

Audited Financial Statements of

School District No. 60 (Peace River North)

June 30, 2019

School District No. 60 (Peace River North)

June 30, 2019

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School District No. 60 (Peace River North)

MANAGEMENT REPORT

Version: 6205-5459-3477

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.

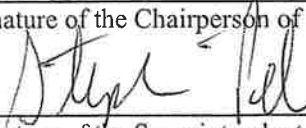
The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 60 (Peace River 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 (Acting)

Sept 23, 2019
Date Signed



Signature of the Superintendent

Sept. 23, 2019
Date Signed



Signature of the Secretary Treasurer

Sept 23, 2019
Date Signed



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone (250) 563-7151
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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, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements 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.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada
September 23, 2019

School District No. 60 (Peace River North)

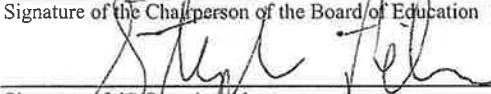
Statement of Financial Position
As at June 30, 2019

	2019 Actual \$	2018 Actual \$
Financial Assets		
Cash and Cash Equivalents	16,501,251	16,238,593
Accounts Receivable		
Due from Province - Ministry of Education	184,284	1,401,904
Other	1,125,196	1,906,122
Inventories for Resale	116,247	517,793
Total Financial Assets	17,926,978	20,064,412
Liabilities		
Accounts Payable and Accrued Liabilities		
Other	8,539,683	7,669,249
Unearned Revenue	144,667	131,095
Deferred Revenue	2,528,781	2,726,443
Deferred Capital Revenue	89,851,483	77,974,070
Employee Future Benefits	469,469	397,701
Total Liabilities	101,534,083	88,898,558
Net Financial Assets (Debt)	(83,607,105)	(68,834,146)
Non-Financial Assets		
Tangible Capital Assets	113,911,784	99,811,611
Prepaid Expenses	153,824	220,508
Total Non-Financial Assets	114,065,608	100,032,119
Accumulated Surplus (Deficit)	30,458,503	31,197,973

Approved by the Board


Signature of the Chairperson of the Board of Education (Acting)

Sept 23 2019
Date Signed


Signature of the Superintendent

Sept 23, 2019
Date Signed


Signature of the Secretary Treasurer

Sept 23, 2019
Date Signed

School District No. 60 (Peace River North)

Statement of Operations
Year Ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	69,244,143	70,447,010	68,055,155
Other	47,367	182,350	239,539
Federal Grants	185,002	199,026	200,326
Tuition	738,336	581,174	849,643
Other Revenue	2,108,643	3,456,610	3,067,192
Rentals and Leases	12,500	179,988	5,054
Investment Income	195,000	249,487	260,518
Amortization of Deferred Capital Revenue	2,472,212	2,472,212	2,379,506
Total Revenue	<u>75,003,203</u>	<u>77,767,857</u>	<u>75,056,933</u>
Expenses			
Instruction	58,804,616	60,358,235	57,457,097
District Administration	2,516,141	2,921,395	2,100,030
Operations and Maintenance	10,995,439	10,988,981	9,798,309
Transportation and Housing	3,941,165	4,238,716	3,886,506
Total Expense	<u>76,257,361</u>	<u>78,507,327</u>	<u>73,241,942</u>
Surplus (Deficit) for the year	<u>(1,254,158)</u>	<u>(739,470)</u>	<u>1,814,991</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		31,197,973	29,382,982
Accumulated Surplus (Deficit) from Operations, end of year		<u>30,458,503</u>	<u>31,197,973</u>

School District No. 60 (Peace River North)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
Surplus (Deficit) for the year	<u>(1,254,158)</u>	<u>(739,470)</u>	<u>1,814,991</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(16,919,369)	(17,585,540)	(21,098,845)
Amortization of Tangible Capital Assets	3,485,367	3,485,367	3,347,708
Total Effect of change in Tangible Capital Assets	<u>(13,434,002)</u>	<u>(14,100,173)</u>	<u>(17,751,137)</u>
Acquisition of Prepaid Expenses		(153,824)	(220,508)
Use of Prepaid Expenses		220,508	172,074
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>66,684</u>	<u>(48,434)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(14,688,160)</u>	<u>(14,772,959)</u>	<u>(15,984,580)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(14,772,959)</u>	<u>(15,984,580)</u>
Net Financial Assets (Debt), beginning of year		<u>(68,834,146)</u>	<u>(52,849,566)</u>
Net Financial Assets (Debt), end of year		<u><u>(83,607,105)</u></u>	<u><u>(68,834,146)</u></u>

School District No. 60 (Peace River North)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2019

	2019 Actual \$	2018 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	(739,470)	1,814,991
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	1,997,992	(1,805,848)
Inventories for Resale	401,546	882,783
Prepaid Expenses	66,683	(48,434)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	870,989	1,956,257
Unearned Revenue	13,572	(98,336)
Deferred Revenue	(197,662)	154,597
Employee Future Benefits	71,768	32,936
Amortization of Tangible Capital Assets	3,485,367	3,347,708
Amortization of Deferred Capital Revenue	(2,472,212)	(2,379,506)
Total Operating Transactions	3,498,573	3,857,148
Capital Transactions		
Tangible Capital Assets Purchased	(7,528,749)	(7,072,082)
Tangible Capital Assets -WIP Purchased	(10,056,791)	(14,026,763)
Total Capital Transactions	(17,585,540)	(21,098,845)
Financing Transactions		
Capital Revenue Received	14,349,625	16,698,617
Total Financing Transactions	14,349,625	16,698,617
Net Increase (Decrease) in Cash and Cash Equivalents	262,658	(543,080)
Cash and Cash Equivalents, beginning of year	16,238,593	16,781,673
Cash and Cash Equivalents, end of year	16,501,251	16,238,593
Cash and Cash Equivalents, end of year, is made up of:		
Cash	16,501,251	16,238,593
	16,501,251	16,238,593

School District No. 60 (Peace River North)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2019 Actual	2018 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	6,291,948		24,906,025	31,197,973	29,382,982
Changes for the year					
Surplus (Deficit) for the year	(40,160)	313,845	(1,013,155)	(739,470)	1,814,991
Interfund Transfers	(1,440,262)	(313,845)	1,754,107	-	
Tangible Capital Assets Purchased	(1,480,422)	-	740,952	(739,470)	1,814,991
Net Changes for the year	4,811,526	-	25,646,977	30,458,503	31,197,973
Accumulated Surplus (Deficit), end of year - Statement 2					

School District No. 60 (Peace River North)

Schedule of Operating Operations

Year Ended June 30, 2019

Schedule 2 (Unaudited)

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	62,792,524	64,164,889	62,279,896
Tuition	738,336	581,174	849,643
Other Revenue	308,229	1,145,918	897,850
Rentals and Leases	12,500	179,988	5,054
Investment Income	195,000	249,487	260,518
Total Revenue	<u>64,046,589</u>	<u>66,321,456</u>	<u>64,292,961</u>
Expenses			
Instruction	50,872,679	51,844,455	49,379,601
District Administration	2,516,141	2,921,395	2,100,030
Operations and Maintenance	7,509,808	7,909,251	6,860,372
Transportation and Housing	3,388,964	3,686,515	3,246,216
Total Expense	<u>64,287,592</u>	<u>66,361,616</u>	<u>61,586,219</u>
Operating Surplus (Deficit) for the year	<u>(241,003)</u>	<u>(40,160)</u>	<u>2,706,742</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>691,003</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(450,000)	(1,440,262)	(1,053,081)
Total Net Transfers	<u>(450,000)</u>	<u>(1,440,262)</u>	<u>(1,053,081)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(1,480,422)</u>	<u>1,653,661</u>
Operating Surplus (Deficit), beginning of year		<u>6,291,948</u>	<u>4,638,287</u>
Operating Surplus (Deficit), end of year		<u>4,811,526</u>	<u>6,291,948</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		<u>4,811,526</u>	<u>6,291,948</u>
Total Operating Surplus (Deficit), end of year		<u>4,811,526</u>	<u>6,291,948</u>

School District No. 60 (Peace River North)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	61,862,688	63,010,814	61,052,986
ISC/LEA Recovery		(4,206)	
Other Ministry of Education Grants			
Pay Equity	241,350	241,350	241,350
Funding for Graduated Adults	43,145	42,119	58,879
Transportation Supplement	425,785	425,785	425,785
Economic Stability Dividend		69,377	37,304
Return of Administrative Savings			307,317
Carbon Tax Grant	116,500	122,667	121,219
Employer Health Tax Grant		149,687	
Strategic Priorities - Mental Health Grant	33,000	33,000	
Support Staff Benefits Grant	26,869	26,869	26,869
BCTEA - LEA Capacity Building Grant		34,240	
FSA Funding	8,187	8,187	8,187
Access Grant	5,000	5,000	
Early Years to Kindergarten Transition	30,000		
Total Provincial Grants - Ministry of Education	62,792,524	64,164,889	62,279,896
Tuition			
Summer School Fees	17,384	9,146	
International and Out of Province Students	720,952	572,028	849,643
Total Tuition	738,336	581,174	849,643
Other Revenues			
LEA Funding from First Nations		4,206	
Miscellaneous			
Miscellaneous	212,050	84,580	24,718
Sale of Residential Construction		940,077	801,241
School Age Therapy	96,179	117,055	71,891
Total Other Revenue	308,229	1,145,918	897,850
Rentals and Leases	12,500	179,988	5,054
Investment Income	195,000	249,487	260,518
Total Operating Revenue	64,046,589	66,321,456	64,292,961

School District No. 60 (Peace River North)

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

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Salaries			
Teachers	24,979,491	24,621,477	24,328,947
Principals and Vice Principals	4,183,301	4,254,970	3,709,022
Educational Assistants	4,235,591	4,498,594	4,178,765
Support Staff	6,875,154	7,124,037	6,527,082
Other Professionals	1,962,424	2,061,068	1,654,152
Substitutes	2,045,340	2,159,235	1,914,276
Total Salaries	44,281,301	44,719,381	42,312,244
Employee Benefits	9,444,983	10,125,257	9,699,345
Total Salaries and Benefits	53,726,284	54,844,638	52,011,589
Services and Supplies			
Services	894,418	1,422,135	606,221
Student Transportation	260,000	296,503	267,467
Professional Development and Travel	1,021,030	967,637	976,015
Rentals and Leases	29,200	119,283	21,038
Dues and Fees	51,453	38,889	60,986
Insurance	248,657	212,019	236,421
Supplies	6,317,269	6,929,213	5,975,401
Utilities	1,739,281	1,531,299	1,431,081
Total Services and Supplies	10,561,308	11,516,978	9,574,630
Total Operating Expense	64,287,592	66,361,616	61,586,219

School District No. 60 (Peace River North)

Operating Expense by Function, Program and Object

Year Ended June 30, 2019

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	19,625,512	1,351,705	12,877	1,584,528	196,475	1,434,641	24,205,738
1.03 Career Programs	246,517	40,137	5,317	41,073		11,360	344,404
1.07 Library Services	736,759			61,396		4,999	803,154
1.08 Counselling	777,396						777,396
1.10 Special Education	2,399,098	319,065	3,947,555	83,041	366,669		7,115,428
1.30 English Language Learning	585,507		26,753		8,760		621,020
1.31 Aboriginal Education	230,663	116,737	506,092	50,148	48,230		951,870
1.41 School Administration		2,374,151		479,633			2,853,784
1.60 Summer School	20,025			1,755			21,780
1.62 International and Out of Province Students		53,175		29,341			82,516
Total Function 1	24,621,477	4,254,970	4,498,594	2,330,915	196,475	1,874,659	37,777,090
4 District Administration							
4.11 Educational Administration					543,907		543,907
4.40 School District Governance					100,878		100,878
4.41 Business Administration				72,029	812,905		884,934
Total Function 4	-	-	-	72,029	1,457,690	-	1,529,719
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				22,600	286,283		308,883
5.50 Maintenance Operations				2,730,901		80,405	2,811,306
5.52 Maintenance of Grounds				452,329		31,053	483,382
5.56 Utilities							-
Total Function 5	-	-	-	3,205,830	286,283	111,458	3,603,571
7 Transportation and Housing							
7.41 Transportation and Housing Administration					120,620		120,620
7.70 Student Transportation				1,515,263		173,118	1,688,381
Total Function 7	-	-	-	1,515,263	120,620	173,118	1,809,001
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	24,621,477	4,254,970	4,498,594	7,124,037	2,061,068	2,159,235	44,719,381

School District No. 60 (Peace River North)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object
Year Ended June 30, 2019

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	24,205,738	5,624,065	29,829,803	4,316,723	34,146,526	33,576,022	32,883,805
1.03 Career Programs	344,404	69,698	414,102	22,716	436,818	462,342	625,690
1.07 Library Services	803,154	186,252	989,406	125,198	1,114,604	1,076,248	1,094,643
1.08 Counselling	777,396	177,637	955,033	5,921	960,954	933,786	981,827
1.10 Special Education	7,115,428	1,604,491	8,719,919	425,135	9,145,054	8,622,516	8,598,503
1.30 English Language Learning	621,020	134,192	755,212	8,013	763,225	816,865	679,554
1.31 Aboriginal Education	951,870	207,826	1,159,696	339,474	1,499,170	1,533,347	1,345,294
1.41 School Administration	2,853,784	633,939	3,487,723	5,833	3,493,556	3,527,388	3,170,285
1.60 Summer School	21,780	5,144	26,924	2,928	29,852	29,168	
1.62 International and Out of Province Students	82,516	16,759	99,275	155,421	254,696	274,997	
Total Function 1	37,777,090	8,660,003	46,437,093	5,407,362	51,844,455	50,872,679	49,379,601
4 District Administration							
4.11 Educational Administration	543,907	113,146	657,053	132,647	789,700	756,211	738,152
4.40 School District Governance	100,878	3,905	104,783	216,214	320,997	313,730	185,020
4.41 Business Administration	884,934	181,686	1,066,620	744,078	1,810,698	1,446,200	1,176,858
Total Function 4	1,529,719	298,737	1,828,456	1,092,939	2,921,395	2,516,141	2,100,030
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	308,883	76,687	385,570	282,455	668,025	603,393	394,521
5.50 Maintenance Operations	2,811,306	598,715	3,410,021	1,431,490	4,841,511	4,382,352	4,179,829
5.52 Maintenance of Grounds	483,382	70,685	554,067	325,095	879,162	784,782	854,941
5.56 Utilities	-	-	-	1,520,553	1,520,553	1,739,281	1,431,081
Total Function 5	3,603,571	746,087	4,349,658	3,559,593	7,909,251	7,509,808	6,860,372
7 Transportation and Housing							
7.41 Transportation and Housing Administration	120,620	23,718	144,338	7,672	152,010	146,361	104,923
7.70 Student Transportation	1,688,381	396,712	2,085,093	1,449,412	3,534,505	3,242,603	3,141,293
Total Function 7	1,809,001	420,430	2,229,431	1,457,084	3,686,515	3,388,964	3,246,216
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	44,719,381	10,125,257	54,844,638	11,516,978	66,361,616	64,287,592	61,586,219

School District No. 60 (Peace River North)

Schedule of Special Purpose Operations

Year Ended June 30, 2019

Schedule 3 (Unaudited)

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	6,451,619	6,282,121	5,775,259
Other	47,367	182,350	239,539
Federal Grants	185,002	199,026	200,326
Other Revenue	1,800,414	2,310,692	2,169,342
Total Revenue	<u>8,484,402</u>	<u>8,974,189</u>	<u>8,384,466</u>
Expenses			
Instruction	7,931,937	8,513,780	8,077,496
Operations and Maintenance	552,465	146,564	230,519
Total Expense	<u>8,484,402</u>	<u>8,660,344</u>	<u>8,308,015</u>
Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>313,845</u>	<u>76,451</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(313,845)	(76,451)
Total Net Transfers	<u>-</u>	<u>(313,845)</u>	<u>(76,451)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 60 (Peace River North)

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

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
Deferred Revenue, beginning of year	\$ 253,501		\$ 3,053	\$ 138,923	\$ 1,619,004	\$ 117,993	\$ 7,883	\$ 4,218	\$ 104,446
Add: Restricted Grants									
Provincial Grants - Ministry of Education	298,964	243,927			148,000	148,000	41,650	110,873	552,673
Provincial Grants - Other									
Federal Grants									
Other				3,750	1,993,142				
	298,964	243,927	-	3,750	1,993,142	148,000	41,650	110,873	552,673
Less: Allocated to Revenue	437,239	243,927	2,750	-	2,008,722	181,081	49,533	115,091	512,883
Deferred Revenue, end of year	115,226	-	303	142,673	1,603,424	84,912	-	-	144,236
Revenues	437,239	243,927	2,750			181,081	49,533	115,091	512,883
Provincial Grants - Ministry of Education									
Provincial Grants - Other									
Federal Grants					2,008,722				
Other Revenue	437,239	243,927	2,750	-	2,008,722	181,081	49,533	115,091	512,883
Expenses									
Salaries									
Teachers						1,368		143	
Principals and Vice Principals						46,696	23,348	32,301	
Educational Assistants		195,597				91,455	189		224,957
Support Staff						3,765	3,765		54,471
Other Professionals	81,047								
Substitutes							3,280	15,299	2,800
Employee Benefits	81,047	195,597				143,284	30,582	47,743	282,228
Services and Supplies	17,686	48,330				29,213	5,070	7,116	58,470
	47,831		2,750		2,008,722	8,584	13,881	60,232	172,185
	146,564	243,927	2,750		2,008,722	181,081	49,533	115,091	512,883
Net Revenue (Expense) before Interfund Transfers	290,675	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(290,675)								
	(290,675)								
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 60 (Peace River North)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2019

	Rural Education Enhancement Fund	Coding and Curriculum Implementation	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	SWIS	EFAP	MISC	Donations
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	-	-	-	61,824	26,625	288,973	100,000
Add: Restricted Grants									
Provincial Grants - Ministry of Education			410,428	4,095,355	268,626			30,000	
Provincial Grants - Other						183,178		182,350	
Federal Grants									
Other							17,770	195,841	
	-	-	410,428	4,095,355	268,626	183,178	17,770	408,191	-
Less: Allocated to Revenue	-	-	410,428	4,030,563	268,626	199,026	19,879	494,441	-
Deferred Revenue, end of year	-	-	-	64,792	-	45,976	24,516	202,723	100,000
Revenues									
Provincial Grants - Ministry of Education			410,428	4,030,563	268,626			30,000	
Provincial Grants - Other						199,026		182,350	
Federal Grants									
Other Revenue							19,879	282,091	
	-	-	410,428	4,030,563	268,626	199,026	19,879	494,441	-
Expenses									
Salaries									
Teachers									
Principals and Vice Principals			137,956	3,261,031	87,063	37,073		18,815	
Educational Assistants						106,088		116,081	
Support Staff			40,208						
Other Professionals			83,123						
Substitutes			42,700		26,360			5,480	
Employee Benefits			303,987	3,261,031	113,423	143,161		140,376	
Services and Supplies			54,470	769,532	20,141	35,418		33,444	
	-	-	51,971	4,030,563	135,062	20,447	19,879	297,451	-
	-	-	410,428	4,030,563	268,626	199,026	19,879	471,271	-
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	23,170	-
Interfund Transfers									
Tangible Capital Assets Purchased								(23,170)	
	-	-	-	-	-	-	-	(23,170)	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 60 (Peace River North)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2019

	<u>TOTAL</u>
	<u>\$</u>
Deferred Revenue, beginning of year	2,726,443
Add: Restricted Grants	
Provincial Grants - Ministry of Education	6,200,496
Provincial Grants - Other	182,350
Federal Grants	183,178
Other	2,210,503
	<u>8,776,527</u>
Less: Allocated to Revenue	<u>8,974,189</u>
Deferred Revenue, end of year	<u>2,528,781</u>
Revenues	
Provincial Grants - Ministry of Education	6,282,121
Provincial Grants - Other	182,350
Federal Grants	199,026
Other Revenue	2,310,692
	<u>8,974,189</u>
Expenses	
Salaries	
Teachers	3,281,357
Principals and Vice Principals	364,437
Educational Assistants	734,367
Support Staff	102,209
Other Professionals	164,170
Substitutes	95,919
	<u>4,742,459</u>
Employee Benefits	1,078,890
Services and Supplies	2,838,995
	<u>8,660,344</u>
Net Revenue (Expense) before Interfund Transfers	<u>313,845</u>
Interfund Transfers	
Tangible Capital Assets Purchased	(313,845)
	<u>(313,845)</u>
Net Revenue (Expense)	<u>-</u>

School District No. 60 (Peace River North)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2019

	2019 Budget	2019 Actual			2018 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Amortization of Deferred Capital Revenue	2,472,212	2,472,212		2,472,212	2,379,506
Total Revenue	2,472,212	2,472,212	-	2,472,212	2,379,506
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	2,933,166	2,933,166		2,933,166	2,707,418
Transportation and Housing	552,201	552,201		552,201	640,290
Total Expense	3,485,367	3,485,367	-	3,485,367	3,347,708
Capital Surplus (Deficit) for the year	(1,013,155)	(1,013,155)	-	(1,013,155)	(968,202)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	450,000	1,754,107		1,754,107	1,129,532
Total Net Transfers	450,000	1,754,107	-	1,754,107	1,129,532
Total Capital Surplus (Deficit) for the year	(563,155)	740,952	-	740,952	161,330
Capital Surplus (Deficit), beginning of year		24,906,025		24,906,025	24,744,695
Capital Surplus (Deficit), end of year		25,646,977	-	25,646,977	24,906,025

School District No. 60 (Peace River North)

Tangible Capital Assets
Year Ended June 30, 2019

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	13,019,087	110,105,637	2,562,455	5,522,006	186,462	1,649,463	133,045,110
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,362,062	160,088	398,418		4,280	2,924,848
Deferred Capital Revenue - Other		2,452,071	380,423			17,300	2,849,794
Operating Fund		684,676	150,063	372,708	36,964	195,851	1,440,262
Special Purpose Funds		290,675	23,170				313,845
Transferred from Work in Progress		23,931,219	442,555			91,520	24,465,294
	-	29,720,703	1,156,299	771,126	36,964	308,951	31,994,043
Decrease:							
Deemed Disposals		-	180,355	482,215	24,435	265,934	952,939
			180,355	482,215	24,435	265,934	952,939
Cost, end of year	13,019,087	139,826,340	3,538,399	5,810,917	198,991	1,692,480	164,086,214
Work in Progress, end of year	10,119,412	54					10,119,466
Cost and Work in Progress, end of year	13,019,087	149,945,752	3,538,453	5,810,917	198,991	1,692,480	174,205,680
Accumulated Amortization, beginning of year			926,444	2,450,303	77,492	521,978	57,761,468
Changes for the Year							
Increase: Amortization for the Year		2,309,736	256,245	552,201	37,292	329,893	3,485,367
Decrease:							
Deemed Disposals			180,355	482,215	24,435	265,934	952,939
			180,355	482,215	24,435	265,934	952,939
Accumulated Amortization, end of year		56,094,987	1,002,334	2,520,289	90,349	585,937	60,293,896
Tangible Capital Assets - Net	13,019,087	93,850,765	2,536,119	3,290,628	108,642	1,106,543	113,911,784

School District No. 60 (Peace River North)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2019

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	23,993,894	442,555		91,520	24,527,969
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	10,056,737	54			10,056,791
	<u>10,056,737</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>10,056,791</u>
Decrease:					
Transferred to Tangible Capital Assets	23,931,219	442,555		91,520	24,465,294
	<u>23,931,219</u>	<u>442,555</u>	<u>-</u>	<u>91,520</u>	<u>24,465,294</u>
Net Changes for the Year	<u>(13,874,482)</u>	<u>(442,501)</u>	<u>-</u>	<u>(91,520)</u>	<u>(14,408,503)</u>
Work in Progress, end of year	<u>10,119,412</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>10,119,466</u>

School District No. 60 (Peace River North)

Deferred Capital Revenue
Year Ended June 30, 2019

Schedule 4C (Unaudited)

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	48,261,738	421,664	2,158,216	50,841,618
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,924,848	155,890	2,693,904	5,774,642
Transferred from Work in Progress	22,032,671	362,527	1,606,096	24,001,294
	<u>24,957,519</u>	<u>518,417</u>	<u>4,300,000</u>	<u>29,775,936</u>
Decrease:				
Amortization of Deferred Capital Revenue	2,392,111	18,076	62,025	2,472,212
	<u>2,392,111</u>	<u>18,076</u>	<u>62,025</u>	<u>2,472,212</u>
Net Changes for the Year	<u>22,565,408</u>	<u>500,341</u>	<u>4,237,975</u>	<u>27,303,724</u>
Deferred Capital Revenue, end of year	<u>70,827,146</u>	<u>922,005</u>	<u>6,396,191</u>	<u>78,145,342</u>
Work in Progress, beginning of year	22,095,346	362,527	1,606,096	24,063,969
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	10,056,791			10,056,791
	<u>10,056,791</u>	<u>-</u>	<u>-</u>	<u>10,056,791</u>
Decrease				
Transferred to Deferred Capital Revenue	22,032,671	362,527	1,606,096	24,001,294
	<u>22,032,671</u>	<u>362,527</u>	<u>1,606,096</u>	<u>24,001,294</u>
Net Changes for the Year	<u>(11,975,880)</u>	<u>(362,527)</u>	<u>(1,606,096)</u>	<u>(13,944,503)</u>
Work in Progress, end of year	<u>10,119,466</u>	<u>-</u>	<u>-</u>	<u>10,119,466</u>
Total Deferred Capital Revenue, end of year	<u>80,946,612</u>	<u>922,005</u>	<u>6,396,191</u>	<u>88,264,808</u>

School District No. 60 (Peace River North)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2019

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year		28,626	87,473	258,480	2,693,904	3,068,483
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	13,032,912					13,032,912
Provincial Grants - Other			1,218,417			1,218,417
Other	13,032,912	-	1,218,417	98,296	-	98,296
Decrease:						
Transferred to DCR - Capital Additions	2,924,848		155,890		2,693,904	5,774,642
Transferred to DCR - Work in Progress	10,056,791					10,056,791
	12,981,639	-	155,890	-	2,693,904	15,831,433
Net Changes for the Year	51,273	-	1,062,527	98,296	(2,693,904)	(1,481,808)
Balance, end of year	51,273	28,626	1,150,000	356,776	-	1,586,675

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

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 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:

Year-ended June 30, 2019 – increase in annual surplus by \$27,303,724 (2018 - \$3,912,236)
June 30, 2019 – increase in accumulated surplus and decrease in deferred contributions by \$89,851,483 (2018 - \$77,974,070).

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.

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

h) Employee Future Benefits (note continued)

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

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

The most recent valuation of the obligation was performed at March 31, 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;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

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

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 – Interfund 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 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.

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Allocation of Costs

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

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.

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

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2019	June 30, 2018
Due from Federal Government	\$ 404,958	\$ 346,060
Other	793,475	1,621,912
Allowance for Doubtful Accounts	(73,238)	(61,850)
	<u>\$1,125,196</u>	<u>\$1,906,122</u>

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2019	June 30, 2018
Trade payables	\$4,662,862	\$3,556,443
Salaries and benefits payable	3,371,586	3,684,360
Accrued vacation pay	383,335	365,946
Other	121,900	62,500
	\$ 8,539,683	\$ 7,669,249

NOTE 5 UNEARNED REVENUE

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ 131,095	\$ 229,431
Changes for the year:		
Increase:		
Tuition fees	144,667	131,095
Decrease:		
Tuition fees	131,095	229,431
Net changes for the year	13,572	(98,336)
Balance, end of year	\$ 144,667	\$ 131,095

NOTE 6 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, 2019	June 30, 2018
Balance, beginning of year	\$ 2,726,443	\$2,571,846
Add: Restricted Grants		
Provincial Grants – Ministry of Education	6,200,496	5,647,696
Provincial Grants – Other	182,350	239,539
Federal Grants	183,178	188,255
Other	2,210,503	2,463,573
Less:		
Strike Savings Recovery	-	-
	8,776,527	8,539,063

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 6 DEFERRED REVENUE (Continued)

Less:

Amount allocated to revenue	8,974,189	8,384,466
Net changes for the year	<u>(197,662)</u>	<u>154,597</u>
Balance, end of year	<u>\$2,528,781</u>	<u>\$2,726,443</u>

NOTE 7 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.

	June 30, 2019	June 30, 2018
Deferred Capital Revenue, beginning of year	<u>\$50,841,618</u>	<u>\$46,929,382</u>
Changes for the Year:		
Increase:		
Transferred from Deferred Revenue – Capital Additions	5,774,642	5,942,550
Transferred from Work in Progress	24,001,294	349,192
	<u>29,775,936</u>	<u>6,291,742</u>
Decrease:		
Amortization of Deferred Capital Contributions	2,472,212	2,379,506
Net changes for the year	<u>27,303,274</u>	<u>3,912,236</u>
Deferred Capital Revenue, end of year	<u>\$78,145,342</u>	<u>\$50,841,618</u>
Work in Progress, Beginning of Year	\$24,063,969	\$10,386,398
Changes for the Year:		
Increase:		
Transferred from Deferred Revenue – Work in Progress	10,056,791	14,026,763
Decrease:		
Transferred to Deferred Capital Revenue	(24,001,294)	(349,192)
Net changes for the year	<u>13,944,503</u>	<u>13,677,571</u>
Work in Progress, end of year	<u>\$10,119,466</u>	<u>\$24,063,969</u>
Total Deferred Capital Revenue before Unspent Deferred Capital Revenue	<u>\$88,264,808</u>	<u>\$74,905,587</u>

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 7 DEFERRED CAPITAL REVENUE (Continued)

	June 30, 2019	June 30, 2018
Changes in Unspent Deferred Capital Revenue		
Balance, beginning of year	<u>\$ 3,068,483</u>	<u>\$ 6,339,179</u>
Changes for the Year:		
Increase:		
Provincial Grants – Ministry of Education	13,032,912	16,138,289
Provincial Grants – Other	1,218,417	473,282
Other	98,296	87,046
	<u>14,349,625</u>	<u>16,698,617</u>
Decrease:		
Transferred to DCR – Capital Additions	5,774,642	5,942,550
Transferred to DCR – Work in Progress	10,056,791	14,026,763
Transferred to Revenue – Site Purchases		
	<u>15,831,433</u>	<u>19,969,313</u>
Net changes for the year	<u>(1,481,808)</u>	<u>(3,270,696)</u>
Balance, end of year	<u>\$ 1,586,675</u>	<u>\$ 3,068,483</u>
Total Deferred Capital Revenue, end of year	<u>\$89,851,483</u>	<u>\$77,974,070</u>

NOTE 8 EMPLOYEE FUTURE BENEFITS

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

	June 30, 2019	June 30, 2018
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	508,351	490,647
Service Cost	41,739	38,238
Interest Cost	14,646	14,035
Benefit Payments	(34,997)	(37,021)
Actuarial (Gain) Loss	<u>687,430</u>	<u>2,452</u>
Accrued Benefit Obligation – March 31	<u>1,217,169</u>	<u>508,351</u>

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 8 EMPLOYEE FUTURE BENEFITS
– (Continued)

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation - March 31	1,217,169	508,351
Market Value of Plan Assets - March 31	<u>0</u>	<u>0</u>
Funded Status - Surplus (Deficit)	(1,217,169)	(508,351)
Employer Contributions After Measurement Date	0	0
Benefits Expense After Measurement Date	(47,611)	(14,096)
Unamortized Net Actuarial (Gain) Loss	<u>795,311</u>	<u>124,746</u>
Accrued Benefit Asset (Liability) - June 30	<u>(469,469)</u>	<u>(397,701)</u>

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability (Asset) - July 1	397,701	364,765
Net Expense for Fiscal Year	106,765	69,957
Employer Contributions	<u>(34,997)</u>	<u>(37,021)</u>
Accrued Benefit Liability (Asset) - June 30	<u>469,469</u>	<u>397,701</u>

Components of Net Benefit Expense

Service Cost	70,533	38,114
Interest Cost	19,367	14,188
Amortization of Net Actuarial (Gain)/Loss	<u>16,866</u>	<u>16,656</u>
Net Benefit Expense (Income)	<u>106,765</u>	<u>69,957</u>

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

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Assumptions		
Discount Rate - April 1	2.75%	2.75%
Discount Rate - March 31	2.50%	2.75%
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	11.7

**SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019**

NOTE 9 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2019	Net Book Value 2018
Sites	\$13,019,087	\$13,019,087
Buildings	83,731,353	56,320,386
Buildings – work in progress	10,119,412	23,993,894
Furniture & Equipment	2,536,065	1,636,011
Furniture & Equipment – work in progress	54	442,555
Vehicles	3,290,628	3,071,703
Computer Software	108,642	108,970
Computer Hardware	1,106,543	1,127,485
Computer Hardware – work in progress	-	91,520
Total	\$ 113,911,784	\$ 99,811,611

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.

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 9 TANGIBLE CAPITAL ASSETS (Continued)

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

June 30, 2018

Cost:	Balance at June 30, 2017	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2018
Sites	\$13,019,087	\$ -	\$ -	\$ -	\$13,019,087
Buildings	103,882,432	6,223,205	-	-	110,105,637
Buildings – work in progress	10,764,816	13,229,078	-	-	23,993,894
Furniture & Equipment	2,394,880	531,562	(363,987)	-	2,562,455
Furniture & Equip - work in progress	85,582	356,973	-	-	442,555
Vehicles	6,402,904	214,478	(1,095,376)	-	5,522,006
Computer Software	226,182	19,187	(58,907)	-	186,462
Computer Hardware	1,273,484	432,842	(56,863)	-	1,649,463
Computer Hardware – work in progress	-	91,520	-	-	91,520
Total	\$138,049,367	\$21,098,845	\$(1,575,133)	\$ -	\$157,573,079

Buildings – work in progress having a value of \$23,993,894 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 \$442,555 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 \$91,520 have not been amortized. Amortization of these assets will commence when the asset is put into service.

Accumulated Amortization:	Balance at June 30, 2017	Additions	Disposals	Balance at June 30, 2018
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	51,617,254	2,167,997	-	53,785,251
Furniture & Equipment	1,050,943	239,488	(363,987)	926,444
Vehicles	2,905,389	640,290	(1,095,376)	2,450,303
Computer Software	91,163	45,236	(58,907)	77,492
Computer Hardware	324,144	254,697	(56,863)	521,978
Total	\$55,988,893	\$ 3,347,708	\$(1,575,133)	\$57,761,468

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 10 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, 2018, the Teachers' Pension Plan has about 47,849 active members and approximately 38,465 retired members. As of December 31, 2018, the Municipal Pension Plan has about 204,593 active members, 100,971 retired members and 43,126 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, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rate remained unchanged.

School District 60 (Peace River North) paid \$5,088,457 (2018 - \$5,316,095) for employer contributions to these plans in the year ended June 30, 2019.

The next valuation for the Teachers' Pension Plan will be as at December 31, 2020, with results available in 2021. The next valuation for the Municipal Pension Plan will be as at December 31, 2018, with results available in 2019.

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

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 11 INTERFUND TRANSFERS

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

- \$1,440,262 transferred from the operating fund to the capital fund for capital asset purchases.
- \$313,845 transferred from the special purpose fund to the capital fund for capital asset purchases.

NOTE 12 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 13 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 25, 2019. Reconciliation to the annual budget approved by the Board on June 18, 2018 is presented below:

	2018/19 Original Annual Budget	Amendments	2018/19 Amended Annual Budget
Revenues			
Provincial Grants			
Ministry of Education Grants	69,802,307	(558,164)	69,244,143
Other	156,350	(12,804)	47,367
Federal Grants	199,598	(14,596)	185,002
Tuition	798,752	(60,416)	738,336
Other Revenue	2,044,891	(32,427)	2,108,643
Rentals and Leases	7,700	4,800	12,500
Investment Income	195,000	-	195,000
Amortization of Deferred Capital Revenue	2,675,890	(203,678)	2,472,212
	\$75,880,488	(877,285)	\$75,003,203
Expenses			
Instruction	60,566,678	(1,762,062)	58,804,616
District Administration	2,253,119	263,022	2,516,141
Operations and Maintenance	10,483,686	511,753	10,995,439
Transportation and Housing	3,804,625	136,540	3,941,165
	\$77,108,108	(850,747)	\$76,257,361

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 13 BUDGET FIGURES - *Continued*

Net Revenue (Expense)	(1,227,620)	(26,538)	(1,254,158)
Budgeted Allocation (Retirement) of Surplus (Deficit)	736,238	(45,235)	691,003
Budget Surplus (Deficit), for the year	(491,382)	(71,773)	(563,155)
Budgeted Surplus (Deficit), for the year comprised of:			
Operating Fund Surplus (Deficit)			
Special Purpose Fund Surplus (Deficit)			
Capital Fund Surplus (Deficit)	(491,382)	(71,773)	(563,155)
Budgeted Surplus (Deficit), for the year	(491,382)	(71,773)	(563,155)

NOTE 14 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, 2019, the liability is not reasonably determinable.

NOTE 15 EXPENSE BY OBJECT

	2019	2018
Salaries and benefits	\$ 60,665,987	\$ 57,452,852
Services and supplies	14,355,973	12,441,382
Amortization	3,485,367	3,347,708
	\$ 78,507,327	\$ 73,241,942

NOTE 16 ACCUMULATED RESERVE

Operating Fund:

Internally Restricted (appropriated) by Board for:

Contingency Reserve	\$ 1,357,619	
Education Initiatives	452,000	
Anne Roberts Young Construction Project	2,300,000	
Planned Projects & Staffing Contingencies	701,907	
Subtotal Internally Restricted	4,811,526	

Unrestricted Operating Surplus (Deficit)	-	
Total Operating Fund Reserve:		\$ 4,811,526

**SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019**

NOTE 16 ACCUMULATED RESERVE - *Continued*

Capital Fund:	
Invested in Tangible Capital Assets	\$ 25,646,977
Local Capital Reserve	-
Total Capital Fund Reserve:	\$ 25,646,977
Accumulated Reserve	\$ 30,458,503

NOTE 17 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 18 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 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.

SCHOOL DISTRICT. 60 (PEACE RIVER NORTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019

NOTE 18 RISK MANAGEMENT - *Continued*

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.