



Audited Financial Statements of
School District No. 36 (Surrey)
June 30, 2019

School District No. 36 (Surrey)

June 30, 2019

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School District No. 36 (Surrey)

MANAGEMENT REPORT

Version: 9127-8381-6399

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 36 (Surrey) 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.

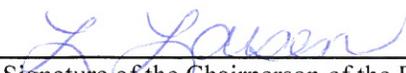
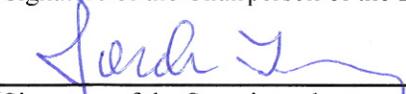
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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. 36 (Surrey) (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, Grant Thornton 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. 36 (Surrey) 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. 36 (Surrey)

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

Independent Auditor's Report

To the Board of Education of School District No. 36 (Surrey) and
the Minister of Education of the Province of British Columbia:

Opinion

We have audited the accompanying financial statements of School District No. 36 (Surrey) ("the School District"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the School District for the year ended June 30, 2019 are prepared, in all material respects, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for opinion

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

Emphasis of matter

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

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal 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 School District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School District to cease to continue as a going concern.

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

Vancouver, Canada
September 11, 2019



Chartered Professional Accountants

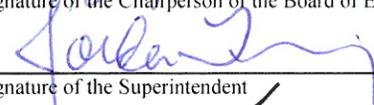
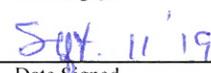
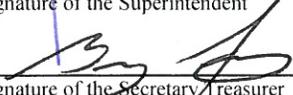
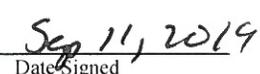
School District No. 36 (Surrey)

Statement of Financial Position
As at June 30, 2019

	2019 Actual	2018 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	158,493,646	156,144,353
Accounts Receivable		
Due from Province - Ministry of Education (Note 4)	14,091,232	2,211,621
Other (Note 4)	5,759,377	4,325,607
Portfolio Investments (Note 5)	18,016,429	24,581,934
Total Financial Assets	196,360,684	187,263,515
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education	150,000	155,000
Other (Note 6)	22,011,309	14,853,994
Unearned Revenue (Note 7)	14,899,493	13,824,700
Deferred Revenue (Note 8)	8,599,789	8,305,554
Deferred Capital Revenue (Note 9)	576,071,176	550,906,185
Employee Future Benefits (Note 10)	13,931,407	14,990,396
Other Liabilities (Note 11)	63,458,318	57,751,286
Total Liabilities	699,121,492	660,787,115
Net Financial Assets (Debt)	(502,760,808)	(473,523,600)
Non-Financial Assets		
Tangible Capital Assets (Note 13)	1,060,111,753	1,022,596,712
Prepaid Expenses	1,433,903	2,126,931
Total Non-Financial Assets	1,061,545,656	1,024,723,643
Accumulated Surplus (Deficit)	558,784,848	551,200,043

Contractual Obligations (Note 16,17)
Contingent Liabilities (Note 18)

Approved by the Board

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

School District No. 36 (Surrey)

Statement of Operations
Year Ended June 30, 2019

	2019 Budget (Note 22) \$	2019 Actual \$	2018 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	719,255,188	723,776,188	717,853,939
Other	1,329,681	1,100,828	415,246
Municipal Grants Spent on Sites		2,450,813	1,727,398
Federal Grants	3,478,134	3,807,365	3,513,076
Tuition	15,688,767	15,813,747	15,744,283
Other Revenue	19,257,812	22,099,074	26,094,255
Rentals and Leases	2,740,500	3,249,067	2,958,963
Investment Income	3,111,109	3,614,674	2,176,044
Gain (Loss) on Disposal of Tangible Capital Assets			117,000
Amortization of Deferred Capital Revenue	24,547,000	23,203,757	33,682,996
Total Revenue	789,408,191	799,115,513	804,283,200
Expenses			
Instruction	660,771,661	657,182,009	628,208,682
District Administration	17,795,833	15,336,206	15,320,752
Operations and Maintenance	112,796,926	113,034,545	111,886,624
Transportation and Housing	6,716,259	5,977,948	5,910,236
Total Expense	798,080,679	791,530,708	761,326,294
Surplus (Deficit) for the year	(8,672,488)	7,584,805	42,956,906
Accumulated Surplus (Deficit) from Operations, beginning of year		551,200,043	508,243,137
Accumulated Surplus (Deficit) from Operations, end of year		558,784,848	551,200,043

School District No. 36 (Surrey)

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2019

	2019 Budget (Note 22) \$	2019 Actual \$	2018 Actual \$
Surplus (Deficit) for the year	<u>(8,672,488)</u>	<u>7,584,805</u>	<u>42,956,906</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(40,925,793)	(73,809,055)	(93,649,594)
Amortization of Tangible Capital Assets	35,663,000	36,294,014	42,128,312
Total Effect of change in Tangible Capital Assets	<u>(5,262,793)</u>	<u>(37,515,041)</u>	<u>(51,521,282)</u>
Acquisition of Prepaid Expenses		(1,433,903)	(2,126,931)
Use of Prepaid Expenses		2,126,931	1,861,069
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>693,028</u>	<u>(265,862)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(13,935,281)</u>	<u>(29,237,208)</u>	<u>(8,830,238)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(29,237,208)</u>	<u>(8,830,238)</u>
Net Financial Assets (Debt), beginning of year		<u>(473,523,600)</u>	<u>(464,693,362)</u>
Net Financial Assets (Debt), end of year		<u>(502,760,808)</u>	<u>(473,523,600)</u>

School District No. 36 (Surrey)

Statement of Cash Flows
Year Ended June 30, 2019

	2019 Actual	2018 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	7,584,805	42,956,906
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(13,313,381)	(68,760)
Prepaid Expenses	693,028	(265,862)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	7,152,315	1,404,754
Unearned Revenue	1,074,793	181,807
Deferred Revenue	294,235	(2,754,309)
Employee Future Benefits	(1,058,989)	(732,074)
Other Liabilities	5,707,032	4,108,435
Loss (Gain) on Disposal of Tangible Capital Assets	-	(117,000)
Amortization of Tangible Capital Assets	36,294,014	42,128,312
Amortization of Deferred Capital Revenue	(23,203,757)	(33,682,996)
Recognition of Deferred Capital Revenue Spent on Sites	(8,335,853)	(32,482,052)
Local Capital Site Costs Reclassified to Bylaw Capital		(486,504)
Total Operating Transactions	12,888,242	20,190,657
Capital Transactions		
Tangible Capital Assets Purchased	(35,785,968)	(82,588,501)
Tangible Capital Assets -WIP Purchased	(38,023,087)	(11,061,093)
District Portion of Proceeds on Disposal	-	117,000
Total Capital Transactions	(73,809,055)	(93,532,594)
Financing Transactions		
Capital Revenue Received	56,704,601	65,395,873
Total Financing Transactions	56,704,601	65,395,873
Investing Transactions		
Investments in Portfolio Investments	6,565,505	18,996,516
Total Investing Transactions	6,565,505	18,996,516
Net Increase (Decrease) in Cash and Cash Equivalents	2,349,293	11,050,452
Cash and Cash Equivalents, beginning of year	156,144,353	145,093,901
Cash and Cash Equivalents, end of year	158,493,646	156,144,353
Cash and Cash Equivalents, end of year, is made up of:		
Cash	158,493,646	156,144,353
	158,493,646	156,144,353

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 1 AUTHORITY AND PURPOSE

The School District operates under authority of the School Act of British Columbia as a corporation under the name of "The Board of Education of School District No. 36 (Surrey)", and operates as "School District No. 36 (Surrey)". A board of education ("the Board") is elected for a four-year term and governs the School District. The School District provides educational programs to students enrolled in its schools in the cities of Surrey and White Rock, and is principally funded by the Province of British Columbia through the Ministry of Education. School District No. 36 (Surrey) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Notes 2(f) and 2(l).

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

As noted in notes 2 (f) and 2 (l), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the School District to recognize non-capital restricted contributions into revenue in the fiscal period in which the restriction the contribution is subject to is met and 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. Canadian public sector accounting standards would require these contributions, if they are government transfers, to be recognized into revenue immediately when received unless they contain a stipulation that meets the definition of a liability. The impact of these differences on the financial statements of the School District are as follows:

Year-ended June 30, 2019 - increase in annual surplus by \$25,459,226.

June 30, 2019 - increase in accumulated surplus by \$573,393,602 a decrease in deferred revenue by \$3,479,361 and a decrease in deferred capital revenue by \$569,914,241.

Year-ended June 30, 2018 - decrease in annual surplus by \$4,009,988.

June 30, 2018 - increase in accumulated surplus by \$546,510,319 a decrease in deferred revenue by \$4,068,704 and a decrease in deferred capital revenue by \$542,441,615.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand balances on deposit in financial institutions 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 shown net of allowance for doubtful accounts. (See Note 4)

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Portfolio Investments

The School District has investments in GIC's, term deposits and bonds, that either have no maturity dates or have a maturity of greater than 3 months at the time of acquisition. GIC's, term deposits, bonds and other investments not quoted in an active market are reported at cost or amortized cost.

The School District did not include a statement of re-measurement gains and losses as there were no re-measurement transactions to report.

Detailed information regarding portfolio investments is disclosed in Note 5.

e) Unearned Revenue

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

f) Deferred Revenue and Deferred Capital Revenue

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

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

g) Employee Future Benefits

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

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

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (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.

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Employee Future Benefits (cont'd)

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

h) Prepaid Expenses

Materials and supplies held in central stores for use within the district are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit.

i) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Notes 14 – Interfund Transfers and Note 21 – Internally Restricted – Operating Fund).

j) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School District:
 - is directly responsible; or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

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

k) 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.

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

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

k) Tangible Capital Assets *(Continued)*

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

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

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

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

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

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

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

m) Expenditures

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

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

n) Measurement Uncertainty

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

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, portfolio investments, accounts payable and accrued liabilities, and other liabilities. The School District does not have any derivatives.

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. Interest and dividends attributable to financial instruments are reported in the statement of operations.

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

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Asset Retirement Obligations

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

NOTE 3 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 4 ACCOUNTS RECEIVABLE

a) The Accounts Receivable, Due from Province for \$14,091,232 is presented net of a \$993,569 allowance for Classroom Enhancement Funds ("CEF") receivable from the Ministry of Education as at June 30, 2019. The uncommitted portion represented by the allowance for \$993,569 has been recognized as an Operating Expense (Statement 2). Management ascertains that the full amount is due to the School District based on current interpretations of the CEF Provincial funding agreement.

b)

	June 30, 2019	June 30, 2018
Due from Federal Government	\$ 3,355,305	\$ 2,042,127
Trade accounts receivable	365,480	347,812
Interest receivable	150,225	134,681
Payroll accounts receivable	106,972	136,512
Other accounts receivable	264,750	28,217
School site acquisition charges	1,516,645	1,636,258
	<u>\$ 5,759,377</u>	<u>\$ 4,325,607</u>

NOTE 5 PORTFOLIO INVESTMENTS

Investments consist of bank GIC, bank corporate, provincial and municipal bonds.

	June 30, 2019			June 30, 2018		
	Effective Fair Value Yield	Cost	Fair Value	Effective Fair Value Yield	Cost	Fair Value
Bank term investments	2.80%	\$ 5,266,871	\$ 5,223,464	0.00%	\$ -	\$ -
Fixed income securities						
Bank corporate	2.81%	\$ 11,371,825	\$ 11,402,495	2.59%	\$ 17,893,015	\$ 17,489,827
Provincial bonds	0.00%	-	-	3.16%	4,966,242	4,813,202
Municipal bonds	3.05%	1,377,733	1,438,789	3.04%	1,722,677	1,730,788
Total Portfolio Investments		<u>\$ 18,016,429</u>	<u>\$ 18,064,748</u>		<u>\$ 24,581,934</u>	<u>\$ 24,033,817</u>

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 6 ACCOUNTS PAYABLE – OTHER

	June 30, 2019	June 30, 2018
Trade payables	\$ 19,935,660	\$ 12,986,660
Lien Holdbacks	1,924,816	1,686,699
Other	150,833	180,635
	<u>\$ 22,011,309</u>	<u>\$ 14,853,994</u>

NOTE 7 UNEARNED REVENUE

Unearned revenue as at June 30th, 2019

	Balance, June 30, 2018	Increases to Unearned Revenue	Revenue recognized in the period	Balance, June 30, 2019
	\$	\$	\$	\$
Tuition Fees	13,728,769	16,842,678	(15,813,747)	14,757,700
Rental/Lease of Facilities	95,931	3,294,929	(3,249,067)	141,793
Total	<u>13,824,700</u>	<u>20,137,607</u>	<u>(19,062,814)</u>	<u>14,899,493</u>

Unearned revenue as at June 30th, 2018

	Balance, June 30, 2017	Increases to Unearned Revenue	Revenue recognized in the period	Balance, June 30, 2018
	\$	\$	\$	\$
Tuition Fees	13,501,812	15,971,240	(15,744,283)	13,728,769
Rental/Lease of Facilities	141,081	2,913,813	(2,958,963)	95,931
Total	<u>13,642,893</u>	<u>18,885,053</u>	<u>(18,703,246)</u>	<u>13,824,700</u>

NOTE 8 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.

Deferred Revenue as at June 30th, 2019

	Balance, June 30, 2018	Contributions received	Revenue recognized in the period	Balance, June 30, 2019
	\$	\$	\$	\$
Provincial Grants - Ministry of Education	1,515,867	48,916,911	(49,365,673)	1,067,105
Provincial Grants - Other	467,681	770,000	(669,593)	568,088
Federal Grants	63,461	964,795	(980,836)	47,420
Other	6,258,545	19,759,405	(19,100,774)	6,917,176
Investment Income	-	15,858	(15,858)	-
Total	<u>8,305,554</u>	<u>70,426,969</u>	<u>(70,132,734)</u>	<u>8,599,789</u>

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 8 DEFERRED REVENUE (Continued)

Deferred Revenue as at June 30th, 2018

	Balance, June 30, 2017	Contributions received	Revenue recognized in the period	Balance, June 30, 2018
	\$	\$	\$	\$
Provincial Grants - Ministry of Education	3,790,617	43,034,271	(45,309,021)	1,515,867
Provincial Grants - Other	30,875	504,602	(67,796)	467,681
Federal Grants	-	931,179	(867,718)	63,461
Other	7,238,371	22,228,664	(23,208,490)	6,258,545
Investment Income	-	9,143	(9,143)	-
Total	11,059,863	66,707,859	(69,462,168)	8,305,554

NOTE 9 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.

	2019 \$	2018 \$
Deferred Capital Revenue, (includes Work in progress), beginning of year, July 1st.	<u>550,906,185</u>	<u>552,161,864</u>
Increases:		
Provincial Grants - MOE	53,484,815	62,027,310
Provincial Grants - Other	184,582	262,882
Local Government Site Fees	2,847,978	2,658,165
Investment Income	187,226	96,516
Proceeds from Disposal	-	351,000
	<u>56,704,601</u>	<u>65,395,873</u>
Decreases:		
Transfers to revenue - site purchases	8,335,853	32,482,052
Transfer to Local Capital	-	486,504
Amortization of Deferred Capital Revenue	<u>23,203,757</u>	<u>33,682,996</u>
	<u>31,539,610</u>	<u>66,651,552</u>
Net Change for the year	<u>25,164,991</u>	<u>(1,255,679)</u>
Deferred Capital Revenue (includes Work in progress), end of year, June 30th.	<u>576,071,176</u>	<u>550,906,185</u>

Work in progress amount as of June 30, 2019 was \$42,878,667 (June 30, 2018: \$7,158,769).

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 10 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance 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.

Benefit Payments	(2,124,241)	(1,968,008)
Increase (Decrease) in Obligation Due to Plan Amendment	(50,290)	-
Actuarial (Gain) Loss	1,343,683	(258,694)
Accrued Benefit Obligation – March 31	<u>14,424,654</u>	<u>14,021,951</u>

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation - March 31	14,424,654	14,021,951
Market Value of Plan Assets - March 31	-	-
Funded Status - Surplus (Deficit)	(14,424,654)	(14,021,951)
Employer Contributions After Measurement Date	290,766	244,347
Benefits Expense After Measurement Date	(267,783)	(308,388)
Unamortized Net Actuarial (Gain) Loss	470,264	(904,404)
Accrued Benefit Asset (Liability) - June 30	<u>(13,931,407)</u>	<u>(14,990,396)</u>

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability (Asset) - July 1	14,990,396	15,722,470
Net Expense for Fiscal Year	1,111,670	1,220,190
Employer Contributions	(2,170,660)	(1,952,264)
Accrued Benefit Liability (Asset) - June 30	<u>13,931,407</u>	<u>14,990,396</u>

Components of Net Benefit Expense

Service Cost	820,504	827,579
Interest Cost	372,442	398,959
Immediate Recognition of Plan Amendment	(50,290)	-
Amortization of Net Actuarial (Gain)/Loss	(30,986)	(6,348)
Net Benefit Expense (Income)	<u>1,111,670</u>	<u>1,220,190</u>

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 10 EMPLOYEE FUTURE BENEFITS *(Continued)*

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

	<u>2019</u>	<u>2018</u>
Discount Rate – April 1	2.75%	2.75%
Discount Rate – March 31	2.50%	2.75%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	8.6 years	10.5 years

NOTE 11 OTHER LIABILITIES

Vacation pay and banked overtime are recognized as an expense at the time the entitlement is earned through service.

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	\$	\$
Salaries and Benefits Payable	55,897,189	50,472,398
Accrued Vacation Pay	7,561,129	7,278,888
	<u>63,458,318</u>	<u>57,751,286</u>

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 12 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. Defined contribution plan accounting is applied to the plans as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan. The School District's employer contributions to these plans in the fiscal year ended June 30, 2019 were \$60,149,911, (2018: \$62,165,072).

Teachers' Pension Plan

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. 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 and pursuant to the joint trustee agreement, the employer basic contribution rate decreased. The next valuation will be as at December 31, 2020 with results available in 2021.

As of December 31, 2018, The Teachers' Pension Plan has about 48,000 active members from school districts, and approximately 38,000 retired members from school districts.

Teacher Pension Plan is determined on a formula based on contribution rates as a percentage of salary. The following rates were used for 2019 and 2018 fiscal years.

For 2019	Employer
Flat percent of salary	11.30%
For 2018	Employer
Flat percent of salary	13.23%

(YMPE for 2018 set at \$55,900)

Municipal Pension Plan

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged. The next valuation will be as at December 31, 2018 with results available in 2019.

As of December 31, 2018, The Municipal Pension Plan has about 205,000 active members, of which approximately 26,000 are from school districts.

Municipal Pension Plan is determined on a formula based on contribution rate of 9.96% of salary for 2019 (2018: 9.81%).

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 13 TANGIBLE CAPITAL ASSETS

June 30, 2019	Land	Building	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	2019 Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Beginning of year	321,765,267	1,152,096,806	41,895,089	8,025,443	2,659,827	14,021,033	1,540,463,465
Additions	8,335,853	49,975,337	7,465,140	1,706,011	481,975	5,844,739	73,809,055
Disposals	-	-	-	-	-	-	-
Deemed Disposals	-	-	(2,791,659)	(1,043,052)	86,950	(1,297,585)	(5,045,346)
Closing Balance	<u>330,101,120</u>	<u>1,202,072,143</u>	<u>46,568,570</u>	<u>8,688,402</u>	<u>3,228,752</u>	<u>18,568,187</u>	<u>1,609,227,174</u>
Accumulated Amortization							
Beginning Balance		490,539,687	17,834,597	3,133,775	1,206,778	5,151,916	517,866,753
Amortization		27,187,358	4,423,183	835,693	588,858	3,258,922	36,294,014
Disposals		-	-	-	-	-	-
Deemed Disposals		-	(2,791,659)	(1,043,052)	86,950	(1,297,585)	(5,045,346)
Closing Balance		<u>517,727,045</u>	<u>19,466,121</u>	<u>2,926,416</u>	<u>1,882,586</u>	<u>7,113,253</u>	<u>549,115,421</u>
Net Book Value	<u>330,101,120</u>	<u>684,345,098</u>	<u>27,102,449</u>	<u>5,761,986</u>	<u>1,346,166</u>	<u>11,454,934</u>	<u>1,060,111,753</u>

Cost at June 30th, 2019, includes work in progress on Buildings for \$47,747,132.

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 13 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2018	Land	Building	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	2018 Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Beginning of year	288,898,686	1,108,691,359	34,384,071	6,480,960	3,065,973	11,162,841	1,452,683,890
Additions	32,866,581	43,405,447	10,014,078	2,227,537	428,911	4,707,040	93,649,594
Disposals	-	-	-	-	-	-	-
Deemed Disposals	-	-	(2,503,060)	(683,054)	(835,057)	(1,848,848)	(5,870,019)
Closing Balance	<u>321,765,267</u>	<u>1,152,096,806</u>	<u>41,895,089</u>	<u>8,025,443</u>	<u>2,659,827</u>	<u>14,021,033</u>	1,540,463,465
Accumulated Amortization							
Beginning Balance		455,057,878	16,523,761	3,091,513	1,602,581	5,332,727	481,608,460
Amortization		35,481,809	3,813,896	725,316	439,254	1,668,037	42,128,312
Disposals		-	-	-	-	-	-
Deemed Disposals		-	(2,503,060)	(683,054)	(835,057)	(1,848,848)	(5,870,019)
Closing Balance		<u>490,539,687</u>	<u>17,834,597</u>	<u>3,133,775</u>	<u>1,206,778</u>	<u>5,151,916</u>	517,866,753
Net Book Value	<u>321,765,267</u>	<u>661,557,119</u>	<u>24,060,492</u>	<u>4,891,668</u>	<u>1,453,049</u>	<u>8,869,117</u>	1,022,596,712

Cost at June 30th, 2018, includes work in progress on Buildings for \$13,701,095.

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 14 INTERFUND TRANSFERS

The School District manages their accounts using three different funds – operating, special purpose and capital. Transfers between funds during the current year are as follows:

- Transfers of \$12,816,350 (2018: \$10,503,700) from the operating fund and \$239,713 (2018: \$313,490) from the special purpose fund, totalling \$13,056,063 (2018: \$10,817,190) to the capital fund, were made to purchase various capital assets;
- Transfers of \$nil (2018: \$15,448,000) from the operating fund to the capital fund's local capital were made for the district's commitment to approved government capital projects, furniture and equipment, vehicles and other infrastructure upgrades.

NOTE 15 RELATED PARTY TRANSACTIONS

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

NOTE 16 CONTRACTUAL OBLIGATIONS

The School District has a total of \$142,351,149 (2018: \$5,643,649) of contractual obligations at year end related to the construction or renovation of buildings, which are funded from deferred capital revenues of Ministry of Education Bylaw capital, Restricted Capital, Land Capital, Local Capital Reserve funds and operating funds. Disclosure relates to the unperformed portion of the contracts.

Contractual Commitments:

Grandview Heights Area Secondary	\$ 55,613,421
Douglas Elementary	20,020,515
Edgewood Drive Elementary	19,645,237
Maddaugh Road Elementary	19,585,763
Coyote Creek Elementary	4,817,850
Mary Jane Shannon Elementary	4,633,760
Sullivan Heights Secondary	4,487,667
Pacific Heights Elementary	4,310,871
Frost Road Elementary	4,173,968
Latimer Road Elementary	1,988,628
Panorama Park Elementary	1,066,774
Portables	1,028,490
Clayton Village Elementary	498,885
Woodward Hill Elementary	253,693
Grandview Hazelmere Elementary	66,087
Queen Elizabeth Secondary	51,894
Prince Charles Elementary	41,618
Bear Creek Elementary	30,542
Sunnyside Elementary	20,500
Salish Secondary	14,987
Total Construction Commitments	<u>\$ 142,351,149</u>

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 17 OPERATING LEASE OBLIGATIONS

The School District has operating lease agreements for facilities that require payments over the next five fiscal years ending June 30 as follows:

2020	\$627,548
2021	\$276,309
2022	\$246,066
2023	\$199,890
2024	\$83,287

NOTE 18 CONTINGENCIES

In the ordinary course of operations, the School District has legal proceedings brought against it and provisions have been included in liabilities where appropriate. It is the opinion of management that final determination of these claims will not have a material effect on the financial position or operations of the School District. The resulting loss on the District, if any, will be recorded in the period in which it is determinable.

NOTE 19 ASSET RETIREMENT OBLIGATION

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The value of the liability for asbestos removal or disposal 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 20 EXPENSE BY OBJECT

	<u>2019</u>	<u>2018</u>
Salaries and Benefits	\$ 666,534,197	\$ 630,869,352
Services and Supplies	88,702,497	88,328,630
Amortization	36,294,014	42,128,312
Total	<u>\$ 791,530,708</u>	<u>\$ 761,326,294</u>

NOTE 21 INTERNALLY RESTRICTED – OPERATING FUND

The School District attributes a portion of the accumulated surplus to an internal operating fund and internally restricts for 2019: \$19,098,138 (2018: \$21,943,556). The detail of the internal restricted items are as follows:

Major Capital Contributions	\$ 7,200,000
2019-2020 Operating Budget	7,133,506
Telephony / Telecommunications	2,500,000
Net School Operating Balance	1,437,338
Learning Resources Balance	700,032
Aboriginal Education Targeted Funds	127,262
Total Internally Restricted Items	<u>\$ 19,098,138</u>

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 22 BUDGET FIGURES

Budget figures included in the financial statements are the School District's amended annual budget adopted by the Board of Education on February 13th, 2019 and reflect more current estimates on student FTE, revenues and expenditures.

	Original Budget \$	Amended Budget \$	Change \$
Statement 2			
Revenue			
Provincial Grants			
Ministry of Education	697,444,715	719,255,188	21,810,473
Other	350,000	1,329,681	979,681
Federal Grants	3,222,684	3,478,134	255,450
Tuition	15,491,000	15,688,767	197,767
Other Revenues	18,426,962	19,257,812	830,850
Rental and Leases	2,778,150	2,740,500	(37,650)
Investment Income	2,106,000	3,111,109	1,005,109
Amortization of Deferred Capital Revenue	38,000,000	24,547,000	(13,453,000)
Total Revenue	<u>777,819,511</u>	<u>789,408,191</u>	<u>11,588,680</u>
Expenses			
Instruction	648,221,877	660,771,661	12,549,784
District Administration	16,115,633	17,795,833	1,680,200
Operations and Maintenance	122,232,046	112,796,926	(9,435,120)
Transportation and Housing	6,454,401	6,716,259	261,858
Total Expense	<u>793,023,957</u>	<u>798,080,679</u>	<u>5,056,722</u>
Net Revenue	<u>(15,204,446)</u>	<u>(8,672,488)</u>	<u>6,531,958</u>
Budgeted Allocation of Surplus (Deficit)	<u>15,806,419</u>	<u>14,574,281</u>	<u>(1,232,138)</u>
Budgeted Surplus (Deficit) for the Year	<u>601,973</u>	<u>5,901,793</u>	<u>5,299,820</u>
Statement 4			
Surplus (Deficit) for the year	<u>(15,204,446)</u>	<u>(8,672,488)</u>	<u>6,531,958</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(45,001,973)	(40,925,793)	4,076,180
Amortization of Tangible Capital Assets	46,000,000	35,663,000	(10,337,000)
Total Effects of change in Tangible Assets	<u>998,027</u>	<u>(5,262,793)</u>	<u>(6,260,820)</u>
(Increase) Decrease in Net Financial Assets (Debt) before Net Remeasurement Gains (Losses)	<u>(14,206,419)</u>	<u>(13,935,281)</u>	<u>271,138</u>

Statement 2

The significant changes between the original budget and amended were:

Revenues:

- Ministry Grants – Amended to reflect actual Operating grant adjustments of \$9 million, Special Purpose of \$9.6 million, including Classroom Enhancement funds of \$8.9 million, and anticipated capital revenue \$3.2 million.
- Investment Income – Amended to reflect an increase in market conditions and an increased rate of return on funds held on deposit with the Ministry of Finance.
- Revised forecast of Deferred Capital Revenue.

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 22 BUDGET FIGURES *(Continued)*

Expenses:

- Instruction – Recognition of Board approved use of internally restricted funds from 2018 and increased teacher and EA staffing required to address additional student growth.
- District Administration – Recognition of Board approved use of internally restricted funds from 2018.
- Operations and Maintenance – lower projected Amortization of Tangible Capital Assets.

Statement 4

The significant changes between original budget and amended were:

- Revised forecast of Acquisition of Tangible Capital Assets
- Decrease in anticipated Amortization of Capital assets

NOTE 23 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 Canadian and British Columbia financial 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. The investment objectives are on protecting investments rather than the potential for superior returns. The school district has very low tolerance for risk with investments and prefers a low degree of price volatility.

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2019

NOTE 23 RISK MANAGEMENT *(Continued)*

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. 36 (Surrey)

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	27,387,541		523,812,502	551,200,043	508,243,137
Changes for the year					
Surplus (Deficit) for the year	10,984,906	239,713	(3,639,814)	7,584,805	42,956,906
Interfund Transfers					
Tangible Capital Assets Purchased	(12,816,350)	(239,713)	13,056,063	-	
Net Changes for the year	(1,831,444)	-	9,416,249	7,584,805	42,956,906
Accumulated Surplus (Deficit), end of year - Statement 2	25,556,097	-	533,228,751	558,784,848	551,200,043

School District No. 36 (Surrey)

Schedule of Operating Operations

Year Ended June 30, 2019

Schedule 2 (Unaudited)

	2019 Budget (Note 22) \$	2019 Actual \$	2018 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	666,809,758	668,525,475	641,303,760
Other	362,000	431,235	347,450
Federal Grants	2,510,204	2,826,529	2,645,358
Tuition	15,688,767	15,813,747	15,744,283
Other Revenue	2,404,331	2,890,247	2,703,237
Rentals and Leases	2,740,500	3,249,067	2,958,963
Investment Income	2,200,000	2,592,279	1,583,387
Total Revenue	692,715,560	696,328,579	667,286,438
Expenses			
Instruction	595,393,168	590,112,753	562,120,549
District Administration	17,795,833	14,879,579	14,624,867
Operations and Maintenance	74,766,788	74,373,393	67,393,652
Transportation and Housing	6,716,259	5,977,948	5,910,236
Total Expense	694,672,048	685,343,673	650,049,304
Operating Surplus (Deficit) for the year	(1,956,488)	10,984,906	17,237,134
Budgeted Appropriation (Retirement) of Surplus (Deficit)	14,574,281		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(12,617,793)	(12,816,350)	(10,503,700)
Local Capital			(15,448,000)
Total Net Transfers	(12,617,793)	(12,816,350)	(25,951,700)
Total Operating Surplus (Deficit), for the year	-	(1,831,444)	(8,714,566)
Operating Surplus (Deficit), beginning of year		27,387,541	36,102,107
Operating Surplus (Deficit), end of year		25,556,097	27,387,541
Operating Surplus (Deficit), end of year			
Internally Restricted		19,098,138	21,943,556
Unrestricted		6,457,959	5,443,985
Total Operating Surplus (Deficit), end of year		25,556,097	27,387,541

School District No. 36 (Surrey)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2019

	2019 Budget (Note 22) \$	2019 Actual \$	2018 Actual \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	656,436,760	656,826,581	628,277,099
ISC/LEA Recovery	(87,199)	(98,570)	(87,199)
Other Ministry of Education Grants			
Pay Equity	6,861,222	6,861,224	6,861,224
Funding for Graduated Adults	1,886,031	1,651,233	1,613,416
Transportation Supplement	72,999	72,999	72,999
Economic Stability Dividend	779,020	819,358	433,032
Return of Administrative Savings			3,128,478
Carbon Tax Grant	432,146	489,466	493,321
Employer Health Tax Grant		1,703,330	
Benefit Funding	483,060	483,060	438,292
Other Miscellaneous	112,719	85,719	73,098
Compliance Audit Recovery	(167,000)	(368,925)	
Total Provincial Grants - Ministry of Education	666,809,758	668,525,475	641,303,760
Provincial Grants - Other	362,000	431,235	347,450
Federal Grants	2,510,204	2,826,529	2,645,358
Tuition			
Continuing Education	875,000	1,052,420	961,175
International and Out of Province Students	14,813,767	14,761,327	14,783,108
Total Tuition	15,688,767	15,813,747	15,744,283
Other Revenues			
LEA Funding from First Nations	87,199	98,570	87,199
Miscellaneous			
Teaching Kitchen	893,400	783,348	807,006
Energy Management	114,087	118,045	183,900
WorkSafe BC	457,000	523,174	478,820
Other Miscellaneous	852,645	1,367,110	1,146,312
Total Other Revenue	2,404,331	2,890,247	2,703,237
Rentals and Leases	2,740,500	3,249,067	2,958,963
Investment Income	2,200,000	2,592,279	1,583,387
Total Operating Revenue	692,715,560	696,328,579	667,286,438

School District No. 36 (Surrey)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
	\$	\$	\$
Salaries			
Teachers	328,378,012	324,955,436	311,211,196
Principals and Vice Principals	30,716,279	30,743,477	29,275,120
Educational Assistants	64,004,824	64,570,137	58,996,238
Support Staff	55,935,312	54,734,038	52,478,027
Other Professionals	9,983,942	9,845,766	9,104,307
Substitutes	19,039,741	18,963,255	18,057,514
Total Salaries	508,058,110	503,812,109	479,122,402
Employee Benefits	117,108,696	116,226,446	110,199,445
Total Salaries and Benefits	625,166,806	620,038,555	589,321,847
Services and Supplies			
Services	22,549,370	20,251,535	17,688,470
Student Transportation	5,599,690	4,973,330	4,997,277
Professional Development and Travel	2,871,069	2,464,059	2,518,672
Rentals and Leases	952,243	900,408	774,419
Dues and Fees	1,636,354	1,522,377	1,639,210
Insurance	1,658,498	1,405,072	1,430,223
Supplies	22,937,725	22,397,086	21,586,737
Utilities	11,300,293	11,391,251	10,092,449
Total Services and Supplies	69,505,242	65,305,118	60,727,457
Total Operating Expense	694,672,048	685,343,673	650,049,304

School District No. 36 (Surrey)

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

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	248,709,711	7,167,414	16,589	5,141,574	651,246	9,340,320	271,026,854
1.03 Career Programs	3,289,746	118,907		1,346,090		181,547	4,936,290
1.07 Library Services	6,671,397			666,635	73,036	294,808	7,705,876
1.08 Counselling	8,144,586					348,758	8,493,344
1.10 Special Education	37,569,330		61,322,956	625,914		4,832,269	104,350,469
1.30 English Language Learning	12,228,085		467,187			520,993	13,216,265
1.31 Aboriginal Education	844,832	118,309	1,433,614	89,055	156,949	243,862	2,886,621
1.41 School Administration	1,215	21,966,863		12,876,472		789,236	35,633,786
1.60 Summer School	1,937,164	141,477	55,349	146,755			2,280,745
1.61 Continuing Education	384,393	39,337		22,104			445,834
1.62 International and Out of Province Students	4,370,690	428,271	62,647	1,072,952	322,147	221,749	6,478,456
1.64 Other	426,911		1,203,888	103,639	108,687		1,843,125
Total Function 1	324,578,060	29,980,578	64,562,230	22,091,190	1,312,065	16,773,542	459,297,665
4 District Administration							
4.11 Educational Administration	224,421	224,086		197,140	2,127,679		2,773,326
4.40 School District Governance				238,241	391,249		629,490
4.41 Business Administration	51,354	538,813		3,048,869	3,216,315	24,808	6,880,159
Total Function 4	275,775	762,899	-	3,484,250	5,735,243	24,808	10,282,975
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	100,536		7,907	1,226,678	1,406,350	1,983	2,743,454
5.50 Maintenance Operations	1,065			25,145,075	1,143,340	2,091,947	28,381,427
5.52 Maintenance of Grounds				2,299,495	101,168	44,654	2,445,317
5.56 Utilities							-
Total Function 5	101,601	-	7,907	28,671,248	2,650,858	2,138,584	33,570,198
7 Transportation and Housing							
7.41 Transportation and Housing Administration				102,093	147,600		249,693
7.70 Student Transportation				385,257		26,321	411,578
Total Function 7	-	-	-	487,350	147,600	26,321	661,271
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	324,955,436	30,743,477	64,570,137	54,734,038	9,845,766	18,963,255	503,812,109

School District No. 36 (Surrey)

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 (Note 22)	2018 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	271,026,854	62,290,670	333,317,524	10,937,282	344,254,806	346,989,721	332,153,810
1.03 Career Programs	4,936,290	1,170,280	6,106,570	1,186,887	7,293,457	7,617,854	6,945,816
1.07 Library Services	7,705,876	1,774,584	9,480,460	5,573,378	15,053,838	15,397,531	14,471,660
1.08 Counselling	8,493,344	1,988,406	10,481,750		10,481,750	10,960,064	9,691,231
1.10 Special Education	104,350,469	25,417,695	129,768,164	1,622,239	131,390,403	132,505,750	120,378,366
1.30 English Language Learning	13,216,265	3,088,887	16,305,152	8,935	16,314,087	16,302,488	15,906,202
1.31 Aboriginal Education	2,886,621	694,303	3,580,924	502,973	4,083,897	4,209,159	3,748,699
1.41 School Administration	35,633,786	7,676,539	43,310,325	1,236,092	44,546,417	44,463,930	42,967,640
1.60 Summer School	2,280,745	408,290	2,689,035	187,279	2,876,314	2,971,255	2,752,363
1.61 Continuing Education	445,834	40,253	486,087	134,385	620,472	747,715	571,198
1.62 International and Out of Province Students	6,478,456	1,467,819	7,946,275	2,644,773	10,591,048	10,753,834	10,166,742
1.64 Other	1,843,125	371,154	2,214,279	391,985	2,606,264	2,473,867	2,366,822
Total Function 1	459,297,665	106,388,880	565,686,545	24,426,208	590,112,753	595,393,168	562,120,549
4 District Administration							
4.11 Educational Administration	2,773,326	524,162	3,297,488	1,057,888	4,355,376	6,309,370	4,763,571
4.40 School District Governance	629,490	89,555	719,045	252,991	972,036	1,039,344	888,187
4.41 Business Administration	6,880,159	1,439,726	8,319,885	1,232,282	9,552,167	10,447,119	8,973,109
Total Function 4	10,282,975	2,053,443	12,336,418	2,543,161	14,879,579	17,795,833	14,624,867
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	2,743,454	523,790	3,267,244	3,478,188	6,745,432	7,311,318	7,615,969
5.50 Maintenance Operations	28,381,427	6,533,730	34,915,157	14,762,998	49,678,155	48,634,629	43,838,093
5.52 Maintenance of Grounds	2,445,317	544,282	2,989,599	1,263,334	4,252,933	4,729,687	3,964,344
5.56 Utilities	-	-	-	13,696,873	13,696,873	14,091,154	11,975,246
Total Function 5	33,570,198	7,601,802	41,172,000	33,201,393	74,373,393	74,766,788	67,393,652
7 Transportation and Housing							
7.41 Transportation and Housing Administration	249,693	51,641	301,334	2,390	303,724	302,356	315,687
7.70 Student Transportation	411,578	130,680	542,258	5,131,966	5,674,224	6,413,903	5,594,549
Total Function 7	661,271	182,321	843,592	5,134,356	5,977,948	6,716,259	5,910,236
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	503,812,109	116,226,446	620,038,555	65,305,118	685,343,673	694,672,048	650,049,304

School District No. 36 (Surrey)

Schedule of Special Purpose Operations

Year Ended June 30, 2019

Schedule 3 (Unaudited)

	2019 Budget (Note 22) \$	2019 Actual \$	2018 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	49,245,430	49,365,673	45,309,021
Other	967,681	669,593	67,796
Federal Grants	967,930	980,836	867,718
Other Revenue	16,853,481	19,100,774	23,208,490
Investment Income	11,109	15,858	9,143
Total Revenue	68,045,631	70,132,734	69,462,168
Expenses			
Instruction	65,378,493	67,069,256	66,088,133
District Administration		456,627	695,885
Operations and Maintenance	2,367,138	2,367,138	2,364,660
Total Expense	67,745,631	69,893,021	69,148,678
Special Purpose Surplus (Deficit) for the year	300,000	239,713	313,490
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(300,000)	(239,713)	(313,490)
Total Net Transfers	(300,000)	(239,713)	(313,490)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

School District No. 36 (Surrey)

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

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	Service Delivery Transformation	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	556,741	451,649	3,361,713	-	146,623	10,549	348,951
Add: Restricted Grants									
Provincial Grants - Ministry of Education	2,362,029	2,519,276				736,000	249,900	556,478	3,917,752
Provincial Grants - Other									
Federal Grants									
Other			493,464	65,000	16,381,743	6,402		2,150	160,152
Investment Income	5,109		10,749						
	2,367,138	2,519,276	504,213	65,000	16,381,743	742,402	249,900	558,628	4,077,904
Less: Allocated to Revenue	2,367,138	2,519,276	431,940	456,627	16,050,837	742,402	265,848	547,187	3,789,774
Deferred Revenue, end of year	-	-	629,014	60,022	3,692,619	-	130,675	21,990	637,081
Revenues									
Provincial Grants - Ministry of Education	2,362,029	2,519,276		456,627		736,000	265,848	545,037	3,629,622
Provincial Grants - Other									
Federal Grants									
Other Revenue			421,191		16,050,837	6,402		2,150	160,152
Investment Income	5,109		10,749						
	2,367,138	2,519,276	431,940	456,627	16,050,837	742,402	265,848	547,187	3,789,774
Expenses									
Salaries									
Teachers				309			51,122	221,086	
Principals and Vice Principals									
Educational Assistants		2,000,570					8,919		
Support Staff	83,898			86,501		504,677	9,055		1,931,818
Other Professionals				30,579		12,501	62,872		75,702
Substitutes		160,041				34,071			35,419
	83,898	2,160,611	-	117,389	-	551,249	131,968	221,086	2,042,939
Employee Benefits	18,170	358,665		26,943		156,677	17,624	29,113	483,482
Services and Supplies	2,265,070		431,940	312,295	16,050,837	34,476	116,256	296,988	1,263,353
	2,367,138	2,519,276	431,940	456,627	16,050,837	742,402	265,848	547,187	3,789,774
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 36 (Surrey)

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

	Coding and Curriculum Implementation	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	Adolescent Psychiatric Unit	Adolescent Day Treatment	Am'ut	Daughters & Sisters P.L.E.A.	Waypoint
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	286,138	-	-	-	11,350	12,999	42,001	17,142	8,474
Add: Restricted Grants									
Provincial Grants - Ministry of Education		1,492,421	35,102,853	1,126,450	152,414	347,746	58,371	128,200	137,021
Provincial Grants - Other									
Federal Grants									
Other									
Investment Income									
	-	1,492,421	35,102,853	1,126,450	152,414	347,746	58,371	128,200	137,021
Less: Allocated to Revenue	286,138	1,492,421	35,102,853	1,126,450	133,948	360,745	62,391	114,930	145,495
Deferred Revenue, end of year	-	-	-	-	29,816	-	37,981	30,412	-
Revenues									
Provincial Grants - Ministry of Education	286,138	1,492,421	35,102,853	1,126,450	133,948	360,745	62,391	114,930	145,495
Provincial Grants - Other									
Federal Grants									
Other Revenue									
Investment Income									
	286,138	1,492,421	35,102,853	1,126,450	133,948	360,745	62,391	114,930	145,495
Expenses									
Salaries									
Teachers	201,548	15,471	28,377,144	1,126,450	81,222	177,042	24,830	62,831	111,281
Principals and Vice Principals		63,443							
Educational Assistants					10,877	85,301		9,534	6,860
Support Staff		47,402							
Other Professionals		113,504							
Substitutes		949,792			426				
	201,548	1,189,612	28,377,144	1,126,450	92,525	262,343	24,830	72,365	118,141
Employee Benefits		199,476	6,725,709		19,569	55,860	6,234	17,161	9,716
Services and Supplies	84,590	103,333			21,854	42,542	31,327	25,404	17,638
	286,138	1,492,421	35,102,853	1,126,450	133,948	360,745	62,391	114,930	145,495
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 36 (Surrey)

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

	Donations	Surrey WRAP	Community Schools Other	Gang Prevention	Literacy Innovation	Coyote Creek BEP	PAC Contributions	Aboriginal Ed Windspeaker	Safe Program
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	1,126,636	436,806	1,093,924	1,813	173,258	30,875	126,264	61,648	
Add: Restricted Grants									
Provincial Grants - Ministry of Education			-						
Provincial Grants - Other			20,000						
Federal Grants		10,000		904,795				50,000	
Other	1,280,794	55,550	761,121				527,612		25,417
Investment Income									
	1,280,794	65,550	781,121	904,795	-	-	527,612	50,000	25,417
Less: Allocated to Revenue	882,326	55,663	1,109,837	906,608	-	-	412,329	74,228	23,427
Deferred Revenue, end of year	1,525,104	446,693	765,208	-	173,258	30,875	241,547	37,420	1,990
Revenues									
Provincial Grants - Ministry of Education			-						23,427
Provincial Grants - Other		113							
Federal Grants				906,608				74,228	
Other Revenue	882,326	55,550	1,109,837				412,329		
Investment Income									
	882,326	55,663	1,109,837	906,608	-	-	412,329	74,228	23,427
Expenses									
Salaries									
Teachers	2,407			95,658					
Principals and Vice Principals									
Educational Assistants			5,285						
Support Staff	9,174	16,422	280,901	263,589					13,376
Other Professionals			160,678	183,344					
Substitutes									
	11,581	16,422	446,864	542,591	-	-	-	-	13,376
Employee Benefits	1,510	3,133	60,356	93,833					336
Services and Supplies	799,519	36,108	602,617	270,184			242,332	74,228	9,715
	812,610	55,663	1,109,837	906,608	-	-	242,332	74,228	23,427
Net Revenue (Expense) before Interfund Transfers	69,716	-	-	-	-	-	169,997	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(69,716)						(169,997)		
	(69,716)	-	-	-	-	-	(169,997)	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 36 (Surrey)

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

	K Transitions	Gang Prevention (BC)	TOTAL
	\$	\$	\$
Deferred Revenue, beginning of year			8,305,554
Add: Restricted Grants			
Provincial Grants - Ministry of Education	30,000		48,916,911
Provincial Grants - Other		750,000	770,000
Federal Grants			964,795
Other			19,759,405
Investment Income			15,858
	<u>30,000</u>	<u>750,000</u>	<u>70,426,969</u>
Less: Allocated to Revenue	2,436	669,480	70,132,734
Deferred Revenue, end of year	<u>27,564</u>	<u>80,520</u>	<u>8,599,789</u>
Revenues			
Provincial Grants - Ministry of Education	2,436		49,365,673
Provincial Grants - Other		669,480	669,593
Federal Grants			980,836
Other Revenue			19,100,774
Investment Income			15,858
	<u>2,436</u>	<u>669,480</u>	<u>70,132,734</u>
Expenses			
Salaries			
Teachers	1,775		30,550,176
Principals and Vice Principals			63,443
Educational Assistants			2,127,346
Support Staff		328,801	3,575,614
Other Professionals		30,000	669,180
Substitutes			1,179,749
	<u>1,775</u>	<u>358,801</u>	<u>38,165,508</u>
Employee Benefits		46,567	8,330,134
Services and Supplies	661	264,112	23,397,379
	<u>2,436</u>	<u>669,480</u>	<u>69,893,021</u>
Net Revenue (Expense) before Interfund Transfers	<u>-</u>	<u>-</u>	<u>239,713</u>
Interfund Transfers			
Tangible Capital Assets Purchased			(239,713)
	<u>-</u>	<u>-</u>	<u>(239,713)</u>
Net Revenue (Expense)	<u>-</u>	<u>-</u>	<u>-</u>

School District No. 36 (Surrey)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2019

	2019 Budget (Note 22)	2019 Actual			2018 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	3,200,000	5,885,040		5,885,040	31,241,158
Municipal Grants Spent on Sites		2,450,813		2,450,813	1,727,398
Other Revenue			108,053	108,053	182,528
Investment Income	900,000		1,006,537	1,006,537	583,514
Gain (Loss) on Disposal of Tangible Capital Assets				-	117,000
Amortization of Deferred Capital Revenue	24,547,000	23,203,757		23,203,757	33,682,996
Total Revenue	28,647,000	31,539,610	1,114,590	32,654,200	67,534,594
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	35,663,000	36,294,014		36,294,014	42,128,312
Total Expense	35,663,000	36,294,014	-	36,294,014	42,128,312
Capital Surplus (Deficit) for the year	(7,016,000)	(4,754,404)	1,114,590	(3,639,814)	25,406,282
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	12,917,793	13,056,063		13,056,063	10,817,190
Local Capital				-	15,448,000
Total Net Transfers	12,917,793	13,056,063	-	13,056,063	26,265,190
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		607,483	(607,483)	-	
Tangible Capital Assets WIP Purchased from Local Capital		1,133,273	(1,133,273)	-	
Total Other Adjustments to Fund Balances		1,740,756	(1,740,756)	-	
Total Capital Surplus (Deficit) for the year	5,901,793	10,042,415	(626,166)	9,416,249	51,671,472
Capital Surplus (Deficit), beginning of year		480,155,098	43,657,404	523,812,502	472,141,030
Capital Surplus (Deficit), end of year		490,197,513	43,031,238	533,228,751	523,812,502

School District No. 36 (Surrey)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2019

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	321,765,267	1,138,395,711	41,895,089	8,025,443	2,659,827	14,021,033	1,526,762,370
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	5,885,040	9,233,055	3,496,280	496,552		375,491	19,486,418
Deferred Capital Revenue - Other	2,450,813		185,191				2,636,004
Operating Fund		2,306,647	3,349,021	1,209,459	481,975	5,469,248	12,816,350
Special Purpose Funds			239,713				239,713
Local Capital		412,548	194,935				607,483
Transferred from Work in Progress		3,977,050					3,977,050
	8,335,853	15,929,300	7,465,140	1,706,011	481,975	5,844,739	39,763,018
Decrease:							
Deemed Disposals			2,791,659	1,043,052	(86,950)	1,297,585	5,045,346
	-	-	2,791,659	1,043,052	(86,950)	1,297,585	5,045,346
Cost, end of year	330,101,120	1,154,325,011	46,568,570	8,688,402	3,228,752	18,568,187	1,561,480,042
Work in Progress, end of year		47,747,132					47,747,132
Cost and Work in Progress, end of year	330,101,120	1,202,072,143	46,568,570	8,688,402	3,228,752	18,568,187	1,609,227,174
Accumulated Amortization, beginning of year		490,539,687	17,834,597	3,133,775	1,206,778	5,151,916	517,866,753
Changes for the Year							
Increase: Amortization for the Year		27,187,358	4,423,183	835,693	588,858	3,258,922	36,294,014
Decrease:							
Deemed Disposals			2,791,659	1,043,052	(86,950)	1,297,585	5,045,346
			2,791,659	1,043,052	(86,950)	1,297,585	5,045,346
Accumulated Amortization, end of year		517,727,045	19,466,121	2,926,416	1,882,586	7,113,253	549,115,421
Tangible Capital Assets - Net	330,101,120	684,345,098	27,102,449	5,761,986	1,346,166	11,454,934	1,060,111,753

School District No. 36 (Surrey)

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	13,701,095	-	-	-	13,701,095
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	34,024,239				34,024,239
Deferred Capital Revenue - Other	2,865,575				2,865,575
Local Capital	1,133,273				1,133,273
	<u>38,023,087</u>	-	-	-	<u>38,023,087</u>
Decrease:					
Transferred to Tangible Capital Assets	3,977,050				3,977,050
	<u>3,977,050</u>	-	-	-	<u>3,977,050</u>
Net Changes for the Year	<u>34,046,037</u>	-	-	-	<u>34,046,037</u>
Work in Progress, end of year	<u>47,747,132</u>	-	-	-	<u><u>47,747,132</u></u>

School District No. 36 (Surrey)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2019

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	512,307,733	22,975,113	-	535,282,846
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	13,601,378	185,191		13,786,569
Transferred from Work in Progress	1,169,916			1,169,916
	<u>14,771,294</u>	<u>185,191</u>	<u>-</u>	<u>14,956,485</u>
Decrease:				
Amortization of Deferred Capital Revenue	22,222,641	981,116		23,203,757
	<u>22,222,641</u>	<u>981,116</u>	<u>-</u>	<u>23,203,757</u>
Net Changes for the Year	<u>(7,451,347)</u>	<u>(795,925)</u>	<u>-</u>	<u>(8,247,272)</u>
Deferred Capital Revenue, end of year	<u>504,856,386</u>	<u>22,179,188</u>	<u>-</u>	<u>527,035,574</u>
Work in Progress, beginning of year	6,514,278	644,491	-	7,158,769
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	34,024,239	2,865,575		36,889,814
	<u>34,024,239</u>	<u>2,865,575</u>	<u>-</u>	<u>36,889,814</u>
Decrease				
Transferred to Deferred Capital Revenue	1,169,916			1,169,916
	<u>1,169,916</u>	<u>-</u>	<u>-</u>	<u>1,169,916</u>
Net Changes for the Year	<u>32,854,323</u>	<u>2,865,575</u>	<u>-</u>	<u>35,719,898</u>
Work in Progress, end of year	<u>39,368,601</u>	<u>3,510,066</u>	<u>-</u>	<u>42,878,667</u>
Total Deferred Capital Revenue, end of year	<u>544,224,987</u>	<u>25,689,254</u>	<u>-</u>	<u>569,914,241</u>

School District No. 36 (Surrey)

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

Schedule 4D (Unaudited)

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	25,842	7,308,061	10,587	1,120,080	-	8,464,570
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	53,484,815					53,484,815
Provincial Grants - Other			184,582			184,582
Investment Income		147,683		39,543		187,226
District Entered - Local Government Site Fees				2,847,978		2,847,978
	<u>53,484,815</u>	<u>147,683</u>	<u>184,582</u>	<u>2,887,521</u>	<u>-</u>	<u>56,704,601</u>
Decrease:						
Transferred to DCR - Capital Additions	13,601,378	-	185,191			13,786,569
Transferred to DCR - Work in Progress	34,024,239	2,865,575				36,889,814
Transferred to Revenue - Site Purchases	5,885,040			2,450,813		8,335,853
	<u>53,510,657</u>	<u>2,865,575</u>	<u>185,191</u>	<u>2,450,813</u>	<u>-</u>	<u>59,012,236</u>
Net Changes for the Year	<u>(25,842)</u>	<u>(2,717,892)</u>	<u>(609)</u>	<u>436,708</u>	<u>-</u>	<u>(2,307,635)</u>
Balance, end of year	<u>-</u>	<u>4,590,169</u>	<u>9,978</u>	<u>1,556,788</u>	<u>-</u>	<u>6,156,935</u>