NOTE 1 AUTHORITY AND PURPOSE

The School District, established on *January 3, 1996* 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. 93", and operates as "School District No. 93 (Conseil Scolaire Francophone de la Colombie-Britannique)." A board of education ("Board") elected for a four-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district and is principally funded by the Province of British Columbia through the Ministry of Education. School District No. 93 (Conseil Scolaire Francophone de la Colombie-Britannique) is exempt from federal and provincial corporate income taxes.

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

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

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

The impact of this difference on the financial statements of the School District is as follows:

Year-ended June 30, 2019 - increase in annual surplus by $4,237,149
June 30, 2019 - increase in accumulated surplus and decrease in deferred contributions by $128,725,676
Year-ended June 30, 2020 – increase in annual surplus by $3,379,430
June 30, 2020 – increase in accumulated surplus and decrease in deferred contributions by $132,105,106

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid securities with original terms to maturity of three months or less when purchased 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 (j).

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

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

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

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

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

f) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

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

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

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 executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the School District's rate for incremental borrowing or the interest rate implicit in the lease.

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

h) Prepaid Expenses

Annual software support agreements, memberships, subscriptions and registrations fees, services agreement and facilities rental are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

i) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 12 – Interfund Transfers and Note 18 – Internally Restricted Surplus).

j) 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.

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

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

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year related expenses are incurred,
- Contributions restricted for site acquisitions are recorded as revenue when the sites are purchased
- 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.

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.

Categories of Salaries

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

Allocation of Costs

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

l) Endowment Contributions

Endowment contributions are reported as revenue on the Statement of Operations when received. Investment income earned on endowment principal is recorded as deferred revenue if it meets the definition of a liability and is recognized as revenue in the year related expenses (disbursements) are incurred. If the investment income earned does not meet the definition of a liability, it is recognized as revenue in the year it is earned. Endowment assets are reported as restricted non-financial assets on the Statement of Financial Position.

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

m) 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. The School District does not have any derivatives.

All financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these financial assets and liabilities upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

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

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

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

n) Measurement Uncertainty

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

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	2020	2019
Due from Federal Government	$428,633	$839,259
Other	$404,878	$626,943
	$833,511	$1,466,202

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	2020	2019
Trade Payables	$9,067,337	$8,743,005
Salaries and Benefits Payable	$1,163,354	$750,312
Accrued Vacation Pay	$504,371	$463,426
	$10,735,062	$9,956,743

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, 2020	June 30, 2019
Balance, beginning of year	$333,465	$670,261
Changes for the year:		
Increase:		
Provincial Grants – MOE	$12,794,699	$9,962,983
Other Revenue	$1,370,097	$1,639,809
	$14,164,796	$11,602,792
Decrease:		
Recovered-MOE	($10,021)	($180,911)
Allocated to revenue-MOE	($12,686,208)	($9,885,818)
Allocated to revenue -Other	($1,245,825)	($1,872,859)
	($13,942,054)	($11,939,588)
Net changes in the year	$222,742	($336,796)
Balance end of the year	$556,207	$333,465

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, 2020	June 30, 2019
Deferred Capital Revenue, beginning of year	$128,725,676	$124,488,527
Increase:		
Provincial Grants – MOE	$15,035,822	$12,637,032
Provincial grants – Other	-	-
	$15,035,822	$12,637,032
Decrease:		
Land Acquisition	$3,911,020	$378,047
Amortization Deferred Capital Revenue	$4,384,069	$4,180,105
Leases-Costs	$3,353,541	$3,834,121
By-law maintenance	$7,762	$7,610
	$11,656,392	$8,399,883
Net changes for the year	$3,379,430	$4,237,149
Deferred Capital Revenue, end of the year	$132,105,106	$128,725,676

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, 2020	June 30, 2019
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	$1,989,418	$2,049,602
Service Cost	$187,872	$213,549
Interest Cost	$52,867	$59,884
Benefits Payments – April to March 31 Vested	($179,379)	($326,443)
Benefits Payments April 1 to March – Non-Vested	($19,337)	($24,977)
Increase (Decrease) in obligation due to plan amendment	-	($154,964)
Actuarial (Gain) Loss	$119,668	$172,767
Accrued Benefit Obligation – March 31	$2,151,129	$1,989,418

NOTE 7 EMPLOYEE FUTURE BENEFITS (continued)

Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	$2,151,129	$1,989,418
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	($2,151,129)	($1,989,418)
Employer Contributions After Measurement Date	-	-
Benefit Expense after Measurement Date	($62,540)	($60,185)
Unamortized Net Actuarial (Gain) Loss	$488,790	$425,718
Accrued Benefit Asset (Liability) – June 30	($1,724,879)	($1,623,884)

	June 30, 2020	June 30, 2019
Components of Net Benefit Expense		
Service Cost - July 1 to March 31	$140,904	$160,162
Service Cost – April 1 to June 30	$49,521	$46,968
Interest Cost – July 1 to March 31	$39,650	$44,913
Interest Cost – April 1 to June 30	$13,020	$13,217
Immediate recognition of Plan Amendment	-	($154,964)
Amortization of Net Actuarial (Gain)/Loss	$56,616	$196,015
Net Benefit Expense (Income)	$299,710	$306,311
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	$1,623,885	$1,365,050
Net expense for Fiscal Year	$299,710	$306,311
Employer Contributions – July 1 to March 31	($198,716)	($47,476)
Employer Contributions – April 1 to June 30	-	-
Accrued Benefit Liability (Asset) – June 30	$1,724,879	$1,623,884

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

	June 30, 2020	June 30, 2019
Discount Rate – April 1	2.50%	2.75%
Discount Rate – March 31	2.25%	2.50%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	11.1	11.1

NOTE 8 CAPITAL LEASE OBLIGATIONS

The District has seventeen leases with terms up to 5 years remaining for computer equipment. The interest rate on these leases range from 2.39% to 6.41%.

Payments are due as follows:

2021	$1,110,121
2022	$683,097
2023	$379,991
2024	$214,218
2025	$23,753
Total minimum lease payments	$2,411,180
Less amounts representing interest	($78,640)
Present value of net minimum capital lease payments	$ 2,332,540

Total interest on leases for the year ended June 30, 2020 was $67,366 (2019 $90,690).

NOTE 9 TANGIBLE CAPITAL ASSETS

June 30, 2020

Cost:	Balance at July 1, 2019	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2020
Sites	$49,302,739	$3,971,397	-	-	$53,274,136
Buildings	$167,704,023	$11,627,415	-	$6,096	$179,337,534
Buildings – WIP	$539,808	$922,239	-	($6,096)	$1,455,951
Furniture & Equipment	$4,108,362	$387,058	($488,840)	-	$4,006,580
Vehicles		-	-	-	$16,368
	$16,368				
Computer Software	$121,320	-	-	-	$121,320
Computer Hardware	$353,094	-	($6,750)	-	$346,344
Asset under capital lease	$5,300,076	$894,359	($96,275)	-	$6,098,160
Total	$227,445,790	$17,802,468	($591,865)	-	$244,656,393

Accumulated Amortization:	Balance at July 1, 2019	Additions	Disposals	Balance at June 30, 2020
Sites	-	-	-	-
Buildings	$37,412,451	$4,411,582	-	$41,824,033
Furniture & Equipment	$2,257,565	$405,747	($488,840)	$2,174,472
Vehicles	$12,277	$1,637	-	$13,914
Computer Software	$61,106	$24,264	-	$85,370
Computer Hardware	$83,740	-	($6,750)	$76,990
Asset under capital lease	$2,366,929	$1,209,765	($96,275)	$3,480,419

Total	$42,194,068	$6,052,995	($591,865)	$47,655,198

NOTE 9 TANGIBLE CAPITAL ASSETS (continued)

June 30, 2019

Cost:	Balance at July 1, 2018	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2019
Sites	$48,838,070	$464,669	-	-	$49,302,739
Buildings	$157,532,222	$10,171,801	-	-	$167,704,023
Buildings – WIP	$377,122	$162,686	-	-	$539,808
Furniture & Equipment	$4,812,457	$493,872	($1,197,967)	-	$4,108,362
Vehicles	$16,368	-	-	-	$16,368
Computer Software	$121,320	-	-	-	$121,320
Computer Hardware	$374,769	-	($21,675)	-	$353,094
Asset under capital lease	$6,309,618	$1,031,255	($2,040,797)	-	$5,300,076
Total	$218,381,946	$12,324,283	($3,260,439)	-	$227,445,790

Accumulated Amortization:	Balance at July 1, 2018	Additions	Disposals	Balance at June 30, 2019
Sites	-	-	-	-
Buildings	$33,308,786	$4,103,665	-	$37,412,451
Furniture & Equipment	$3,009,491	$446,041	($1,197,967)	$2,257,565
Vehicles	$10,640	$1,637	-	$12,277
Computer Software	$36,842	$24,264	-	$61,106
Computer Hardware	$93,270	$12,145	($21,675)	$83,740
Asset under capital lease	$3,186,118	$1,221,608	($2,040,797)	$2,366,929
Total	$39,645,147	$5,809,360	($3,260,439)	$42,194,068

Net Book Value:

	Net Book Value June 30, 2020	Net Book Value June 30, 2019
Sites	$53,274,136	$49,302,739
Buildings	$137,513,501	$130,291,572
Buildings – work in progress	$1,455,951	$539,808
Furniture & Equipment	$1,832,108	$1,850,797
Vehicles	$2,454	$4,091
Computer Software	$35,950	$60,214
Computer Hardware	$269,354	$269,354
Assets under capital lease	$2,617,741	$2,933,147
Total	$197,001,195	$185,251,722

NOTE 10 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trusteed pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2018, the Teachers' Pension Plan has about 48,000 active members and approximately 38,000 retired members. As of December 31, 2018, the Municipal Pension Plan has about 205,000 active members, including approximately 26,000 from school districts.

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

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a $2,866 million funding surplus for basic pension benefits on a going concern basis.

The school district paid $5,817,340 for employer contributions to the plans for the year ended June 30, 2020 (2019: $5,682,081)

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

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

NOTE 11 RESTRICTED ASSETS - ENDOWMENT FUNDS

Donors have placed restrictions on their contributions to the endowment funds of the school district. One restriction is that the original contribution should not be spent. Another potential restriction is that any investment income of the endowment fund that is required to offset the eroding effect of inflation or preserve the original value of the endowment should also not be spent.

Name of Endowment	2019	Contributions	2020
Dr. Moreau	$15,000	$	$15,000
Devencore	$12,000	$	$12,000
Cadillac Fairview – Vanoc	$25,000	$	$25,000
Total	$52,000	$	$52,000

NOTE 12 INTERFUND TRANSFERS

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

- $2,484,990 (2019: $536,192) transferred from the Operating Fund to the Capital Fund for the purchase of capital equipment.
- $199,082 (2019: $191,138) transferred from the Special Purpose Fund to the Capital Fund for the purchase of capital assets.
- $73,572 (2019: $1,057,466) transferred from the Operating Fund to the Capital Fund for the payment (including interest and capital) of the capital lease obligations.
- $1,343,081 (2019: $297,148) transferred from the Special Purpose Funds to the Capital Fund for the payment (including interest and capital) of the capital lease obligations.

NOTE 13 RELATED PARTY TRANSACTIONS

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

NOTE 14 CONTRACTUAL OBLIGATIONS

The School District has entered into a number of multiple-year contracts for the delivery of services and the construction of tangible capital assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

Contractual obligations	2021	2022	2023	2024	2025	Thereafter
Office – Lease	$742,272	$754,496	$754,496	$754,496	$188,624	-
Copiers – Lease	$196,547	$184,865	$146,011	$123,067	$89,353	$20,005
Vehicles – Lease	$17,430	$17,430	-	-	-	-
Prepaid Land License	$7,917	$8,078	$8,237	$8,401	$8,569	$26,751
School Lease	$2,216,201	$1,023,290	$663,757	$559,185	$150,567	$825,617
	$3,180,367	$1,988,159	$1,931,875	$1,445,149	$437,113	$872,373

Construction Related Commitments

In spring 2012, the Ministry of Education announced a capital project to build a school in the False Creek area in Vancouver. The certificate of approval amount is still unknown. As at June 30, 2020, $534,464 (2019 $435,873) has been spent.

NOTE 15 BUDGET FIGURES

The annual budget was originally approved by the Board on June 22, 2019. While Public Sector Accounting Standards require the presentation of the originally planned budget, an amended budget based on more accurate enrolment numbers was approved by the Board and filed with the Ministry of Education on February 29, 2020. Significant changes between the original and amended budget are as follows:

Revenues	**Annual Budget**	**Amended Budget**	**Variances**
Provincial Grants - Ministry of Education	$102,444,406	$109,295,925	($6,851,519)
Provincial Grants – Other	$205,000	$205,000	($0)
Other Revenue	$2,275,963	$1,304,517	$971,946
Rentals and Leases	$55,000	$55,000	-
Investment Income	$175,000	$100,000	$75,000
Amortization of Deferred Revenue	$4,150,000	$4,312,000	($162,000)
Total Revenue	$109,305,369	$115,272,442	($5,967,073)

NOTE 15 (continued)

Expenses			
Instruction	$75,134,508	$77,738,756	($2,604,248)
District Administration	$5,205,938	$4,976,889	$229,049
Operations and Maintenance	$20,337,664	$23,921,830	($3,584,166)
Transportation and Housing	$8,219,411	$8,607,482	($388,071)
Debt Services	$58,031	$67,098	($9,067)
Amortization of Prepaid Licence	$20,431	$20,431	-
Total Expenses	$108,975,983	$115,332,486	($6,356,503)

Budgeted revenues mainly increased due to the Classroom Enhancement Fund grant to cover the changes in budgeted expenses related to the resolution of the Supreme Court of Canada decision on class size and composition.

NOTE 16 ASSET RETIREMENT OBLIGATION

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

NOTE 17 EXPENSE BY OBJECT

	June 30, 2020	June 30, 2019
Salaries and Benefits	$71,635,870	$67,416,274
Services and Supplies	$31,081,075	$33,338,264
Interest	$87,732	$117,912
Amortization	$6,052,995	$5,809,360
	$108,857,672	$106,681,810

The Service and Supplies balance includes interfund transfers. See note 12.

NOTE 18 INTERNALLY RESTRICTED SURPLUS – OPERATING

Aboriginal projects	$102,715
Professional Development	$30,000
Schools Budget	$520,869
School Generated funds	$435,832
Subtotal Internally Restricted	$1,089,416
Unrestricted Operating Surplus (Deficit)	$8,303,431
Total Available for Future Operations	$9,392,847

NOTE 19 ECONOMIC DEPENDENCE

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

NOTE 20 CREDIT FACILITIES

The School District has a credit facility with the Royal Bank of Canada comprising various components consisting of a lease line of credit of $5,000,000, line of credit of $ 800,000, letter of credit of $ 2,500,000 and corporate visa with a limit of $80,000. The School District has a credit facility with Home Depot comprising of a corporate credit card with a limit of $10,000. A Board of Director's resolution authorizing borrowings is required to maintain the credit facility. When used, the credit facility is repayable on demand and bears interest at the time each lease is entered.

The School has issued a letter of guarantee amounting to $ 2,469,000

NOTE 21 RISK MANAGEMENT

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

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

a) Credit risk:

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

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

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

b) Market risk:

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its investments. It is management's opinion that the School District is not exposed to significant interest rate risk as they invest solely in guaranteed investments certificates that have a maturity date of no more than three years.

NOTE 21 RISK MANAGEMENT (continued)

c) Liquidity risk

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

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

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

NOTE 22 COMPARATIVE FIGURES

Certain prior year comparative figures have been restarted to conform to the current year financial statement presentation

NOTE 23 CONTINGENT ASSETS

In June 2020, the Supreme Court of Canada awarded the CSF a partial reimbursement of costs related to an action initiated in 2010 in the British Columbia Supreme Court. The amount of the reimbursement is unknown at that time. The determination of the amount is subject to an analysis of costs related to the action incurred by the CSF over the last 10 years, followed by discussions with the Province to settle on a final amount. This process will take several months.