - Schedule of Operating Expense by Object (Unaudited)	31
Schedule 2C - Operating Expense by Function, Program and Object (Unaudited)	32
Schedule of Special Purpose Operations - Schedule 3 (Unaudited)	34
Schedule 3A - Changes in Special Purpose Funds and Expense by Object (Unaudited)	35
Schedule of Capital Operations - Schedule 4 (Unaudited)	38
Schedule 4A - Tangible Capital Assets (Unaudited)	39
Schedule 4B - Tangible Capital Assets - Work in Progress (Unaudited)	40
Schedule 4C - Deferred Capital Revenue (Unaudited)	41
Schedule 4D - Changes in Unspent Deferred Capital Revenue (Unaudited)	42

School District No. 60 (Peace River North)

MANAGEMENT REPORT

Version: 9079-8333-6351

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 60 (Peace River North) 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.

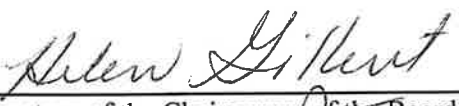
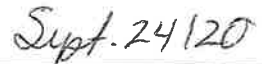
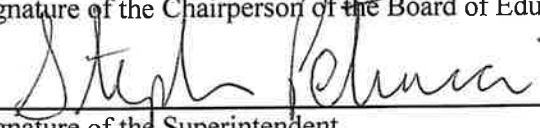
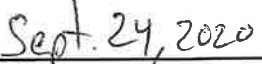

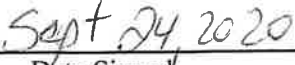
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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. 60 (Peace River North) (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, 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. 60 (Peace River North) 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. 60 (Peace River North)

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



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone (250) 563-7151
Fax (250) 563-5693

INDEPENDENT AUDITORS' REPORT

To the Board of Education of the School District No. 60 (Peace River North)
To the Minister of Education, Province of British Columbia

Opinion

We have audited the financial statements of School District No. 60 (Peace River North) (the Entity), which comprise:

- the statement of financial position as at June 30, 2020
- the statement of operations for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Emphasis of Matter – Financial Reporting Framework

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

Our opinion is not modified in respect of this matter.

Other Information

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

- Unaudited Schedules 1-4 attached to the audited financial statements

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

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

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget and Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Prince George, Canada
September 21, 2020

School District No. 60 (Peace River North)

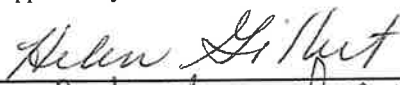
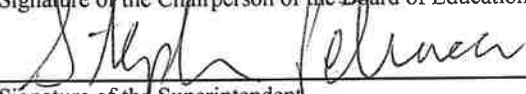
Statement 1

Statement of Financial Position

As at June 30, 2020

	2020 Actual \$	2019 Actual \$
Financial Assets		
Cash and Cash Equivalents	13,133,917	16,501,251
Accounts Receivable		
Due from Province - Ministry of Education	2,752,634	184,284
Other (Note 4)	1,111,428	1,125,196
Inventories for Resale	116,477	116,247
Total Financial Assets	17,114,456	17,926,978
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	9,489,122	8,539,683
Unearned Revenue (Note 6)	61,900	144,667
Deferred Revenue (Note 7)	2,510,962	2,528,781
Deferred Capital Revenue (Note 8)	108,218,075	89,851,483
Employee Future Benefits (Note 9)	676,415	469,469
Total Liabilities	120,956,474	101,534,083
Net Debt	(103,842,018)	(83,607,105)
Non-Financial Assets		
Tangible Capital Assets (Note 10)	133,871,841	113,911,784
Prepaid Expenses	182,374	153,824
Total Non-Financial Assets	134,054,215	114,065,608
Accumulated Surplus (Deficit)	30,212,197	30,458,503

Approved by the Board


Signature of the Chairperson of the Board of EducationSept. 24/20
Date Signed
Signature of the SuperintendentSept. 24, 2020
Date Signed
Signature of the Secretary TreasurerSept 24, 2020
Date Signed

School District No. 60 (Peace River North)

Statement 2

Statement of Operations
Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	73,083,174	73,498,962	70,447,010
Other	213,346	125,274	182,350
Federal Grants	209,411	214,503	199,026
Tuition	738,578	608,753	581,174
Other Revenue	2,493,694	2,285,572	3,456,610
Rentals and Leases	67,793	149,004	179,988
Investment Income	225,000	235,433	249,487
Amortization of Deferred Capital Revenue	3,277,231	3,277,183	2,472,212
Total Revenue	80,308,227	80,394,684	77,767,857
Expenses			
Instruction	62,490,955	61,157,607	60,358,235
District Administration	2,595,715	2,405,638	2,921,395
Operations and Maintenance	12,313,544	12,668,127	10,988,981
Transportation and Housing	4,574,335	4,409,618	4,238,716
Total Expense	81,974,549	80,640,990	78,507,327
Surplus (Deficit) for the year	(1,666,322)	(246,306)	(739,470)
Accumulated Surplus (Deficit) from Operations, beginning of year		30,458,503	31,197,973
Accumulated Surplus (Deficit) from Operations, end of year		30,212,197	30,458,503

School District No. 60 (Peace River North)

Statement 4

Statement of Changes in Net Debt

Year Ended June 30, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Surplus (Deficit) for the year	<u>(1,666,322)</u>	<u>(246,306)</u>	<u>(739,470)</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(18,980,954)	(24,312,196)	(17,585,540)
Amortization of Tangible Capital Assets	4,352,139	4,352,139	3,485,367
Total Effect of change in Tangible Capital Assets	<u>(14,628,815)</u>	<u>(19,960,057)</u>	<u>(14,100,173)</u>
Acquisition of Prepaid Expenses		(182,374)	(153,824)
Use of Prepaid Expenses		153,824	220,508
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(28,550)</u>	<u>66,684</u>
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(16,295,137)</u>	<u>(20,234,913)</u>	<u>(14,772,959)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		<u>(20,234,913)</u>	<u>(14,772,959)</u>
Net Debt, beginning of year		<u>(83,607,105)</u>	<u>(68,834,146)</u>
Net Debt, end of year		<u><u>(103,842,018)</u></u>	<u><u>(83,607,105)</u></u>

School District No. 60 (Peace River North)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2020

	2020 Actual \$	2019 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	(246,306)	(739,470)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(2,554,582)	1,997,992
Inventories for Resale	(230)	401,546
Prepaid Expenses	(28,550)	66,683
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	949,439	870,989
Unearned Revenue	(82,767)	13,572
Deferred Revenue	(17,819)	(197,662)
Employee Future Benefits	206,946	71,768
Amortization of Tangible Capital Assets	4,352,139	3,485,367
Amortization of Deferred Capital Revenue	(3,277,183)	(2,472,212)
Total Operating Transactions	(698,913)	3,498,573
Capital Transactions		
Tangible Capital Assets Purchased	(4,237,348)	(7,528,749)
Tangible Capital Assets -WIP Purchased	(20,074,848)	(10,056,791)
Total Capital Transactions	(24,312,196)	(17,585,540)
Financing Transactions		
Capital Revenue Received	21,643,775	14,349,625
Total Financing Transactions	21,643,775	14,349,625
Net Increase (Decrease) in Cash and Cash Equivalents	(3,367,334)	262,658
Cash and Cash Equivalents, beginning of year	16,501,251	16,238,593
Cash and Cash Equivalents, end of year	13,133,917	16,501,251
Cash and Cash Equivalents, end of year, is made up of:		
Cash	13,133,917	16,501,251
	13,133,917	16,501,251

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 12th, 1946 operates under authority of the School Act of British Columbia as a corporation under the name of "The Board of Education of School District No. 60 (Peace River North)", and operates as "School District No. 60 (Peace River North)." 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. 60 (Peace River North) is exempt from federal and provincial corporate income taxes.

NOTE 2 COVID RISK MANAGEMENT

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These consolidated 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), 2(g) and 2(m).

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), 2(g) and 2(m), 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:

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Year-ended June 30, 2020 – decrease in annual surplus by \$820,528 (2019 - \$27,303,724 increase)
June 30, 2020 – increase in accumulated surplus and decrease in deferred contributions by
\$105,652,137 (2019 - \$89,851,483).

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 shown net of allowance for doubtful accounts.

d) Inventories for Resale

Inventories for resale include properties and are measured at lower of cost and net realizable value. Cost includes all costs incurred to get the properties ready for sale. Net realizable value is the expected selling price in the ordinary course of business.

e) Unearned Revenue

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

f) Deferred Revenue

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 (m).

g) Deferred Capital Revenue

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

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

g) Deferred Capital Revenue (note continued)

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.

h) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

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

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

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

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 all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School district:
 - is directly responsible; or
 - accepts responsibility;

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

- 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.

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.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. No amortization is recorded in the year the tangible capital asset is recorded. Estimated useful life is as follows:

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

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

k) Prepaid Expenses

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

l) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated reserve for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Notes 11 – Inter-fund Transfers and Note 16 – Accumulated Reserve).

m) 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 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

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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.

m) Revenue Recognition (note continued)

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.

n) Expenditures

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

Categories of Salaries

- Principals, Vice-Principals, and District Principals employed under an administrative officer contract are categorized as Principals and Vice-Principals.
- Superintendents, Secretary-Treasurers, Trustees and other employees excluded from union contracts are categorized as Other Professionals.

Allocation of Costs

- Operating expenses are reported by function, program, and object. Whenever possible, expenditures are determined by actual identification. Additional costs pertaining to specific instructional programs, such as special and aboriginal education, are allocated to these programs. All other costs are allocated to related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

o) Financial Instruments

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

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and other liabilities.

o) Financial Instruments (note continued)

Except for portfolio investments in equity instruments quoted in an active market that are recorded at fair value, all financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

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

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

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

p) 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 consolidated 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.

w) Future Changes in Accounting Policies

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

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

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

(d) a reasonable estimate of the amount can be made.

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

A modified retroactive application has been recommended by Government pending approval in the Fall of 2020. Management is in the process of assessing the impact of adopting this standard on the School District's financial results.

NOTE 4 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2020	June 30, 2019
Due from Federal Government	\$450,422	\$ 404,958
Other	746,673	793,475
Allowance for Doubtful Accounts	(85,667)	(73,237)
	<u>\$1,111,428</u>	<u>\$1,125,196</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2020	June 30, 2019
Trade payables	\$4,395,732	\$4,662,862
Salaries and benefits payable	4,574,078	3,371,586
Accrued vacation pay	479,169	383,335
Other	40,143	121,900
	<u>\$9,489,122</u>	<u>\$ 8,539,683</u>

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 6 UNEARNED REVENUE

	June 30, 2020	June 30, 2019
Balance, beginning of year	<u>\$144,667</u>	<u>\$ 131,095</u>
Changes for the year:		
Increase:		
Tuition fees	<u>61,900</u>	<u>144,667</u>
Decrease:		
Tuition fees	<u>144,667</u>	<u>131,095</u>
Net changes for the year	<u>(82,767)</u>	<u>13,572</u>
Balance, end of year	<u>\$61,900</u>	<u>\$144,667</u>

NOTE 7 DEFERRED REVENUE

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

	June 30, 2020	June 30, 2019
Balance, beginning of year	<u>\$2,528,781</u>	<u>\$2,726,443</u>
Add: Restricted Grants		
Provincial Grants – Ministry of Education	6,496,633	6,200,496
Provincial Grants – Other	-	182,350
Federal Grants	200,430	183,178
Other	2,039,005	2,210,503
Less:		
Recovery of Funds	<u>(64,792)</u>	<u>-</u>
	<u>\$8,671,276</u>	<u>8,776,527</u>
Less:		
Amount allocated to revenue	8,689,095	8,974,189
Net changes for the year	<u>(17,819)</u>	<u>(197,662)</u>
Balance, end of year	<u>\$2,510,962</u>	<u>\$2,528,781</u>

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 8 DEFERRED CAPITAL REVENUE

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

Deferred Capital Revenue	June 30, 2020	June 30, 2019
Deferred Capital Revenue, beginning of year	\$78,145,342	\$50,841,618
Changes for the Year:		
Increase:		
Transferred from Deferred Revenue – Capital Additions	2,456,655	5,774,642
Transferred from Work in Progress		24,001,294
	<u>2,456,655</u>	<u>29,775,936</u>
Decrease:		
Amortization of Deferred Capital Contributions	3,277,183	2,472,212
	<u>(820,528)</u>	<u>27,303,724</u>
Net changes for the year	<u>(820,528)</u>	<u>27,303,724</u>
Deferred Capital Revenue, end of year	<u>\$77,324,814</u>	<u>\$78,145,342</u>
Work in Progress, Beginning of Year	\$10,119,466	\$24,063,969
Changes for the Year:		
Increase:		
Transferred from Deferred Revenue – Work in Progress	20,074,848	10,056,791
Decrease:		
Transferred to Deferred Capital Revenue		(24,001,294)
	<u>20,074,848</u>	<u>(13,944,503)</u>
Net changes for the year	<u>\$30,194,314</u>	<u>\$10,119,466</u>
Total Deferred Capital Revenue before Unspent Deferred Capital Revenue	<u>\$107,519,128</u>	<u>\$88,264,808</u>

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 8 DEFERRED CAPITAL REVENUE (continued)

	June 30, 2020	June 30, 2019
Changes in Unspent Deferred Capital		
Balance, beginning of year	1,586,675	\$3,068,483
Changes for the Year:		
Increase:		
Provincial Grants – Ministry of Education	21,445,664	13,032,912
Provincial Grants – Other	185,126	1,218,417
Other	12,985	98,296
	<u>21,643,775</u>	<u>14,349,625</u>
Decrease:		
Transferred to DCR – Capital Additions	2,456,655	5,774,642
Transferred to DCR – Work in Progress	20,074,848	10,056,791
Transferred to Revenue – Site Purchases		
	<u>22,531,503</u>	<u>15,831,433</u>
Net changes for the year	<u>(887,728)</u>	<u>(1,481,808)</u>
Balance, end of year	698,947	\$ 1,586,675
Total Deferred Capital Revenue, end of year	<u>\$108,218,075</u>	<u>\$89,851,483</u>

NOTE 9 EMPLOYEE FUTURE BENEFITS

	June 30, 2020	June 30, 2019
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	1,217,169	508,351
Service Cost	156,916	41,739
Interest Cost	33,529	14,646
Benefit Payments	(65,127)	(34,997)
Actuarial (Gain) Loss	38,639	687,430
Accrued Benefit Obligation – March 31	<u>1,381,126</u>	<u>1,217,169</u>

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 9 EMPLOYEE FUTURE BENEFITS (Continued)

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation - March 31	1,381,126	1,217,169
Market Value of Plan Assets - March 31	<u>0</u>	<u>0</u>
Funded Status - Surplus (Deficit)	(1,381,126)	(1,217,169)
Employer Contributions After Measurement Date	0	0
Benefits Expense After Measurement Date	(50,443)	(47,611)
Unamortized Net Actuarial (Gain) Loss	<u>755,154</u>	<u>795,311</u>
Accrued Benefit Asset (Liability) - June 30	<u>(676,415)</u>	<u>(469,469)</u>

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability (Asset) - July 1	469,469	397,701
Net Expense for Fiscal Year	272,073	106,765
Employer Contributions	<u>(65,127)</u>	<u>(34,997)</u>
Accrued Benefit Liability (Asset) - June 30	<u>676,415</u>	<u>469,469</u>

Components of Net Benefit Expense

Service Cost	159,567	70,533
Interest Cost	33,710	19,367
Amortization of Net Actuarial (Gain)/Loss	<u>78,796</u>	<u>16,866</u>
Net Benefit Expense (Income)	<u>272,073</u>	<u>106,765</u>

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

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Assumptions		
Discount Rate - April 1	2.50%	2.75%
Discount Rate - March 31	2.25%	2.50%
Long Term Salary Growth - April 1	2.50%	2.50%
Long Term Salary Growth - March 31	2.50%	2.50%
EARSL - March 31	11.1	11.1

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 10 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2020	Net Book Value 2019
Sites	\$13,019,087	\$13,019,087
Buildings	82,683,997	83,731,353
Buildings – work in progress	29,875,257	10,119,412
Furniture & Equipment	2,801,549	2,536,065
Furniture & Equipment – work in progress	131,497	54
Vehicles	4,053,647	3,290,628
Computer Software	88,845	108,642
Computer Hardware	1,030,402	1,106,543
Computer Hardware – work in progress	187,560	-
Total	\$133,871,841	\$ 113,911,784

June 30, 2020

Cost:	Balance at June 30, 2019	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2020
Sites	\$13,019,087	\$ -	\$ -	\$ -	\$13,019,087
Buildings	139,826,340	1,991,557	-	-	141,817,897
Buildings – work in progress	10,119,412	19,755,845	-	-	29,875,257
Furniture & Equipment	3,538,399	619,324	(79,922)	-	4,077,801
Furniture & Equip - work in progress	54	131,443	-	-	131,497
Vehicles	5,810,917	1,344,111	(61,568)	-	7,093,460
Computer Software	198,991	20,001	(30,625)	-	188,367
Computer Hardware	1,692,480	262,355	(175,994)	-	1,778,841
Computer Hardware – work in progress	-	187,560	-	-	187,560
Total	\$174,205,680	\$24,312,196	\$(348,109)	\$ -	198,169,767

Buildings – work in progress having a value of \$29,875,257 have not been amortized. Amortization of these assets will commence when the asset is put into service.

Furniture & Equipment – work in progress having a value of \$131,552 have not been amortized. Amortization of these assets will commence when the asset is put into service.

Computer Hardware – work in progress having a value of \$187,560 have not been amortized. Amortization of these assets will commence when the asset is put into service.

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 10 TANGIBLE CAPITAL ASSETS (Continued)

Accumulated Amortization:	Balance at June 30, 2019	Additions	Disposals	Balance at June 30, 2020
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	56,094,987	3,038,913	-	59,133,900
Furniture & Equipment	1,002,334	353,840	(79,922)	1,276,252
Vehicles	2,520,289	581,092	(61,568)	3,039,813
Computer Software	90,349	39,798	(30,625)	99,522
Computer Hardware	585,937	338,496	(175,994)	748,439
Total	\$60,293,896	\$4,352,139	\$(348,109)	\$64,297,926

June 30, 2019

Cost:	Balance at June 30, 2018	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2019
Sites	\$13,019,087	\$ -	\$ -	\$ -	\$13,019,087
Buildings	110,105,637	5,789,484	-	23,931,219	139,826,340
Buildings – work in progress	23,993,894	10,056,737	-	(23,931,219)	10,119,412
Furniture & Equipment	2,562,455	713,744	(180,355)	442,555	3,538,399
Furniture & Equip - work in progress	442,555	54	-	(442,555)	54
Vehicles	5,522,006	771,126	(482,215)	-	5,810,917
Computer Software	186,462	36,964	(24,435)	-	198,991
Computer Hardware	1,649,463	217,431	(265,934)	91,520	1,692,480
Computer Hardware – work in progress	91,520	-	-	(91,520)	-
Total	\$157,573,079	\$17,585,540	\$(952,939)	\$ -	\$174,205,680

Buildings – work in progress having a value of \$10,119,412 have not been amortized. Amortization of these assets will commence when the asset is put into service.

Furniture & Equipment – work in progress having a value of \$54 have not been amortized. Amortization of these assets will commence when the asset is put into service.

Accumulated Amortization:	Balance at June 30, 2018	Additions	Disposals	Balance at June 30, 2019
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	53,785,251	2,309,736	-	56,094,987
Furniture & Equipment	926,444	256,245	(180,355)	1,002,334
Vehicles	2,450,303	552,201	(482,215)	2,520,289
Computer Software	77,492	37,292	(24,435)	90,349
Computer Hardware	521,978	329,893	(265,934)	585,937
Total	\$57,761,468	\$ 3,485,367	\$(952,939)	\$60,293,896

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 11 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2019, the Teachers' Pension Plan has about 48,537 active members and approximately 39,146 retired members. As of December 31, 2019, the Municipal Pension Plan has about 213,111 active members, 106,058 retired members and 45,316 inactive members.

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

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2017, indicated a \$1,656 million surplus for basic pension benefits on a going concern basis. As a result of the 2017 basic account actuarial valuation surplus, plan enhancements and contribution rate adjustments were made; the remaining \$644 million surplus was transferred to the rate stabilization account.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis or \$663 excluding previously scheduled amortization (2015: \$2,224 of which \$1,927 was transferred to the rate stabilization account). As a result the 2018 actuarial valuation surplus, the amortization was eliminated, except for a limited group whose members continue to pay amortization of 0.23% of pay until the end of 2024. Interest is added to the rate stabilization account at the smoothed investment return rate, subject to a maximum rate stabilization account balance of \$2,500.

School District 60 (Peace River North) paid \$5,000,685 (2019 - \$5,088,457) for employer contributions to these plans in the year ended June 30, 2020.

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

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 11 EMPLOYEE PENSION PLANS (Continued)

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

NOTE 12 INTERFUND TRANSFERS

Inter-fund transfers between the operating, special purpose and capital funds for the year ended June 30, 2020, were as follows:

- \$1,685,750 transferred from the operating fund to the capital fund for capital asset purchases.
- \$94,943 transferred from the special purpose fund to the capital fund for capital asset purchases.

NOTE 13 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 14 BUDGET FIGURES

Amended budget figures presented in the financial statements are not audited. They were approved by the Board through the adoption of an amended annual budget on February 24, 2020. Reconciliation to the annual budget approved by the Board on June 17, 2019 is presented below:

	2019/20 Original Annual Budget	Amendments	2019/20 Amended Annual Budget
Revenues			
Provincial Grants			
Ministry of Education Grants	72,415,940	667,234	73,083,174
Other	47,617	165,729	213,346
Federal Grants	188,523	20,888	209,411
Tuition	712,578	26,000	738,578
Other Revenue	2,337,705	155,989	2,493,694
Rentals and Leases	82,713	(14,920)	67,793
Investment Income	225,000	-	225,000
Amortization of Deferred Capital Revenue	3,267,648	9,583	3,277,231
	\$79,277,724	\$1,030,503	\$80,308,227

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 14 BUDGET FIGURES (Continued)

Expenses

Instruction	61,033,390	1,457,565	62,490,955
District Administration	2,606,634	(10,919)	2,595,715
Operations and Maintenance	11,982,025	331,519	12,313,544
Transportation and Housing	4,028,057	546,278	4,574,335
	\$79,650,106	\$2,324,443	\$81,974,549

Budget Surplus (Deficit), for the year	(372,382)	(1,293,940)	(1,666,322)
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Budgeted Allocation (Retirement) of Surplus (Deficit)

-	3,102,999	3,102,999
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Budget Surplus (Deficit), for the year	(372,382)	1,809,059	1,436,677
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Budgeted Surplus (Deficit), for the year comprised of:

Operating Fund Surplus (Deficit)			
Special Purpose Fund Surplus (Deficit)			
Capital Fund Surplus (Deficit)	(372,382)	1,809,059	1,436,677
Budgeted Surplus (Deficit), for the year	(372,382)	1,809,059	1,436,677

NOTE 15 ASSET RETIREMENT OBLIGATION

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The liability will be recognized in the period in which a reasonable estimate of fair value can be made. As at June 30, 2020, the liability is not reasonably determinable.

NOTE 16 EXPENSE BY OBJECT

	2020	2019
Salaries and benefits	\$63,739,085	\$ 60,665,987
Services and supplies	12,549,766	14,355,973
Amortization	4,352,139	3,485,367
	\$80,640,990	\$ 78,507,327

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 17 ACCUMULATED RESERVE

Operating Fund:

Internally Restricted (appropriated) by Board for:

Budgeted Allocation of Reserve Carried Forward	\$	164,703	
Contingency Reserve		1,655,192	
Education Initiatives		323,686	
Anne Roberts Young Construction Project		1,100,000	
Planned Projects & Staffing Contingencies		615,902	
Subtotal Internally Restricted			<u>3,859,483</u>

Unrestricted Operating Surplus (Deficit)

Total Operating Fund Reserve:			<u>\$3,859,483</u>
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Capital Fund:

Invested in Tangible Capital Assets		<u>\$26,352,714</u>	
Local Capital Reserve			
Total Capital Fund Reserve:			<u>\$26,352,714</u>
Accumulated Reserve			<u>\$30,212,197</u>

NOTE 18 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 19 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.

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020

NOTE 19 RISK MANAGEMENT (Continued)

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.

b) Market risk :

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

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

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

c) Liquidity risk

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

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

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

School District No. 60 (Peace River North)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2020

Schedule 1 (Unaudited)

	Operating Fund	Special Purpose Fund	Capital Fund	2020 Actual	2019 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	4,811,526		25,646,977	30,458,503	31,197,973
Changes for the year					
Surplus (Deficit) for the year	733,707	94,943	(1,074,956)	(246,306)	(739,470)
Interfund Transfers	(1,685,750)	(94,943)	1,780,693	-	
Tangible Capital Assets Purchased	(952,043)	-	705,737	(246,306)	(739,470)
Net Changes for the year	3,859,483	-	26,352,714	30,212,197	30,458,503

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

School District No. 60 (Peace River North)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	66,682,083	67,162,059	64,164,889
Other	96,179	125,274	
Federal Grants	(4,206)		
Tuition	738,578	608,753	581,174
Other Revenue	260,000	147,883	1,145,918
Rentals and Leases	67,793	149,004	179,988
Investment Income	225,000	235,433	249,487
Total Revenue	68,065,427	68,428,406	66,321,456
Expenses			
Instruction	53,932,754	52,728,826	51,844,455
District Administration	2,595,715	2,405,638	2,921,395
Operations and Maintenance	8,205,304	8,744,409	7,909,251
Transportation and Housing	3,923,068	3,815,826	3,686,515
Total Expense	68,656,841	67,694,699	66,361,616
Operating Surplus (Deficit) for the year	(591,414)	733,707	(40,160)
Budgeted Appropriation (Retirement) of Surplus (Deficit)	3,102,999		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(2,511,585)	(1,685,750)	(1,440,262)
Total Net Transfers	(2,511,585)	(1,685,750)	(1,440,262)
Total Operating Surplus (Deficit), for the year	-	(952,043)	(1,480,422)
Operating Surplus (Deficit), beginning of year		4,811,526	6,291,948
Operating Surplus (Deficit), end of year		3,859,483	4,811,526
Operating Surplus (Deficit), end of year			
Internally Restricted		3,859,483	4,811,526
Total Operating Surplus (Deficit), end of year		3,859,483	4,811,526

School District No. 60 (Peace River North)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	65,053,108	64,879,462	63,010,814
ISC/LEA Recovery		(2,902)	(4,206)
Other Ministry of Education Grants			
Pay Equity	241,350	241,350	241,350
Funding for Graduated Adults	36,243	63,092	42,119
Transportation Supplement	425,785	425,785	425,785
Economic Stability Dividend			69,377
Carbon Tax Grant	116,500	122,667	122,667
Employer Health Tax Grant	492,588	492,588	149,687
Strategic Priorities - Mental Health Grant			33,000
Support Staff Benefits Grant	39,086	39,086	26,869
BCTEA - LEA Capacity Building Grant			34,240
Support Staff Wage Increase Funding	266,836	266,836	
Teachers' Labour Settlement Funding		623,508	
FSA Funding	8,187	8,187	8,187
Access Grant			5,000
Early Learning Framework	2,400	2,400	
Total Provincial Grants - Ministry of Education	66,682,083	67,162,059	64,164,889
Provincial Grants - Other	96,179	125,274	
Federal Grants	(4,206)		
Tuition			
Summer School Fees		5,460	9,146
International and Out of Province Students	738,578	603,293	572,028
Total Tuition	738,578	608,753	581,174
Other Revenues			
Funding from First Nations		2,902	4,206
Miscellaneous			
Miscellaneous	260,000	144,981	84,580
Sale of Residential Construction			940,077
School Age Therapy			117,055
Total Other Revenue	260,000	147,883	1,145,918
Rentals and Leases	67,793	149,004	179,988
Investment Income	225,000	235,433	249,487
Total Operating Revenue	68,065,427	68,428,406	66,321,456

School District No. 60 (Peace River North)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Salaries			
Teachers	25,863,309	26,196,273	24,621,477
Principals and Vice Principals	4,595,572	4,424,264	4,254,970
Educational Assistants	5,193,841	5,119,700	4,498,594
Support Staff	7,418,429	7,916,569	7,124,037
Other Professionals	1,959,360	1,811,293	2,061,068
Substitutes	2,185,509	1,601,704	2,159,235
Total Salaries	47,216,020	47,069,803	44,719,381
Employee Benefits	10,423,085	10,527,977	10,125,257
Total Salaries and Benefits	57,639,105	57,597,780	54,844,638
Services and Supplies			
Services	1,067,366	1,221,384	1,422,135
Student Transportation	333,610	264,698	296,503
Professional Development and Travel	983,250	814,159	967,637
Rentals and Leases	139,190	137,468	119,283
Dues and Fees	46,943	43,228	38,889
Insurance	268,307	274,855	212,019
Supplies	6,545,434	5,729,856	6,929,213
Utilities	1,633,636	1,611,271	1,531,299
Total Services and Supplies	11,017,736	10,096,919	11,516,978
Total Operating Expense	68,656,841	67,694,699	66,361,616

School District No. 60 (Peace River North)

Operating Expense by Function, Program and Object

Year Ended June 30, 2020

Schedule 2C (Unaudited)

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	20,963,231	1,396,098	24,185	1,758,686	242,897	1,067,525	25,452,622
1.03 Career Programs	185,486	38,836	28,127	35,121		8,259	295,829
1.07 Library Services	748,044			70,943			818,987
1.08 Counselling	852,018						852,018
1.10 Special Education	2,537,979	330,821	4,529,297	88,511		279,026	7,765,634
1.30 English Language Learning	601,301		2,483			6,557	610,341
1.31 Indigenous Education	304,374	136,025	535,608	54,364		25,147	1,055,518
1.41 School Administration		2,470,702		513,622			2,984,324
1.60 Summer School	3,840			1,789			5,629
1.62 International and Out of Province Students		51,782		22,225		2,490	76,497
Total Function 1	26,196,273	4,424,264	5,119,700	2,545,261	242,897	1,389,004	39,917,399
4 District Administration							
4.11 Educational Administration					569,438		569,438
4.40 School District Governance					102,171		102,171
4.41 Business Administration				85,750	624,242		709,992
Total Function 4	-	-	-	85,750	1,295,851	-	1,381,601
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				52,907	193,738		246,645
5.50 Maintenance Operations				3,102,599		55,193	3,157,792
5.52 Maintenance of Grounds				481,315		58,873	540,188
5.56 Utilities							-
Total Function 5	-	-	-	3,636,821	193,738	114,066	3,944,625
7 Transportation and Housing							
7.41 Transportation and Housing Administration					78,807		78,807
7.70 Student Transportation				1,648,737		98,634	1,747,371
Total Function 7	-	-	-	1,648,737	78,807	98,634	1,826,178
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	26,196,273	4,424,264	5,119,700	7,916,569	1,811,293	1,601,704	47,069,803

School District No. 60 (Peace River North)

Operating Expense by Function, Program and Object

Year Ended June 30, 2020

Schedule 2C (Unaudited)

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	25,452,622	5,722,103	31,174,725	2,684,684	33,859,409	34,742,913	34,146,526
1.03 Career Programs	295,829	60,937	356,766	25,734	382,500	408,664	436,818
1.07 Library Services	818,987	187,813	1,006,800	174,649	1,181,449	1,091,913	1,114,604
1.08 Counselling	852,018	176,464	1,028,482	2,382	1,030,864	937,375	960,954
1.10 Special Education	7,765,634	1,783,632	9,549,266	322,557	9,871,823	10,084,325	9,145,054
1.30 English Language Learning	610,341	127,258	737,599	26,811	764,410	782,859	763,225
1.31 Indigenous Education	1,055,518	238,495	1,294,013	414,989	1,709,002	1,787,227	1,499,170
1.41 School Administration	2,984,324	647,385	3,631,709	5,076	3,636,785	3,694,787	3,493,556
1.60 Summer School	5,629	1,642	7,271	407	7,678	25,155	29,852
1.62 International and Out of Province Students	76,497	14,894	91,391	193,515	284,906	377,536	254,696
Total Function 1	39,917,399	8,960,623	48,878,022	3,850,804	52,728,826	53,932,754	51,844,455
4 District Administration							
4.11 Educational Administration	569,438	117,234	686,672	108,058	794,730	885,686	789,700
4.40 School District Governance	102,171	6,014	108,185	98,276	206,461	243,083	320,997
4.41 Business Administration	709,992	154,388	864,380	540,067	1,404,447	1,466,946	1,810,698
Total Function 4	1,381,601	277,636	1,659,237	746,401	2,405,638	2,595,715	2,921,395
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	246,645	52,525	299,170	244,653	543,823	571,976	668,025
5.50 Maintenance Operations	3,157,792	710,367	3,868,159	1,651,283	5,519,442	5,105,376	4,841,511
5.52 Maintenance of Grounds	540,188	100,414	640,602	442,748	1,083,350	1,014,859	879,162
5.56 Utilities	-	-	-	1,597,794	1,597,794	1,513,093	1,520,553
Total Function 5	3,944,625	863,306	4,807,931	3,936,478	8,744,409	8,205,304	7,909,251
7 Transportation and Housing							
7.41 Transportation and Housing Administration	78,807	18,975	97,782	12,569	110,351	113,426	152,010
7.70 Student Transportation	1,747,371	407,437	2,154,808	1,550,667	3,705,475	3,809,642	3,534,505
Total Function 7	1,826,178	426,412	2,252,590	1,563,236	3,815,826	3,923,068	3,686,515
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	47,069,803	10,527,977	57,597,780	10,096,919	67,694,699	68,656,841	66,361,616

School District No. 60 (Peace River North)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	6,401,091	6,336,903	6,282,121
Other	117,167		182,350
Federal Grants	213,617	214,503	199,026
Other Revenue	2,233,694	2,137,689	2,310,692
Total Revenue	8,965,569	8,689,095	8,974,189
Expenses			
Instruction	8,558,201	8,428,781	8,513,780
Operations and Maintenance	337,193	152,671	146,564
Transportation and Housing	70,175	12,700	
Total Expense	8,965,569	8,594,152	8,660,344
Special Purpose Surplus (Deficit) for the year	-	94,943	313,845
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(94,943)	(313,845)
Total Net Transfers	-	(94,943)	(313,845)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

50 (Peace River North)

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First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	SWIS	EFAP	MISC	Donations	TOTAL
\$	\$	\$	\$	\$	\$	\$	\$
-	-	19,698	45,976	24,516	202,723 (19,698)	100,000	2,528,781
-	-	19,698	45,976	24,516	183,025	100,000	2,528,781
70,175	28,500	30,000	200,430	18,101	303,309	-	6,496,633 200,430 2,039,005
70,175	28,500	30,000	200,430	18,101	303,309	-	8,736,068
12,700	23,306	17,751	214,503	18,479	379,293	31,882	8,689,095
64,792							64,792
57,475	5,194	31,947	31,903	24,138	107,041	68,118	2,510,962
12,700	23,306	17,751	214,503	18,479	379,293	31,882	6,336,903 214,503 2,137,689
12,700	23,306	17,751	214,503	18,479	379,293	31,882	8,689,095
4,366	10,613	38,836	19,517	3,576,996			3,576,996
13,238		118,165	2,000	348,094			348,094
			120,716	771,181			771,181
				152,033			152,033
				149,969			149,969
				40,528			40,528
				5,038,801			5,038,801
				1,102,504			1,102,504
12,700	581	5,010	18,019	198,921	31,882		2,452,847
12,700	23,306	17,751	214,503	18,479	379,293	31,882	8,594,152
-	-	-	-	-	-	-	94,943
-	-	-	-	-	-	-	(94,943)
-	-	-	-	-	-	-	(94,943)
-	-	-	-	-	-	-	-

School District No. 60 (Peace River North)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2020

	2020 Budget	2020 Actual			2019 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Amortization of Deferred Capital Revenue	3,277,231	3,277,183		3,277,183	2,472,212
Total Revenue	3,277,231	3,277,183	-	3,277,183	2,472,212
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	3,771,047	3,771,047		3,771,047	2,933,166
Transportation and Housing	581,092	581,092		581,092	552,201
Total Expense	4,352,139	4,352,139	-	4,352,139	3,485,367
Capital Surplus (Deficit) for the year	(1,074,908)	(1,074,956)	-	(1,074,956)	(1,013,155)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	2,511,585	1,780,693		1,780,693	1,754,107
Total Net Transfers	2,511,585	1,780,693	-	1,780,693	1,754,107
Total Capital Surplus (Deficit) for the year	1,436,677	705,737	-	705,737	740,952
Capital Surplus (Deficit), beginning of year		25,646,977		25,646,977	24,906,025
Capital Surplus (Deficit), end of year		26,352,714	-	26,352,714	25,646,977

School District No. 60 (Peace River North)

Tangible Capital Assets
Year Ended June 30, 2020

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	13,019,087	139,826,340	3,538,399	5,810,917	198,991	1,692,480	164,086,214
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		1,170,632	105,000	1,181,023			2,456,655
Operating Fund		725,982	514,324	163,088	20,001	262,355	1,685,750
Special Purpose Funds		94,943					94,943
	-	1,991,557	619,324	1,344,111	20,001	262,355	4,237,348
Decrease:							
Deemed Disposals			79,922	61,568	30,625	175,994	348,109
	-	-	79,922	61,568	30,625	175,994	348,109
Cost, end of year	13,019,087	141,817,897	4,077,801	7,093,460	188,367	1,778,841	167,975,453
Work in Progress, end of year		29,875,257	131,497			187,560	30,194,314
Cost and Work in Progress, end of year	13,019,087	171,693,154	4,209,298	7,093,460	188,367	1,966,401	198,169,767
Accumulated Amortization, beginning of year		56,094,987	1,002,334	2,520,289	90,349	585,937	60,293,896
Changes for the Year							
Increase: Amortization for the Year		3,038,913	353,840	581,092	39,798	338,496	4,352,139
Decrease:							
Deemed Disposals			79,922	61,568	30,625	175,994	348,109
	-	-	79,922	61,568	30,625	175,994	348,109
Accumulated Amortization, end of year		59,133,900	1,276,252	3,039,813	99,522	748,439	64,297,926
Tangible Capital Assets - Net	13,019,087	112,559,254	2,933,046	4,053,647	88,845	1,217,962	133,871,841

School District No. 60 (Peace River North)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2020

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	10,119,412	54			10,119,466
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	18,420,719	131,443		187,560	18,739,722
Deferred Capital Revenue - Other	1,335,126				1,335,126
	19,755,845	131,443	-	187,560	20,074,848
Net Changes for the Year	19,755,845	131,443	-	187,560	20,074,848
Work in Progress, end of year	29,875,257	131,497	-	187,560	30,194,314

School District No. 60 (Peace River North)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2020

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	70,827,146	922,005	6,396,191	78,145,342
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,456,655			2,456,655
	2,456,655	-	-	2,456,655
Decrease:				
Amortization of Deferred Capital Revenue	3,044,841	44,679	187,663	3,277,183
	3,044,841	44,679	187,663	3,277,183
Net Changes for the Year	(588,186)	(44,679)	(187,663)	(820,528)
Deferred Capital Revenue, end of year	70,238,960	877,326	6,208,528	77,324,814
Work in Progress, beginning of year	10,119,466			10,119,466
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	18,739,722	1,335,126		20,074,848
	18,739,722	1,335,126	-	20,074,848
Net Changes for the Year	18,739,722	1,335,126	-	20,074,848
Work in Progress, end of year	28,859,188	1,335,126	-	30,194,314
Total Deferred Capital Revenue, end of year	99,098,148	2,212,452	6,208,528	107,519,128

School District No. 60 (Peace River North)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2020

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	51,273	28,626	1,150,000	356,776	-	1,586,675
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	21,445,664					21,445,664
Provincial Grants - Other			185,126			185,126
Other				12,985		12,985
	21,445,664	-	185,126	12,985	-	21,643,775
Decrease:						
Transferred to DCR - Capital Additions	2,456,655					2,456,655
Transferred to DCR - Work in Progress	18,739,722		1,335,126			20,074,848
	21,196,377	-	1,335,126	-	-	22,531,503
	249,287	-	(1,150,000)	12,985	-	(887,728)
Net Changes for the Year	300,560	28,626	-	369,761	-	698,947

