



Tel: (250) 832-7171
Fax: (250) 832-2429
www.bdo.ca

BDO Canada LLP
571 6th Street NE
Suite 201
Salmon Arm, BC V1E 1R6

September 12, 2023

School District No. 5 (Southeast Kootenay)
940 Industrial Road #1
Cranbrook, BC
V1C 4C6

Dear Mr. Taylor, CPA

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

During the course of our audit of the financial statements of School District No. 5 (Southeast Kootenay) for the year ended June 30, 2023, we did not encounter any significant matters which we believe should be brought to your attention.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from yourself, Vintee Kaushal, and the finance team.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

A handwritten signature in black ink that reads 'Angie Spencer'. The signature is written in a cursive, flowing style.

Angie Spencer, CPA, CA
Partner
BDO Canada LLP
Chartered Accountants

AS/en/jc

Audited Financial Statements of

School District No. 5 (Southeast Kootenay)

And Independent Auditors' Report thereon

June 30, 2023

School District No. 5 (Southeast Kootenay)

June 30, 2023

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School District No. 5 (Southeast Kootenay)

MANAGEMENT REPORT

Version: 1080-9334-7351

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 5 (Southeast Kootenay) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

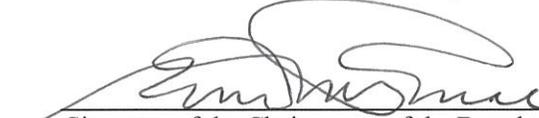
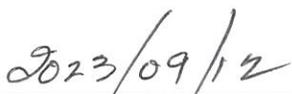
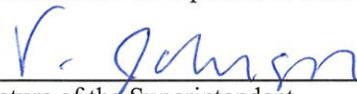
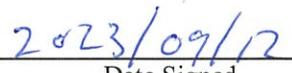
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.

The Board of Education of School District No. 5 (Southeast Kootenay) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 5 (Southeast Kootenay) and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.

On behalf of School District No. 5 (Southeast Kootenay)

	
Signature of the Chairperson of the Board of Education	Date Signed
	
Signature of the Superintendent	Date Signed
	September 12, 2023
Signature of the Secretary Treasurer	Date Signed



Independent Auditor's Report

To the Board of Trustees of School District No. 5 (Southeast Kootenay)

Opinion

We have audited the financial statements of School District No. 5 (Southeast Kootenay) (the "School District"), which comprise the statement of financial position as at June 30, 2023, and the statements of operations, changes in net 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 accompanying financial statements of the School District as at and for the year ended June 30, 2023 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (the Act).

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 - Basis of Accounting

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared in order for the School District to meet the reporting requirements of the Act referred to above. Note 2 to the Financial Statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Restated Comparative Information

Without modifying our conclusion, we draw attention to Note 19 to the financial statements, which describes that certain comparative information presented for the year ended June 30, 2022 has been restated.

Other Matters

We draw attention to the fact that the supplementary information included in Schedule 1 to 4 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.



Other Information

Management is responsible for the other information. The other information, other than the financial statements and our auditor's report thereon, includes the Financial Statement Discussion and Analysis.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Prior to the date of this auditor's report, we obtained the Financial Statement Discussion and Analysis prepared by management. If, based on the work we have performed on this information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's 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 Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the School District to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the School District audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants

Salmon Arm, British Columbia
September 12, 2023

School District No. 5 (Southeast Kootenay)

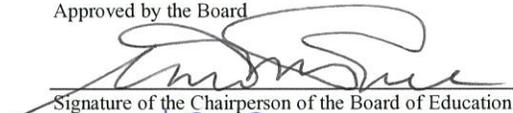
Statement of Financial Position
As at June 30, 2023

	2023 Actual	2022 Actual (Restated - Note 19)
	\$	\$
Financial Assets		
Cash and Cash Equivalents (Note 2)	10,317,351	8,624,970
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	-	759,150
Due from First Nations	54,121	246,146
Other (Note 3 & Note 19)	2,154,561	1,702,032
Total Financial Assets	<u>12,526,033</u>	<u>11,332,298</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education and Child Care	24,645	101,080
Other (Note 4)	7,417,256	5,458,384
Deferred Revenue (Note 5)	1,826,544	1,641,589
Deferred Capital Revenue (Note 6)	67,870,808	62,371,779
Employee Future Benefits (Note 7)	778,318	701,358
Asset Retirement Obligation (Note 8 & Note 19)	2,509,795	2,509,795
Capital Lease Obligations (Note 9)	287,337	-
Total Liabilities	<u>80,714,703</u>	<u>72,783,985</u>
Net Debt	<u>(68,188,670)</u>	<u>(61,451,687)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 10)	89,461,481	84,555,555
Prepaid Expenses	1,222,119	1,301,558
Total Non-Financial Assets	<u>90,683,600</u>	<u>85,857,113</u>
Accumulated Surplus (Deficit) (Note 19)	<u>22,494,930</u>	<u>24,405,426</u>
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	22,494,930	24,405,426
Accumulated Remeasurement Gains (Losses)	-	-
	<u>22,494,930</u>	<u>24,405,426</u>

Contractual Obligations (Note 13)

Contractual Rights (Note 14)

Approved by the Board


Signature of the Chairperson of the Board of Education

2023/09/12
Date Signed


Signature of the Superintendent

2023/09/12
Date Signed


Signature of the Secretary Treasurer

September 12, 2023
Date Signed

School District No. 5 (Southeast Kootenay)

Statement of Operations
Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 19)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	74,518,108	79,536,628	73,265,177
Other	68,000	183,079	210,651
Other Revenue	1,672,684	3,075,614	2,086,277
Rentals and Leases	200,000	233,405	209,864
Investment Income	32,500	161,745	54,778
Amortization of Deferred Capital Revenue	3,151,986	3,198,168	3,022,515
Total Revenue	<u>79,643,278</u>	<u>86,388,639</u>	<u>78,849,262</u>
Expenses (Note 16)			
Instruction	62,475,042	70,849,425	65,131,964
District Administration	2,447,758	2,613,563	2,473,018
Operations and Maintenance	11,703,739	12,312,698	11,737,265
Transportation and Housing	2,497,265	2,520,002	2,243,877
Debt Services		3,447	
Total Expense	<u>79,123,804</u>	<u>88,299,135</u>	<u>81,586,124</u>
Surplus (Deficit) for the year	<u>519,474</u>	<u>(1,910,496)</u>	<u>(2,736,862)</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		24,405,426	27,142,288
Accumulated Surplus (Deficit) from Operations, end of year		<u><u>22,494,930</u></u>	<u>24,405,426</u>

School District No. 5 (Southeast Kootenay)

Statement of Changes in Net Debt
Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 19)
	\$	\$	\$
Surplus (Deficit) for the year	519,474	(1,910,496)	(2,736,862)
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(10,039,479)	(8,794,289)	(6,531,407)
Amortization of Tangible Capital Assets	3,808,251	3,888,363	3,692,559
Total Effect of change in Tangible Capital Assets	(6,231,228)	(4,905,926)	(2,838,848)
Acquisition of Prepaid Expenses	(143,000)	(449,635)	(482,326)
Use of Prepaid Expenses	143,000	529,074	366,402
Total Effect of change in Other Non-Financial Assets	-	79,439	(115,924)
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	(5,711,754)	(6,736,983)	(5,691,634)
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		(6,736,983)	(5,691,634)
Net Debt, beginning of year		(61,451,687)	(55,760,053)
Net Debt, end of year		(68,188,670)	(61,451,687)

School District No. 5 (Southeast Kootenay)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2023

	2023 Actual	2022 Actual
		(Restated - Note 19)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(1,910,496)	(2,736,862)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	498,644	(457,870)
Prepaid Expenses	79,441	(61,022)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,882,437	(1,224,204)
Unearned Revenue	-	(410)
Deferred Revenue	184,955	383,795
Employee Future Benefits	76,960	102,535
Amortization of Tangible Capital Assets	3,888,363	3,692,559
Amortization of Deferred Capital Revenue	(3,198,168)	(3,022,515)
Total Operating Transactions	<u>1,502,136</u>	<u>(3,323,994)</u>
Capital Transactions		
Tangible Capital Assets Purchased	(8,490,406)	(6,531,407)
Total Capital Transactions	<u>(8,490,406)</u>	<u>(6,531,407)</u>
Financing Transactions		
Capital Revenue Received	8,697,197	5,563,265
Decrease in Capital Lease Obligation	(16,546)	-
Total Financing Transactions	<u>8,680,651</u>	<u>5,563,265</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,692,381</u>	<u>(4,292,136)</u>
Cash and Cash Equivalents, beginning of year	<u>8,624,970</u>	<u>12,917,106</u>
Cash and Cash Equivalents, end of year	<u>10,317,351</u>	<u>8,624,970</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	9,000,776	6,021,758
Cash Equivalents	1,316,575	2,603,212
	<u>10,317,351</u>	<u>8,624,970</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 AUTHORITY AND PURPOSE

The School District operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 5 (Southeast Kootenay)" and operates as "School District No. 5 (Southeast Kootenay)." A board of education (Board) elected for a four-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district and is principally funded by the Province of British Columbia through the Ministry of Education and Child Care.

The impact of Covid-19 continues to exist and has had a significant financial, market and social dislocating impact worldwide. The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenues, impairment of receivables, reduction in investment income and delays in completing capital project work. As the situation is dynamic and ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the School District is not practicable at this time.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

In September 2010, the Province of British Columbia Treasury Board ("Treasury Board") provided directive through Government Organization Accounting Standards Regulation 257/2010 requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sector to adopt PSA standards of the Canadian Institute of Chartered Accountants ("CICA") without not-for-profit provisions from their first fiscal year commencing after January 1, 2012. In March 2011, PSAB released a new *Section PS 3410 "Government Transfers"*. In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect. The Treasury Board direction on the accounting treatment of restricted contributions is as described in Notes 2(d) and 2(i).

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As noted in notes 2 (d) and 2 (i), Section 23.1 of the Budget Transparency and Accountability Act and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the financial statements of the School District is as follows:

Year-ended June 30, 2022	- understatement of revenue and annual surplus of \$3,063,563
June 30, 2022	- understatement of accumulated surplus and an overstatement of deferred capital revenue by \$62,252,193
Year-ended June 30, 2023	- understatement of revenue and annual surplus of \$4,937,893
June 30, 2023	- understatement of accumulated surplus and an overstatement of deferred capital revenue by \$67,190,086

b) Cash and Cash Equivalents

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

c) Accounts Receivable

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

d) Deferred Revenue and Deferred Capital Revenue

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

e) Employee Future Benefits

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

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method 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, 2022 and projected to March 31, 2025. The next valuation will be performed at March 31, 2025 for use at June 30, 2025. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Asset Retirement Obligations

A liability is recognized when, as at the financial reporting date:

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

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the School District has been initially recognized using the modified retroactive method (Note 19). The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The resulting costs have been capitalized into the carrying amount of tangible capital assets and are being amortized on the same basis as the related tangible capital asset (Note 2(l)). Assumptions used in the calculations are reviewed annually.

g) Capital Leases

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

h) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

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

i) Prepaid Expenses

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

j) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund within accumulated surplus when approved (see Note 17 – Internally Restricted Surplus – Operating Fund).

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Revenue Recognition

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

Contributions received or where eligibility criteria have been met are recognized as revenue except where the contribution meets the criteria for deferral as described below. Eligibility criteria are the criteria that the School District has to meet in order to receive the contributions including authorization by the transferring government.

For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized as follows:

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

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

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

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

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) 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 indigenous education, are allocated to these programs. All other costs are allocated to related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

Categories of Salaries

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

l) 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.

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

m) Measurement Uncertainty

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

n) Future Changes in Accounting Policies

PS 3400 Revenue issued November 2018 establishes standards on how to account for and report on revenue and is effective July 1, 2023. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

Revenue from transactions with performance obligations should be recognized when (or as) the school district satisfies a performance obligation by providing the promised goods or services to a payor.

Revenue from transactions with no performance obligations should be recognized when a school district:

- (a) has the authority to claim or retain an inflow of economic resources; and
- (b) identifies a past transaction or event that gives rise to an asset.

This standard may be applied retroactively or prospectively. Management is in the process of assessing the impact of adopting this standard on the School District's financial results.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2023	June 30, 2022 (restated)
Due from Federal government	\$275,847	\$247,232
Employee benefit surplus	1,329,222	1,298,629
Other	549,492	156,171
	\$2,154,561	\$1,702,032

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2023	June 30, 2022
Trade payables	\$1,016,731	\$379,517
Salaries and benefits payable	6,400,525	5,078,867
	\$7,417,256	\$5,458,384

NOTE 5 DEFERRED REVENUE

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

	June 30, 2023	June 30, 2022
Ministry of Education Grants	\$592,581	\$414,321
Province of BC Grants	2,310	15,966
School generated	386,339	429,358
Scholarships	790,314	777,193
Other	55,000	4,751
	\$1,826,544	\$1,641,589
	June 30, 2023	June 30, 2022
Balance, beginning of year	\$1,641,589	\$1,257,794
Changes for the year:		
Increase: Grants and contributions received		
Provincial	6,026,011	5,127,055
Other	2,160,678	1,185,027
Decrease: Grants and contributions recognized		
Provincial	(5,896,758)	(4,804,460)
Other	(2,104,976)	(1,123,827)
Balance, end of year	\$1,826,544	\$1,641,589

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 6 DEFERRED CAPITAL REVENUE

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

	June 30, 2023	June 30, 2022
Balance, beginning of year	\$62,371,779	\$59,831,029
Increase:		
Grants and contributions received	8,697,197	5,563,265
Decrease:		
Amortization of deferred capital revenue	(3,198,168)	(3,022,515)
Balance, end of year	<u>\$67,870,808</u>	<u>\$62,371,779</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2023****NOTE 7 EMPLOYEE FUTURE BENEFITS**

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

	June 30, 2023	June 30, 2022
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 830,659	\$ 845,642
Service Cost	77,311	73,712
Interest Cost	28,493	22,207
Benefit Payments	(73,831)	(45,526)
Actuarial Loss	(3,724)	(65,376)
Accrued Benefit Obligation – March 31	<u>\$ 858,908</u>	<u>\$ 830,659</u>
Reconciliation of Funded Status at End of Fiscal Year		
Funded Status - Deficit	\$ (858,908)	\$ (830,659)
Benefit Expenses After Measurement Date	(27,711)	(26,451)
Unamortized Net Actuarial Loss	108,301	155,752
Accrued Benefit Liability - June 30	<u>\$ (778,318)</u>	<u>\$ (701,358)</u>
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability - July 1	\$ 701,358	\$ 598,823
Net Expense for Fiscal Year	150,792	148,061
Employer Contributions	(73,832)	(45,526)
Accrued Benefit Liability - June 30	<u>\$ 778,318</u>	<u>\$ 701,358</u>
Components of Net Benefit Expense		
Service Cost	\$ 76,705	\$ 74,612
Interest Cost	30,360	23,778
Amortization of Net Actuarial Loss	43,727	49,671
Net Benefit Expense	<u>\$ 150,792</u>	<u>\$ 148,061</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 10 TANGIBLE CAPITAL ASSETS

June 30, 2023

Cost:	Balance at June 30, 2022(restated)	Additions	Disposals	Balance at June 30, 2023
Sites	\$ 9,437,116	\$ -	\$ -	\$ 9,437,116
Buildings	159,380,256	7,384,585	-	166,764,841
Furniture & Equipment	1,941,218	46,319	65,271	1,922,266
Vehicles	3,686,512	1,004,697	344,972	4,346,237
Computer Hardware	223,289	54,805	13,990	264,104
Assets Under Capital Lease	-	303,883	-	303,883
Total	\$174,668,391	\$8,794,289	\$424,233	\$183,038,447

Accumulated Amortization:	Balance at June 30, 2022(restated)	Additions	Disposals	Balance at June 30, 2023
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	87,325,355	3,226,697	-	90,552,052
Furniture & Equipment	991,354	193,174	65,271	1,119,257
Vehicles	1,702,690	401,637	344,972	1,759,355
Computer Hardware	93,437	48,739	13,990	128,186
Assets Under Capital Lease	-	18,116	-	18,116
Total	\$90,112,836	\$3,888,363	\$424,233	\$93,576,966

Net Book Value	Net Book Value June 30, 2022(restated)	Net Book Value June 30, 2023
Sites	\$ 9,437,116	\$ 9,437,116
Buildings	72,054,901	76,212,789
Furniture & Equipment	949,864	803,009
Vehicles	1,983,822	2,586,882
Computer Hardware	129,852	135,918
Assets Under Capital Lease	-	285,767
Total	\$84,555,555	\$89,461,481

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 10 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2022(restated)

Cost:	Balance at June 30, 2021	Additions	Disposals	Prior Period Adjustment (Note 19)	Balance at June 30, 2022 (restated Note 19)
Sites	\$ 9,437,116	\$ -	\$ -	\$ -	\$ 9,437,116
Buildings	150,975,518	5,894,943	-	2,509,795	159,380,256
Furniture & Equipment	1,794,274	208,244	61,300	-	1,941,218
Vehicles	3,736,278	424,173	473,939	-	3,686,512
Computer Hardware	271,265	4,047	52,023	-	223,289
Total	\$166,214,451	\$6,531,407	\$587,262	\$2,509,795	\$174,668,391

Accumulated Amortization:	Balance at June 30, 2021	Additions	Disposals	Prior Period Adjustment (Note 19)	Balance at June 30, 2022 (restated Note 19)
Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	81,732,613	3,083,732	-	2,509,010	87,325,355
Furniture & Equipment	865,879	186,775	61,300	-	991,354
Vehicles	1,805,489	371,140	473,939	-	1,702,690
Computer Hardware	96,005	49,455	52,023	-	93,437
Total	\$84,499,986	\$3,691,102	\$587,262	\$2,509,010	\$90,112,836

Net Book Value	Net Book Value June 30, 2021	Net Book Value June 30, 2022 (restated Note 19)
Sites	\$ 9,437,116	\$ 9,437,116
Buildings	69,242,905	72,054,901
Furniture & Equipment	928,395	949,864
Vehicles	1,930,789	1,983,822
Computer Hardware	175,260	129,852
Total	\$81,714,465	\$84,555,555

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 11 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension Plans. The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at December 31, 2022, the Teachers' Pension Plan has about 51,000 active members from school districts, and approximately 41,000 retired members from school districts. As of December 31, 2022 the Municipal Pension Plan has about 240,000 active members, of which approximately 30,000 are from school districts.

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

The latest actuarial valuation of the Teachers' Pension Plan as at December 31, 2020, indicated a \$1,584 million surplus for basic pension benefits on a going concern basis. The next valuation will be December 31, 2023, with results available in 2024.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be December 31, 2024, with results available in 2025.

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

School District No. 5 (Southeast Kootenay) expensed \$5,767,832 (2022 - \$5,429,900) for employer contributions to these plans in the year ended June 30, 2023.

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.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 13 CONTRACTUAL OBLIGATIONS

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

Fiscal Year	Amount
2023-24	\$ 70,450
2024-25	\$ 70,450
2025-26	\$ 16,610

NOTE 14 CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The School District's contractual rights arise because of contracts entered into for lease. The following table summarizes the contractual rights of the School District for future revenue.

Fiscal Year	Amount
2023-24	\$ 310,889
2024-25	\$ 219,725
2025-26	\$ 167,273

NOTE 15 CONTINGENCIES

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

NOTE 16 EXPENSE BY OBJECT

	June 30, 2023	June 30, 2022
Salaries and benefits	\$72,279,517	\$67,008,273
Services and supplies	12,101,208	10,863,392
Scholarships	26,600	21,900
Amortization	3,888,363	3,692,559
Debt services	3,447	-
	<u>\$88,299,135</u>	<u>\$81,586,124</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 17 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Appropriations Summary	June 2023	June 2022
<u>Special Education</u>		
- District Summary	\$ (236,068)	\$ (550,539)
- Itinerant Summary 707	295,135	822,237
	59,067	271,698
<u>Schools</u>		
- Operating	-	101,475
- Learning Resources	90,846	79,696
- Growth Plans	62,555	126,742
- School Based Special Ed	148,907	153,683
	302,308	461,596
<u>Other appropriations</u>		
Contractual Pro-D	130,865	148,870
Aboriginal Education 131	43,762	136,836
Technology Program 701	290,851	-
Student Learning 702	9,280	-
Education Plan 708	-	2,500
Operating Grant Holdback	-	34,691
School Generated Funds	978,543	1,046,207
Operating Projects	144,535	227,321
Appropriations - Restricted	\$1,959,211	\$2,329,719
<u>Surplus Summary June 2022</u>		
Surplus Beginning of year	\$4,450,512	\$5,019,387
Prior Period Adjustment	-	2,096,267
Surplus/Deficit for year	(1,495,998)	(2,155,642)
Transfer to Local Capital	(516,546)	(509,500)
Accumulated Surplus	\$2,437,968	\$4,450,512
Appropriations - Restricted	\$1,959,211	\$2,329,719
Appropriations - Unrestricted	478,757	2,120,793
Accumulated Surplus	\$2,437,968	\$4,450,512

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 18 ECONOMIC DEPENDENCE

The operations of the School District are dependent on continued funding from the Ministry of Education and Child Care and various governmental agencies to carry out its programs. These financial statements have been prepared on a going concern basis.

NOTE 19 PRIOR PERIOD ADJUSTMENTS

a) Change in Accounting Policy

On July 1, 2022 the School District adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. This new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of certain tangible capital assets such as asbestos removal in buildings that will undergo major renovation or demolition in the future (see Note 16). This standard was adopted using the modified retroactive approach.

On July 1, 2022 the School District recognized an asset retirement obligation relating to several owned buildings that contain asbestos and other hazardous materials. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The associated costs have been reported as an increase to the carrying value of the associated tangible capital assets. Accumulated amortization has been recorded from the later of, the date of acquisition of the related asset or April 1, 1988 (effective date of the *Hazardous Waste Regulation (April 1, 1988) – Part 6 – Management of Specific Hazardous Wastes*).

The impact of the prior period adjustment on the June 30, 2022 comparative amounts is as follows:

	Increase (Decrease)
Asset Retirement Obligation (liability)	\$2,509,795
Tangible Capital Assets - cost	2,509,795
Tangible Capital Assets – accumulated amortization	2,509,010
Operations & Maintenance Expense – Asset amortization	1,457
Accumulated Surplus – Invested in Capital Assets	(2,509,010)

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 19 PRIOR PERIOD ADJUSTMENTS (Continued)

b) Employee Benefit Plan Surplus

During the year Management determined that the School District had a surplus balance related to employee benefit plans premiums paid exceeding benefits expenses claimed. The employee benefits premium surplus balance has existed for over three years. Management determined that a prior period adjustment was required to set up the employee benefits premium surplus balance.

On July 1, 2022, the School District recognized the employee benefits premium surplus. The impact of the prior period adjustment on the June 30, 2022, comparative amounts is as follows:

	Increase (Decrease)
Accounts Receivables	\$1,298,629
Prepaid Expenses	819,234
Accumulated Surplus	2,117,863

NOTE 20 RISK MANAGEMENT

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

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

a) Credit risk:

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

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

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 20 RISK MANAGEMENT (Continued)

b) Liquidity risk

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

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

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

School District No. 5 (Southeast Kootenay)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2023

	Operating Fund	Special Purpose Fund	Capital Fund	2023 Actual	2022 Actual (Restated - Note 19)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	4,450,512		19,954,914	24,405,426	27,553,574
Prior Period Adjustments					(411,286)
Accumulated Surplus (Deficit), beginning of year, as restated	4,450,512	-	19,954,914	24,405,426	27,142,288
Changes for the year					
Surplus (Deficit) for the year	(1,495,998)	254,969	(669,467)	(1,910,496)	(2,736,862)
Interfund Transfers					
Tangible Capital Assets Purchased		(254,969)	254,969	-	
Local Capital	(500,000)		500,000	-	
Other	(16,546)		16,546	-	
Net Changes for the year	(2,012,544)	-	102,048	(1,910,496)	(2,736,862)
Accumulated Surplus (Deficit), end of year - Statement 2	2,437,968	-	20,056,962	22,494,930	24,405,426

School District No. 5 (Southeast Kootenay)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 19)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	70,002,409	73,799,041	68,602,022
Other	68,000	59,259	93,912
Other Revenue	999,684	955,587	971,154
Rentals and Leases	200,000	233,405	209,864
Investment Income	25,000	117,270	41,482
Total Revenue	<u>71,295,093</u>	<u>75,164,562</u>	<u>69,918,434</u>
Expenses			
Instruction	57,571,394	63,275,072	59,488,879
District Administration	2,444,758	2,613,563	2,473,018
Operations and Maintenance	7,871,058	8,275,923	7,888,448
Transportation and Housing	2,497,265	2,496,002	2,223,731
Total Expense	<u>70,384,475</u>	<u>76,660,560</u>	<u>72,074,076</u>
Operating Surplus (Deficit) for the year	<u>910,618</u>	<u>(1,495,998)</u>	<u>(2,155,642)</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(410,618)		(9,500)
Local Capital	(500,000)	(500,000)	(500,000)
Other		(16,546)	
Total Net Transfers	<u>(910,618)</u>	<u>(516,546)</u>	<u>(509,500)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(2,012,544)</u>	<u>(2,665,142)</u>
Operating Surplus (Deficit), beginning of year		4,450,512	5,019,387
Prior Period Adjustments			
Employee Benefit Surplus			2,096,267
Operating Surplus (Deficit), beginning of year, as restated		<u>4,450,512</u>	<u>7,115,654</u>
Operating Surplus (Deficit), end of year		<u>2,437,968</u>	<u>4,450,512</u>
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 16)		1,959,211	2,329,719
Unrestricted		478,757	2,120,793
Total Operating Surplus (Deficit), end of year		<u>2,437,968</u>	<u>4,450,512</u>

School District No. 5 (Southeast Kootenay)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 19)
	\$	\$	\$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	69,504,540	70,499,605	68,057,976
ISC/LEA Recovery	(454,860)	(288,405)	(419,324)
Other Ministry of Education and Child Care Grants			
Pay Equity	457,171	457,171	457,171
Funding for Graduated Adults	22,638	16,348	20,121
Student Transportation Fund	361,459	361,459	361,459
Support Staff Benefits Grant	103,274	106,661	104,785
FSA Scorer Grant	8,187	8,187	8,187
Early Learning Framework (ELF) Implementation		852	2,218
Labour Settlement Funding		2,630,734	
Anti Racism in Early Care		6,429	6,429
Equity in Action Grant			3,000
Total Provincial Grants - Ministry of Education and Child Care	70,002,409	73,799,041	68,602,022
Provincial Grants - Other	68,000	59,259	93,912
Other Revenues			
Other School District/Education Authorities	507,824	399,168	452,561
Funding from First Nations	454,860	288,405	419,324
Miscellaneous			
Miscellaneous	10,000	225,716	59,431
Courtsey Riders		15,298	12,838
Health Promoting Schools	27,000	27,000	27,000
Total Other Revenue	999,684	955,587	971,154
Rentals and Leases	200,000	233,405	209,864
Investment Income	25,000	117,270	41,482
Total Operating Revenue	71,295,093	75,164,562	69,918,434

School District No. 5 (Southeast Kootenay)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2023

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 19)
	\$	\$	\$
Salaries			
Teachers	27,858,413	30,672,135	28,254,912
Principals and Vice Principals	4,725,727	5,058,889	4,609,854
Educational Assistants	6,397,310	6,628,272	6,610,352
Support Staff	6,446,597	6,173,854	5,705,029
Other Professionals	2,341,005	2,357,226	2,121,958
Substitutes	2,116,470	3,289,513	3,533,545
Total Salaries	49,885,522	54,179,889	50,835,650
Employee Benefits	12,301,898	13,672,214	12,122,012
Total Salaries and Benefits	62,187,420	67,852,103	62,957,662
Services and Supplies			
Services	2,011,311	2,290,364	2,833,882
Student Transportation	142,616	137,961	119,065
Professional Development and Travel	851,458	863,820	650,529
Rentals and Leases	243,780	229,327	77,227
Dues and Fees	68,400	73,611	61,222
Insurance	171,300	154,240	132,783
Supplies	3,393,190	3,338,918	3,641,147
Utilities	1,315,000	1,720,216	1,600,559
Total Services and Supplies	8,197,055	8,808,457	9,116,414
Total Operating Expense	70,384,475	76,660,560	72,074,076

School District No. 5 (Southeast Kootenay)

Operating Expense by Function, Program and Object

Year Ended June 30, 2023

	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	24,573,480	1,576,192		398,924	60,668	1,902,962	28,512,226
1.03 Career Programs							-
1.07 Library Services	800,092			145,308		40,171	985,571
1.08 Counselling	1,196,903					43,431	1,240,334
1.10 Special Education	3,865,365	146,268	5,949,087	22,491	599,726	977,098	11,560,035
1.30 English Language Learning	145,033						145,033
1.31 Indigenous Education	91,262	91,610	679,185		120,520	7,612	990,189
1.41 School Administration		3,117,826		1,030,437		109,888	4,258,151
Total Function 1	30,672,135	4,931,896	6,628,272	1,597,160	780,914	3,081,162	47,691,539
4 District Administration							
4.11 Educational Administration		126,993			237,505	47,713	412,211
4.40 School District Governance					147,376		147,376
4.41 Business Administration				301,546	822,133	16,555	1,140,234
Total Function 4	-	126,993	-	301,546	1,207,014	64,268	1,699,821
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				46,365	238,575	9,092	294,032
5.50 Maintenance Operations				3,202,586		71,834	3,274,420
5.52 Maintenance of Grounds				54,119			54,119
5.56 Utilities							-
Total Function 5	-	-	-	3,303,070	238,575	80,926	3,622,571
7 Transportation and Housing							
7.41 Transportation and Housing Administration					130,723		130,723
7.70 Student Transportation				972,078		63,157	1,035,235
Total Function 7	-	-	-	972,078	130,723	63,157	1,165,958
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	30,672,135	5,058,889	6,628,272	6,173,854	2,357,226	3,289,513	54,179,889

School District No. 5 (Southeast Kootenay)

Operating Expense by Function, Program and Object

Year Ended June 30, 2023

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2023 Actual	2023 Budget	2022 Actual (Restated - Note 19)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	28,512,226	6,950,769	35,462,995	2,367,126	37,830,121	33,614,906	36,255,617
1.03 Career Programs	-		-	44,962	44,962	88,675	32,928
1.07 Library Services	985,571	258,357	1,243,928	133,813	1,377,741	1,236,211	1,263,577
1.08 Counselling	1,240,334	295,204	1,535,538	5,823	1,541,361	1,465,797	1,260,756
1.10 Special Education	11,560,035	3,120,221	14,680,256	455,496	15,135,752	14,146,141	13,844,171
1.30 English Language Learning	145,033	40,866	185,899	11,252	197,151	159,200	159,200
1.31 Indigenous Education	990,189	288,419	1,278,608	440,121	1,718,729	1,643,894	1,641,984
1.41 School Administration	4,258,151	1,065,547	5,323,698	105,557	5,429,255	5,216,570	5,030,646
Total Function 1	47,691,539	12,019,383	59,710,922	3,564,150	63,275,072	57,571,394	59,488,879
4 District Administration							
4.11 Educational Administration	412,211	89,728	501,939	118,332	620,271	577,942	564,754
4.40 School District Governance	147,376	7,030	154,406	159,818	314,224	276,874	307,144
4.41 Business Administration	1,140,234	267,173	1,407,407	271,661	1,679,068	1,589,942	1,601,120
Total Function 4	1,699,821	363,931	2,063,752	549,811	2,613,563	2,444,758	2,473,018
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	294,032	67,463	361,495	155,337	516,832	529,055	754,461
5.50 Maintenance Operations	3,274,420	873,450	4,147,870	1,406,022	5,553,892	5,568,511	5,103,529
5.52 Maintenance of Grounds	54,119	13,946	68,065	416,918	484,983	458,492	429,899
5.56 Utilities	-		-	1,720,216	1,720,216	1,315,000	1,600,559
Total Function 5	3,622,571	954,859	4,577,430	3,698,493	8,275,923	7,871,058	7,888,448
7 Transportation and Housing							
7.41 Transportation and Housing Administration	130,723	30,012	160,735	5,913	166,648	146,843	123,324
7.70 Student Transportation	1,035,235	304,029	1,339,264	990,090	2,329,354	2,350,422	2,100,407
Total Function 7	1,165,958	334,041	1,499,999	996,003	2,496,002	2,497,265	2,223,731
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	54,179,889	13,672,214	67,852,103	8,808,457	76,660,560	70,384,475	72,074,076

School District No. 5 (Southeast Kootenay)

Schedule of Special Purpose Operations

Year Ended June 30, 2023

Schedule 3 (Unaudited)

	2023 Budget	2023 Actual	2022 Actual (Restated - Note 19)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	4,515,699	5,737,587	4,663,155
Other		123,820	116,739
Other Revenue	673,000	2,120,027	1,115,123
Investment Income	5,000	20,300	8,704
Total Revenue	<u>5,193,699</u>	<u>8,001,734</u>	<u>5,903,721</u>
Expenses			
Instruction	4,903,648	7,574,353	5,643,085
District Administration	3,000		
Operations and Maintenance	24,430	148,412	156,258
Transportation and Housing		24,000	20,146
Total Expense	<u>4,931,078</u>	<u>7,746,765</u>	<u>5,819,489</u>
Special Purpose Surplus (Deficit) for the year	<u>262,621</u>	<u>254,969</u>	<u>84,232</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(262,621)	(254,969)	(84,232)
Total Net Transfers	<u>(262,621)</u>	<u>(254,969)</u>	<u>(84,232)</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. 5 (Southeast Kootenay)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2023

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Classroom Enhancement Fund - Overhead
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	172,282		777,193	429,358	9,776	15,982	39,330	24,459	
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	287,051	245,424			128,000	26,950	429,429	391,066	154,412
Provincial Grants - Other									
Other			6,300	2,061,957					
Investment Income			33,421						
	287,051	245,424	39,721	2,061,957	128,000	26,950	429,429	391,066	154,412
Less: Allocated to Revenue	279,399	245,424	26,600	2,104,976	121,431	29,390	351,050	403,625	154,412
Deferred Revenue, end of year	179,934	-	790,314	386,339	16,345	13,542	117,709	11,900	-
Revenues									
Provincial Grants - Ministry of Education and Child Care	279,399	245,424			121,431	29,390	351,050	403,625	154,412
Provincial Grants - Other									
Other Revenue			6,300	2,104,976					
Investment Income			20,300						
	279,399	245,424	26,600	2,104,976	121,431	29,390	351,050	403,625	154,412
Expenses									
Salaries									
Teachers							145,841		
Educational Assistants		188,084					37,275		
Support Staff								247,083	54,400
Other Professionals									
Substitutes						9,323	26,926		
	-	188,084	-	-	-	9,323	210,042	247,083	54,400
Employee Benefits		57,340				2,331	32,009	75,996	13,600
Services and Supplies	24,430		26,600	2,104,976	121,431	17,736	108,999	80,546	86,412
	24,430	245,424	26,600	2,104,976	121,431	29,390	351,050	403,625	154,412
Net Revenue (Expense) before Interfund Transfers	254,969	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(254,969)								
	(254,969)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 5 (Southeast Kootenay)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2023

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	Federal Safe Return to Class / Ventilation Fund	Student & Family Affordability	SEY2KT (Early Years to Kindergarten)	ECL (Early Care & Learning)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year				21,254	7,256	123,982			
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	3,252,755	140,240	44,523	52,000	11,250		693,747	19,000	40,000
Provincial Grants - Other									
Other									
Investment Income									
	3,252,755	140,240	44,523	52,000	11,250	-	693,747	19,000	40,000
Less: Allocated to Revenue	3,252,755	140,240	24,000	70,856	16,369	123,982	516,828	6,273	1,553
Deferred Revenue, end of year	-	-	20,523	2,398	2,137	-	176,919	12,727	38,447
Revenues									
Provincial Grants - Ministry of Education and Child Care	3,252,755	140,240	24,000	70,856	16,369	123,982	516,828	6,273	1,553
Provincial Grants - Other									
Other Revenue									
Investment Income									
	3,252,755	140,240	24,000	70,856	16,369	123,982	516,828	6,273	1,553
Expenses									
Salaries									
Teachers	2,476,790								
Educational Assistants									
Support Staff									
Other Professionals									
Substitutes	117,280	112,192		12,858	11,415			3,084	
	2,594,070	112,192	-	12,858	11,415	-	-	3,084	-
Employee Benefits	658,685	28,048		3,215	2,854			771	
Services and Supplies			24,000	54,783	2,100	123,982	516,828	2,418	1,553
	3,252,755	140,240	24,000	70,856	16,369	123,982	516,828	6,273	1,553
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 5 (Southeast Kootenay)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2023

	MCF Programs	CBT Plays	Clear Sly Radio	C.A.R.S Path Two	Estate of Clarence SES	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	15,966	215		4,536		1,641,589
Add: Restricted Grants						
Provincial Grants - Ministry of Education and Child Care						5,915,847
Provincial Grants - Other	110,164					110,164
Other			4,000		55,000	2,127,257
Investment Income						33,421
	110,164	-	4,000	-	55,000	8,186,689
Less: Allocated to Revenue	123,820	215	4,000	4,536	-	8,001,734
Deferred Revenue, end of year	2,310	-	-	-	55,000	1,826,544
Revenues						
Provincial Grants - Ministry of Education and Child Care						5,737,587
Provincial Grants - Other	123,820					123,820
Other Revenue		215	4,000	4,536		2,120,027
Investment Income						20,300
	123,820	215	4,000	4,536	-	8,001,734
Expenses						
Salaries						
Teachers						2,622,631
Educational Assistants						225,359
Support Staff						301,483
Other Professionals	88,190					88,190
Substitutes						293,078
	88,190	-	-	-	-	3,530,741
Employee Benefits	21,822					896,671
Services and Supplies	13,808	215	4,000	4,536		3,319,353
	123,820	215	4,000	4,536	-	7,746,765
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	254,969
Interfund Transfers						
Tangible Capital Assets Purchased						(254,969)
	-	-	-	-	-	(254,969)
Net Revenue (Expense)	-	-	-	-	-	-

School District No. 5 (Southeast Kootenay)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2023

	2023 Budget	2023 Actual			2022 Actual (Restated - Note 19)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	2,500		24,175	24,175	4,592
Amortization of Deferred Capital Revenue	3,151,986	3,198,168		3,198,168	3,022,515
Total Revenue	3,154,486	3,198,168	24,175	3,222,343	3,027,107
Expenses					
Amortization of Tangible Capital Assets Operations and Maintenance	3,808,251	3,888,363		3,888,363	3,692,559
Debt Services Capital Lease Interest			3,447	3,447	
Total Expense	3,808,251	3,888,363	3,447	3,891,810	3,692,559
Capital Surplus (Deficit) for the year	(653,765)	(690,195)	20,728	(669,467)	(665,452)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	673,239	254,969		254,969	93,732
Local Capital	500,000		500,000	500,000	500,000
Capital Lease Payment			16,546	16,546	-
Total Net Transfers	1,173,239	254,969	516,546	771,515	593,732
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital Principal Payment		99,376	(99,376)	-	
Capital Lease		16,546	(16,546)	-	
Total Other Adjustments to Fund Balances		115,922	(115,922)	-	
Total Capital Surplus (Deficit) for the year	519,474	(319,304)	421,352	102,048	(71,720)
Capital Surplus (Deficit), beginning of year		19,793,567	161,347	19,954,914	22,534,187
Prior Period Adjustments To Recognize Asset Retirement Obligation					(2,507,553)
Capital Surplus (Deficit), beginning of year, as restated		19,793,567	161,347	19,954,914	20,026,634
Capital Surplus (Deficit), end of year		19,474,263	582,699	20,056,962	19,954,914

School District No. 5 (Southeast Kootenay)

Tangible Capital Assets
Year Ended June 30, 2023

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	9,437,116	156,870,461	1,941,218	3,686,512		223,289	172,158,596
Prior Period Adjustments							
To Recognize Asset Retirement Obligation		2,509,795					2,509,795
Cost, beginning of year, as restated	9,437,116	159,380,256	1,941,218	3,686,512	-	223,289	174,668,391
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		7,129,616	1,748	1,004,697			8,136,061
Special Purpose Funds		254,969					254,969
Local Capital			44,571			54,805	99,376
Equipment under capital lease						303,883	303,883
	-	7,384,585	46,319	1,004,697	-	358,688	8,794,289
Decrease:							
Deemed Disposals			65,271	344,972		13,990	424,233
	-	-	65,271	344,972	-	13,990	424,233
Cost, end of year	9,437,116	166,764,841	1,922,266	4,346,237	-	567,987	183,038,447
Work in Progress, end of year							-
Cost and Work in Progress, end of year	9,437,116	166,764,841	1,922,266	4,346,237	-	567,987	183,038,447
Accumulated Amortization, beginning of year		84,816,345	991,354	1,702,690		93,437	87,603,826
Prior Period Adjustments							
To Recognize Asset Retirement Obligation		2,509,010					2,509,010
Accumulated Amortization, beginning of year, as restated		87,325,355	991,354	1,702,690	-	93,437	90,112,836
Changes for the Year							
Increase: Amortization for the Year		3,226,697	193,174	401,637		66,855	3,888,363
Decrease:							
Deemed Disposals			65,271	344,972		13,990	424,233
		-	65,271	344,972	-	13,990	424,233
Accumulated Amortization, end of year		90,552,052	1,119,257	1,759,355	-	146,302	93,576,966
Tangible Capital Assets - Net	9,437,116	76,212,789	803,009	2,586,882	-	421,685	89,461,481

School District No. 5 (Southeast Kootenay)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2023

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	57,455,429	2,679,143	2,117,621	62,252,193
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	8,136,061			8,136,061
	<u>8,136,061</u>	-	-	8,136,061
Decrease:				
Amortization of Deferred Capital Revenue	3,027,628	90,625	79,915	3,198,168
	<u>3,027,628</u>	<u>90,625</u>	<u>79,915</u>	3,198,168
Net Changes for the Year	<u>5,108,433</u>	<u>(90,625)</u>	<u>(79,915)</u>	4,937,893
Deferred Capital Revenue, end of year	<u>62,563,862</u>	<u>2,588,518</u>	<u>2,037,706</u>	67,190,086
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	-
Work in Progress, end of year	<u>-</u>	<u>-</u>	<u>-</u>	-
Total Deferred Capital Revenue, end of year	<u>62,563,862</u>	<u>2,588,518</u>	<u>2,037,706</u>	67,190,086

School District No. 5 (Southeast Kootenay)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2023

	Bylaw Capital	MECC Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	51,322	4,176			64,088	119,586
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	8,680,527					8,680,527
Other					16,488	16,488
Investment Income		182				182
	8,680,527	182	-	-	16,488	8,697,197
Decrease:						
Transferred to DCR - Capital Additions	8,136,061					8,136,061
	8,136,061	-	-	-	-	8,136,061
Net Changes for the Year	544,466	182	-	-	16,488	561,136
Balance, end of year	595,788	4,358	-	-	80,576	680,722



SCHOOL DISTRICT 5
SOUTHEAST KOOTENAY

Financial Statement Discussion and Analysis

For the year ended June 30, 2023

School District No. 05 (Southeast Kootenay) Financial Statement Discussion & Analysis For the Year Ended June 30, 2023

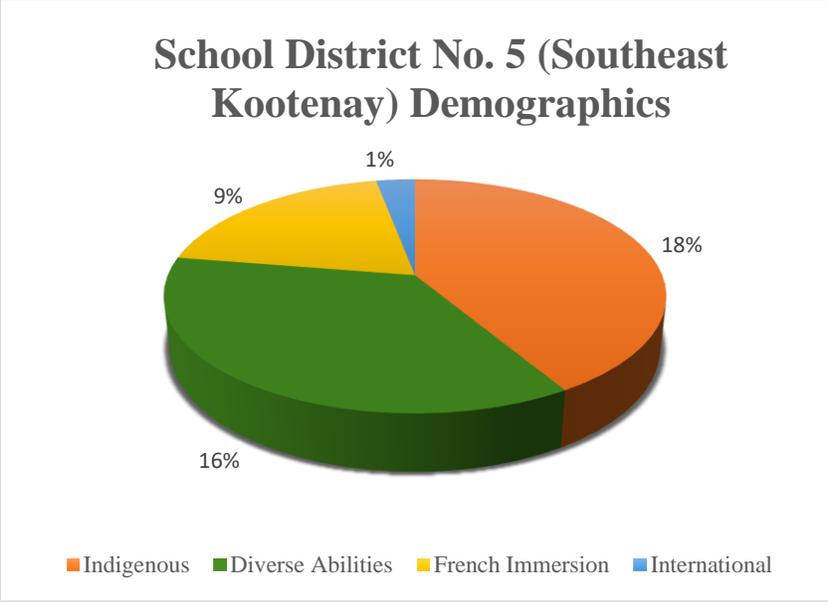
The following is a discussion and analysis of the School District No. 5 (Southeast Kootenay) (the “District”) financial performance for the fiscal year ended June 30, 2023. This report is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the District’s annual financial statements.

OVERVIEW OF THE DISTRICT

The District is located in the Southeastern corner of British Columbia. The District is on the traditional territories of the Ktunaxa peoples. The footprint of the District is fully contained within the Ktunaxa Nation.



The District is comprised of the communities of Elkford, Sparwood, Fernie, Jaffray/South Country and Cranbrook. It encompasses 18 schools, including one online school and five French Immersion schools and serves approximately 6,125 students.



The Framework for Enhancing Student Learning (“FESL”) guides the District’s Board of Education (the “Board”) and its employees and partners in delivering educational programs.

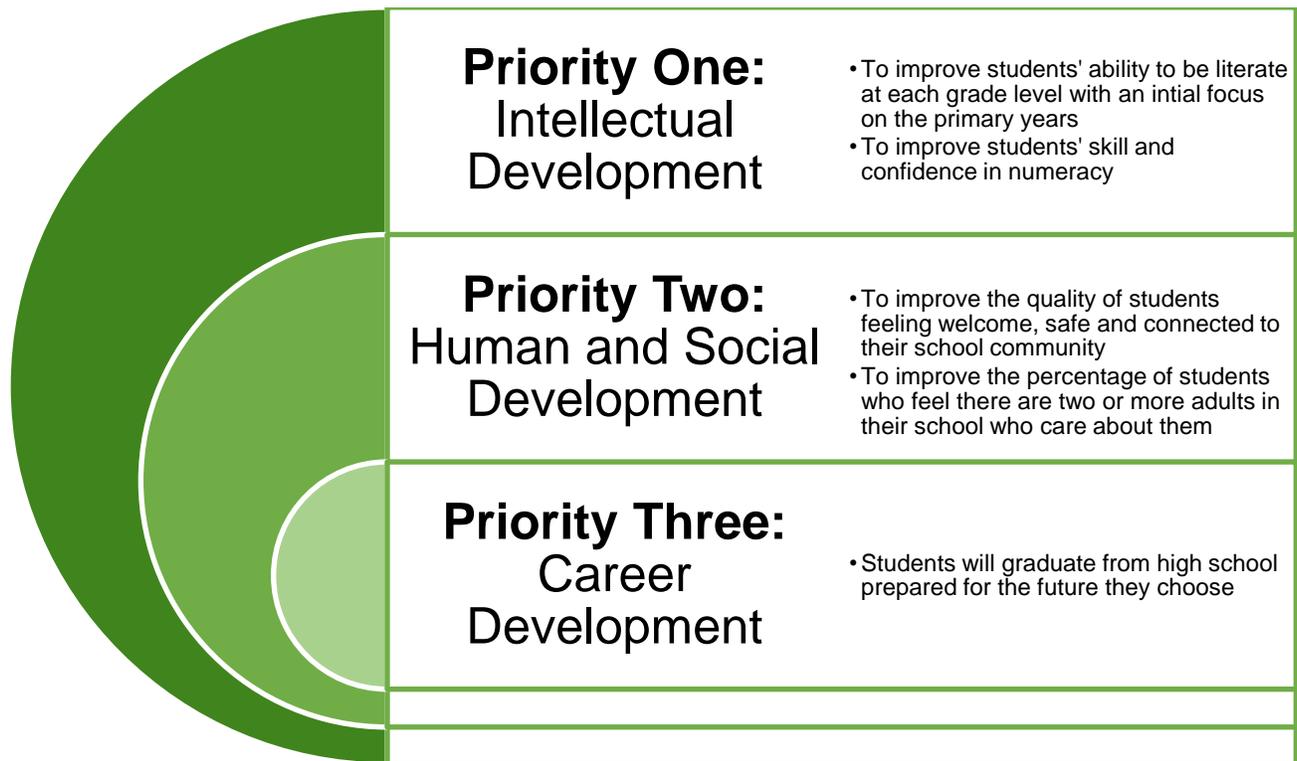
Board Vision: Students love to learn here, staff love to work here, families love to gather here.

Board Mission: Our students will graduate with dignity, purpose and options.

Board Values: Respect, Vision, Fairness, Collaboration, Integrity, Inclusion.



School District No. 5 (Southeast Kootenay) endeavors to maintain high and measurable standards, with a strategic focus on the following priorities and related goals:



UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE

Annual surplus and accumulated surplus are key financial statement performance indicators; however, interpreting the meaning of these figures in BC school districts is complicated by the use of fund accounting and deferral accounting. The use of fund accounting means the financial statements of school districts are a consolidation of three separate funds (operating, special purpose and capital), and each of these funds differs with respect to the methods of accounting used and the legislative and other constraints on budgeting and financial results. This means financial performance can only be fully understood by reviewing each fund separately. Financial performance for each fund is reported in the supplementary schedules that follow the notes to the financial statements.



<p>Operating Fund</p> <p>2023 Revenues: \$75.2 million</p>	<p>Annual program revenues and expenditures are reported within the operating fund and special purpose fund (see below). Annual and accumulated surplus within the operating fund are important indicators of financial performance and financial health for school districts. This is because school districts are not permitted to budget for, or incur, an <u>accumulated</u> deficit position. This means when a school district has accumulated operating surplus available it can be used to budget for future expenditures and to reduce financial risk associated with unforeseen circumstances.</p>
<p>Special Purpose Fund</p> <p>2023 Revenues: \$8.0 million</p>	<p>The special purpose fund includes grants and school generated funds that are restricted for a specific purpose. Annual and accumulated surplus is always zero because revenues are recognized only as related expenditures occur (deferral method of accounting). If expenditures for a program within the special purpose fund exceed available revenues, the resulting deficit is transferred to the operating fund, reducing accumulated operating surplus.</p>
<p>Capital Fund</p> <p>2023 Capital Funding Received or Receivable: \$8.7 million</p> <p>2023 Capital Assets Purchased: \$8.8 million</p>	<p>The capital fund reports investment in, and financing activities related to, capital assets. Capital contributions (funding) from the Ministry of Education and Child Care are accounted for using the deferral method of accounting, whereby recognition of capital funding revenue is spread out over the life of the related capital assets to match with the amortization expense which reflects the use of the asset over its life. This means capital fund revenues are not a reflection of funding received in a given year. Also, capital revenues only offset amortization expense in the capital fund to the extent assets were funded by provincial capital grants. As many capital investments are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund), the capital fund normally reports an annual deficit.</p> <p>In short, capital fund revenues, expenses and annual deficit are not a meaningful indicator of annual financial performance.</p>

FINANCIAL HIGHLIGHTS



During the year both teacher's and support worker's union contracts were renewed with substantial increases in wages. Cost of living also affected the school district students and staff and the district operations. The District received over \$693K as a student and family affordability fund to help assist vulnerable students and

their families facing affordability concerns. The ongoing impact of the pandemic still presents uncertainty over future cash flows and may have a significant impact on future operations including continued increased replacement costs for sick teachers and support staff and staffing shortages.

As reported in the Statement of Operations, for the year ended June 30, 2023, the District's expenses exceeded its revenues resulting in an annual deficit of \$1,909,974 (2022 - \$2,756,999). This was comprised of the combined financial results of the operating fund and the capital fund as follows:

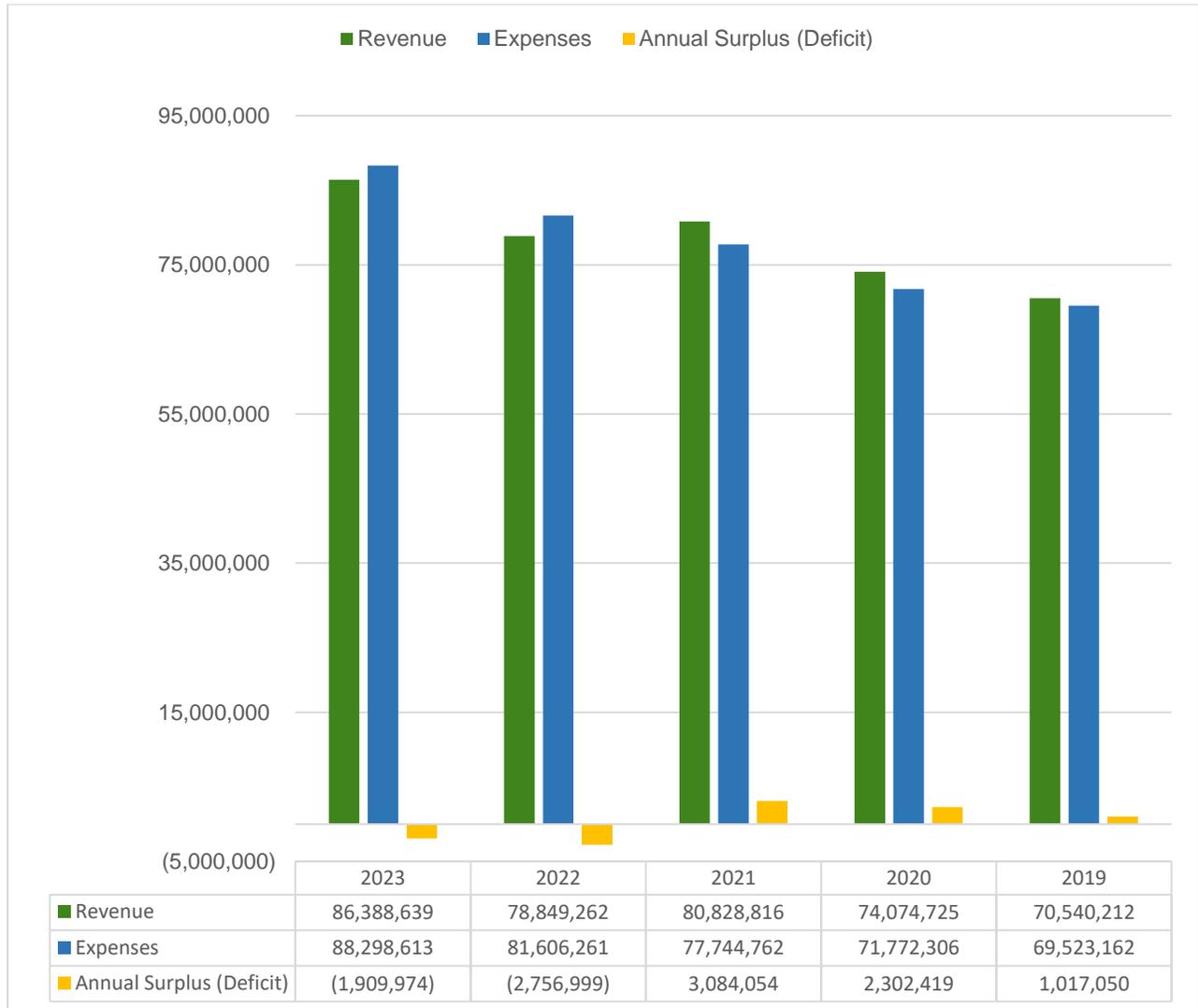
Annual Surplus (Deficit)	June 30, 2023	June 30, 2022 (restated)
Operating Fund	\$ (2,012,544)	\$ (2,665,142)
Capital Fund	102,048	(71,720)
Combined	\$ (1,910,496)	\$ (2,736,862)

Financial Results for 2022-2023

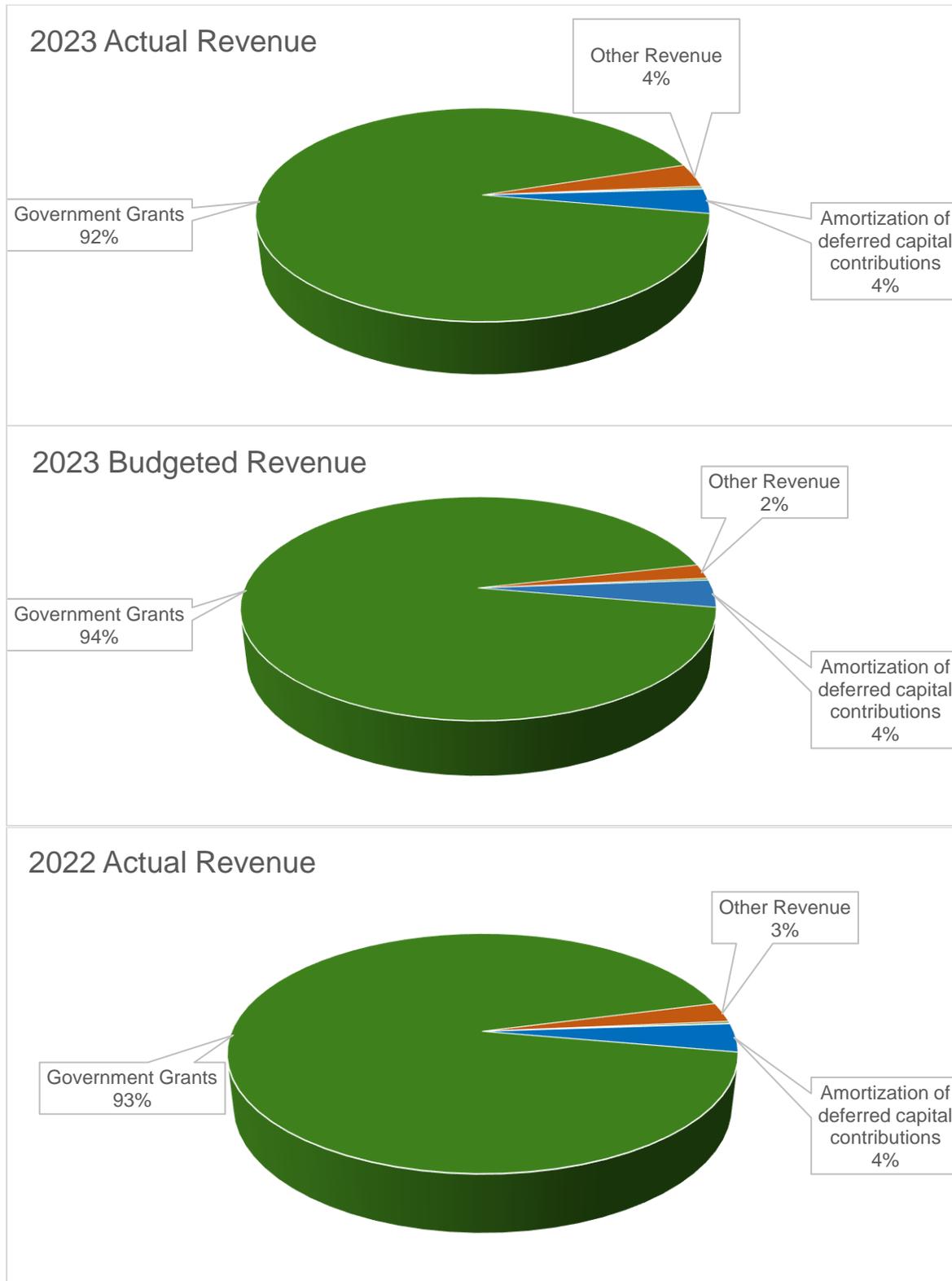
Revenues	Operating	SPF	Capital	Total
Provincial Grants	\$73,858,300	\$ 5,861,407	-	\$79,719,707
Other Revenue	955,587	2,120,027	-	3,075,614
Rentals and Leases	233,405	-	-	233,404
Investment Income	117,270	20,300	24,175	161,745
Amortization of Deferred Capital Revenue	-	-	3,198,168	3,198,168
Total Revenues	75,164,562	8,001,734	3,222,343	86,388,639
Expenses				
Instruction	\$63,275,072	7,574,353	-	\$70,849,425
District Administration	2,613,563	-	-	2,613,563
Operations and Maintenance	8,275,923	148,412	-	8,424,335
Transportation and Housing	2,496,002	24,000	-	2,520,002
Amortization of Tangible Capital Assets	-	-	3,888,363	3,888,363
Debt Services	-	-	3,447	3,447
Total Expenses	76,660,560	7,746,765	3,891,810	88,299,135
Surplus (Deficit)	(1,495,998)	254,969	(669,467)	(1,910,496)
Net Transfers to/(from) other Funds	(516,546)	(254,969)	771,515	-
Total Surplus (Deficit) for the year	(2,012,544)	-	102,048	(1,910,496)
Surplus beginning of the year	2,354,245	-	22,462,467	24,816,712
Prior period adjustment	2,096,267	-	(2,507,553)	(411,286)
Accumulated Surplus	\$ 2,437,968	-	\$20,056,962	\$22,494,930

Analyzing the operating fund, the annual deficit of \$1,999,447 resulted due to overall expenses being higher than expected mainly as a result of higher replacement costs for sick teachers and support staff and significant increase in natural gas utilities costs due to increased utilities rates. even though the revenues were higher than expected due to higher-than-expected school enrolments.

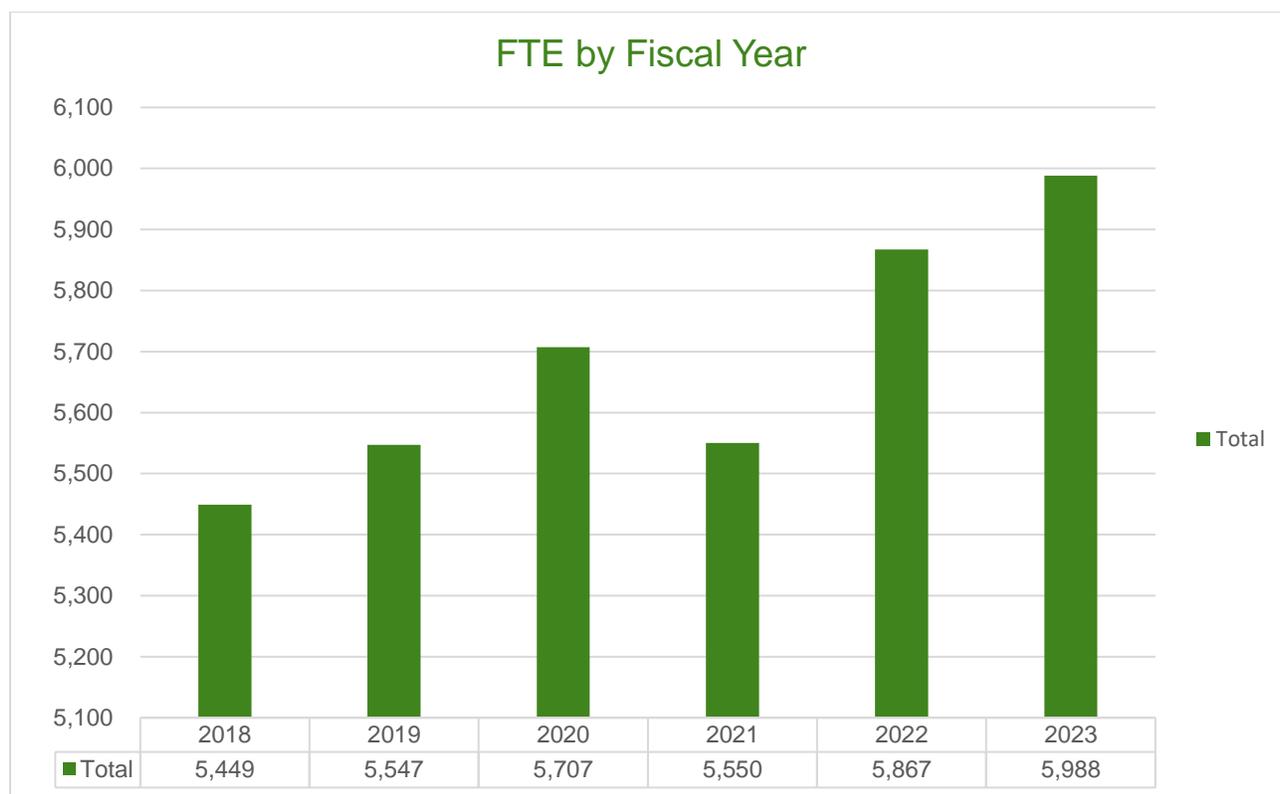
Total Revenue, Expenses and Annual Surplus



Revenue Analysis



Funded FTE Enrolment by Fiscal Year



Capital Investment

During the year ended June 30, 2023, the district invested \$8.7 million (2022 - \$6.5 million) in capital additions that were funded by Provincial capital funding of \$8.6 million (2022 - \$6.0 million) and the operating fund of \$0.1 million (2022 - \$0.5 million). Capital additions during the year included the following projects:

Project	Invested in 2022/23 (in millions)	Completion Date
Isabella Dicken Elementary School Expansion	\$ 5.00	August 2023
Mount Baker Secondary School Dust Collection, Flooring & Plumbing	\$ 0.26	Ongoing
District Annual Maintenance Various	\$ 1.20	Ongoing
Bus Replacement Program	\$ 1.00	Ongoing
Fernie Secondary School Electrical	\$ 0.08	August 2022
Highlands Elementary School Roofing	\$ 0.50	August 2022
Fernie New School	\$ 0.10	Ongoing

Significant Financial Events

- **Class Size and Composition Language** - Following a ruling by the Supreme Court of Canada, in the fall of 2017 all school districts in the Province restored class size and composition language that had been previously removed from the teachers' contract in 2002. This restoration was a significant undertaking in School District No. 5 (Southeast Kootenay) and involved hiring more than 26 teachers, developing new administrative processes and the creation of additional classroom space. During 2022/23, the district received \$3.5 million (2021/22 - \$3.1 million) in funding through the Classroom Enhancement Fund (CEF) for teaching positions and for other overhead costs related to the contract restoration. Funding for restoration (CEF) and the related costs are reported in the special purpose fund.
- **School Capacity Constraints** – with the restoration of class size language and enrolment growth, Isabella Dicken Elementary School (Ferne) is well above capacity. Over the past 5 years, growth has been accommodated by installing portable classrooms and the site now houses 10 portable classrooms and completing a four-classroom expansion. Additionally, the District has acquired land for a future school, and is pursuing options for building a new school to meet the long term needs of the community, which have cost implications for both the capital plan (capital fund) and the operating fund.
- **Prior Period Adjustments** – During the year there were two prior period adjustments that affected the opening surplus balances as noted in Notes to the Financial Statements. The two prior period adjustments were as following:
 1. **Change in Accounting Policy** - On July 1, 2022, the School District recognized an asset retirement obligation relating to several owned buildings that contain asbestos and other hazardous materials. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The associated costs have been reported as an increase to the carrying value of the associated tangible capital assets. Accumulated amortization has been recorded from the later of, the date of acquisition of the related asset or April 1, 1988 (effective date of the *Hazardous Waste Regulation (April 1, 1988) – Part 6 – Management of Specific Hazardous Wastes*). The impact was an increase in Asset Retirement Obligation of and increase in asset of \$2.5 million; increase in accumulated amortization of decrease in accumulated surplus for investment in capital asset by \$2.5 million.
 2. **Employee Benefit Surplus** - During the year Management determined that the School District had a surplus balance related to employee benefit plans premiums paid exceeding benefits expenses claimed. The employee benefits premium surplus balance has existed for over three years. Management determined that a prior period adjustment was required to set up the employee benefits premium surplus balance. On July 1, 2022, the School District recognized the employee benefits premium surplus by increasing accounts receivable by \$1.3 million, increasing prepaid expenses by \$0.8 million and increasing operating surplus by \$2.1 million.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

In this section, actual results are compared to the prior year and budget (where applicable) in more detail. For the statement of operations, the analysis is performed for each of the three funds.

Statement of Financial Position (All Funds)

The table below includes explanations for significant variances in the statement of financial position relative to the prior year.

	2023	2022 (restated)	Analysis of Variance
Cash	\$ 10,317,351	\$ 8,624,970	Increase in cash at year end, mainly due to timing of cash receipts and disbursements like COA draws received before payment of invoices on capital projects.
Due from Province – Ministry	-	\$ 759,150	Prior period receivable related to capital funding receivable related to IDES expansion. No such receivables due from the ministry at 2022/23-year end.
Accounts Receivable - Other	\$ 2,154,561	\$ 1,702,032	2022 balance was restated for amount receivable for employee benefit surplus of \$1.3 m. Other balances related to the increase in receivable for a grant receivable from ASTSBC of \$122K and receivable from CFTA of over \$120K and deposit receivable from City of Fernie of \$143K for IDES four-classroom expansion.
Accounts Payable and Accrued Liabilities	\$ 7,417,256	\$ 5,458,384	Increased mainly due to higher trades payable at year end and higher wages and vacation payable at year end than prior year.
Deferred Capital Revenue	\$ 67,870,808	\$62,371,779	Increased by \$5.5 million due to capital funding received (\$8.7 million) offset by amortization of capital funding revenue (\$3.2 million).
Tangible Capital Assets	\$ 89,461,220	\$84,554,770	Increased by \$4.9 million due to capital investment of \$8.8 million offset by amortization of \$3.9 million.

Statement of Operations

	Annual Budget 2022/23	Actual 2022/23	Actual 2021/22 (restated)
Revenues	\$ 79,643,278	\$ 86,388,639	\$ 78,849,262
Expenses and fund transfers	79,123,804	88,299,135	81,586,124
Annual Operating Surplus	519,474	(1,910,496)	(2,736,862)
Opening Accumulated Surplus		24,405,426	27,142,288
Closing Accumulated Surplus		\$ 22,494,930	\$ 24,405,426

Operating Fund Revenues

A high-level summary of operating fund revenues is presented below and explanations of significant variances follows. A more detailed presentation of operating revenues is presented in schedule 2A following the notes to the financial statements.

	Annual Budget 2022/23	Actual 2022/23	Annual Budget 2021/22	Actual 2021/22
Grant Revenue	\$ 70,070,409	\$ 73,855,300	\$ 66,515,276	\$ 68,695,934
Other Revenue	999,684	955,587	548,923	971,154
Rentals and Leases	200,000	233,405	200,000	209,864
Investment Income	25,000	117,270	25,000	41,482
Total Revenues	\$ 71,295,093	\$ 75,164,562	\$ 67,289,199	\$ 69,918,434

Grant Revenues

Budgeted grant revenues in 2022/23 were \$3.5 million greater than 2021/22 budgeted revenues primarily due to FTE increase in fall enrolment and inflationary increases to funding rates.

Actual 2022/23 grant revenues are \$3.8 million greater than to 2022/23 budget, and the increase is due to the operating grant is higher than budget by \$1 million due to increase in FTE enrolment to 5,988 compared to 5,867 in 2022 fiscal year, as indicated on the FTE funded enrolment chart above. Also, received \$2.6 million for labour settlement funding.

Other Income

Decrease from budget is mainly related to lower-than-expected international students' fee revenue from School District No. 6 (Rocky Mountain). Also, we received lower funding from Indigenous communities as the funding for Tobacco Plains was not received in current year.

Investment Income

Actual investment income in 2022/23 exceeded budget as investment income budget was conservative. Investment income increased from prior year actual mainly due to increase in interest rates from 0.95% to 5.20%.

Operating Fund Expenses

Expenses in the financial statements are presented both by object (category of expense) and by function (program). Operating fund expenses are presented below by function with explanations of significant variances following. A more detailed presentation of operating expenses is presented in schedules 2B and 2C following the notes to the financial statements.

Analysis of Variances by Function

Operating Fund Expenditure by Function	Annual Budget 2022/23	Actual 2022/23	Annual Budget 2021/22	Actual 2021/22
Instruction	\$ 57,571,394	\$ 63,275,072	\$ 54,585,990	\$ 59,488,879
District Administration	2,444,758	2,613,563	2,441,606	2,473,018
Operations and Maintenance	7,871,058	8,275,923	7,526,990	7,888,448
Transportation	2,497,265	2,496,002	2,075,648	2,223,731
Fund transfer	910,618	516,546	658,965	509,500
Total	\$ 71,295,093	\$ 77,177,106	\$ 67,289,199	\$ 72,583,576

Instruction – Instruction expense is higher relative to budget and prior year. This is mainly due to increase in wages and benefits from 3.7% increase in wages for teachers and support staff and 3% - 7% increase in exempt staff wages. There were higher numbers of Teachers On Call as well, as there were higher number of sick days that were not budgeted for in 2023 as compared to 2022. There were also a higher number of special needs students that required more educational assistants and youth care workers in the current year.

District Administration – District administration expense is higher than both the budget and the prior year actual mainly due to higher than budgeted costs related to trustees elections and orientation. Also, there was an increase in wages & benefits.

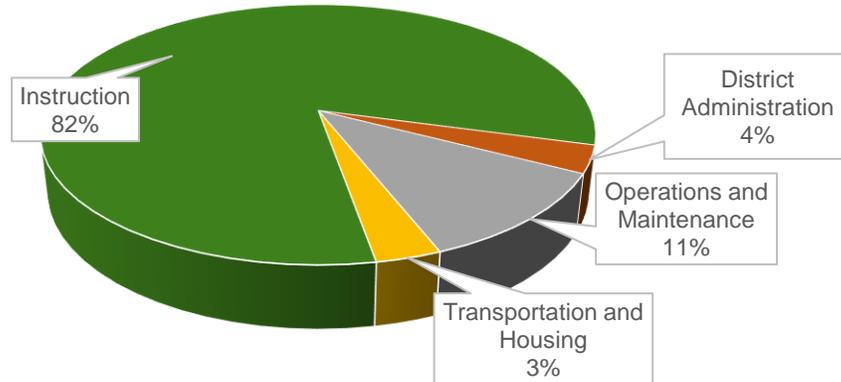
Operations and Maintenance and Fund Transfer – Fund transfers primarily represent operations and maintenance expenditures that meet the criteria for capitalization. Increased operations and maintenance expenses compared to both the budget and prior year actuals are due to high utilities costs mainly natural gas and electricity. Higher insurance costs including Mountain View rental, higher salaries and benefits, contracts for custodial and electrical in Elk Valley that were not considered in the budget. In addition there were higher software licensing, snow removal and fuel costs.

Transportation – The transportation expense is higher than both the current year budget and prior year. This increase is mainly attributed to the use of third-party mechanical in the Elk Valley due to the shortage of qualified staff. Higher prices for fuel and more bus trips during the year required more bus drivers, along with generally higher wages and benefits.

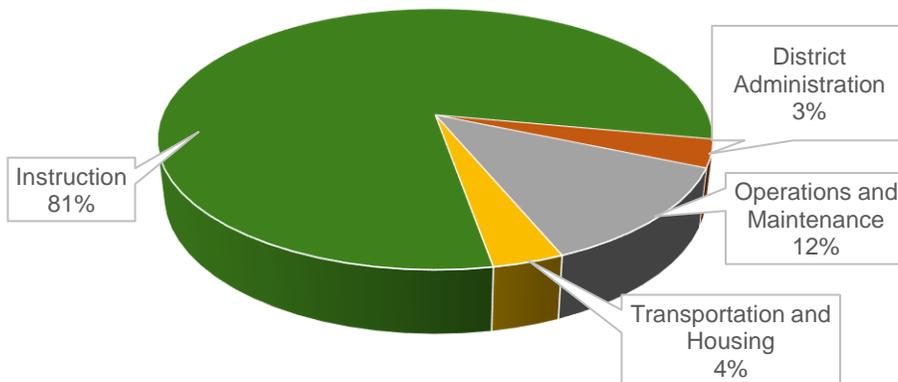


Operating Expenses Analysis

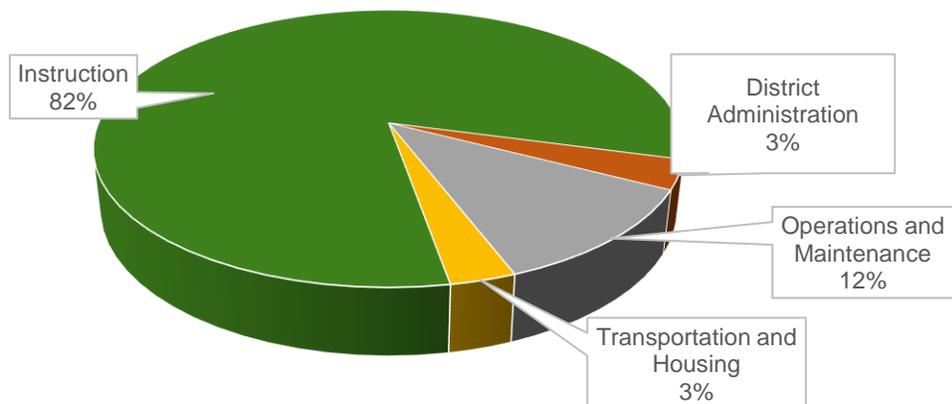
2023 Actual Expenses



2023 Budgeted Expenses



2022 Actual Expenses



Accumulated Operating Surplus

Understanding the components of accumulated operating surplus is necessary for understanding how much of the balance relates to multi-year funding of programs (surplus carry-forwards) and how much of the balance is available to reduce financial risk associated with unforeseen expenditures or to fund additional expenditures in the future. The components of closing accumulated surplus are presented in the table below:

	June 2023	June 2022 (restated)	Change
Total Accumulated Surplus (per financial statements)	\$ 2,437,968	\$ 4,450,512	\$(2,012,544)
School Initiatives (multi-year funding)	(1,533,100)	(1,735,124)	(202,024)
District Initiatives (multi-year funding)	(894,204)	(594,595)	299,609
Total Internally Restricted	(2,427,304)	(2,329,719)	97,585
Contingency Reserve (Unappropriated Surplus)	\$ 10,665	\$ 2,120,793	\$(2,110,128)

Statement of Operations by Fund – Special Purpose Fund

	Annual Budget 2022/23	Actual 2022/23	Annual Budget 2021/22	Actual 2021/22
Provincial Grants	\$ 4,515,699	\$ 5,861,407	\$ 4,019,109	\$ 4,779,894
Other Revenues	678,000	2,140,327	850,500	1,123,827
Expenditures	(4,931,078)	(7,746,765)	(4,503,988)	(5,819,489)
Fund transfers	(262,621)	(254,969)	(365,621)	(84,232)
Annual Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -

Actual provincial grants are higher than budgeted mainly because of extra funding of approximately \$0.7 million for Student and Family Affordability to combat rise in cost of living and approximately \$0.3 million of extra funding for Classroom Enhancement Funds that was not budgeted for.

Detailed information on the special purpose fund is presented in schedules 3 and 3A following the notes to the financial statements.

Statement of Operations by Fund – Capital Fund

	Annual Budget 2022/23	Actual 2022/23	Annual Budget 2021/22	Actual 2021/22 (restated)
Revenues	\$ 3,151,986	\$ 3,222,343	\$ 2,878,018	\$ 3,027,107
Expenses	(3,808,251)	(3,891,810)	(3,613,779)	(3,692,559)
Fund Transfers (capital assets purchased in other funds)	1,173,239	771,515	1,024,586	593,732
Change in Accumulated Surplus	519,474	102,048	288,825	(71,720)
Opening Accumulated Surplus				22,534,187
Prior Period Adjustment ARO adjustment		19,954,914		(2,507,553)
Closing Accumulated Surplus		\$20,056,962		\$19,954,914

It is expected that revenues and expenses in the capital fund will be predictable and consistent as they reflect the recognition of capital funding (as revenue) and the usage of capital assets over their life (as amortization expense).

Public Sector Accounting Board (PSAB) PS 3280 – Asset Retirement Obligations (ARO) is effective for school districts beginning July 1, 2022. Preliminary estimates were made by districts and submitted to the Ministry Sept 30, 2021. The Ministry utilized these estimates for reporting to OCG at Sept 30, 2022. The Ministry asked that those estimates be refined as on initial review, some districts duplicated costs for areas containing more than one hazardous material, calculated ARO on 100% of the area of all buildings (which may not all contain hazardous material), included costs where there may be no legal obligation to remove (certain fuel tanks, septic tanks, water wells, etc.) and calculated ARO's on buildings built many years after hazardous materials exceeding environmental standards stopped being used. The estimates were revised and a prior period adjustment was made to record the updated estimate of Asset Retirement Obligation of \$2.5 million.

Fund transfers from the operating fund and special purpose fund were less than budget as there were less expenditures that met the criteria for capitalization as an asset.

During the year ended June 30, 2023, the district invested \$8.8 million in capital additions. Further details are presented in the Financial Highlights section.

Within the capital fund the following two balances are important as they represent funds available for future capital investment:

- Local Capital Reserve – this balance forms part of the accumulated surplus in the capital fund and represents funds available for investment in capital assets at the discretion of the Board.
- Ministry of Education and Child Care Restricted Capital – this balance forms part of the deferred capital revenue balance in the capital fund and represents funds available for investment in capital assets at the discretion of the Ministry of Education and Child Care. These funds are generated primarily from capital project savings and proceeds of disposition of assets that are allocated to the Minister of Education and Child Care pursuant to the *School Act*.

The table below presents the June 30, 2023 closing balances in Local Capital and Ministry of Education and Child Care Restricted Capital and what portion of the balances remains uncommitted for future capital investment.

	Local Capital	Ministry of Education and Child Care Restricted Capital
Balance at June 30, 2023	\$ 586,146	\$ 4,358
Committed for future investment	586,146	4,358
Uncommitted Balance	\$ -	\$ -

Detailed information on the capital fund is presented in schedules 4 to 4D following the notes to the financial statements.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's stakeholders with a general overview of the finances for School District No. 5 (Southeast Kootenay) and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Office of the Secretary Treasurer at 250-417-2054.

