



Draft

Audited Financial Statements of
School District No. 36 (Surrey)
June 30, 2018

School District No. 36 (Surrey)

June 30, 2018

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School District No. 36 (Surrey)

MANAGEMENT REPORT

Version: 6070-5324-3341

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 36 (Surrey) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

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

The Board of Education of School District No. 36 (Surrey) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 36 (Surrey) and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.

On behalf of School District No. 36 (Surrey)

| | |
|--|-------------|
| Signature of the Chairperson of the Board of Education | Date Signed |
|--|-------------|

| | |
|---------------------------------|-------------|
| Signature of the Superintendent | Date Signed |
|---------------------------------|-------------|

| | |
|--------------------------------------|-------------|
| Signature of the Secretary Treasurer | Date Signed |
|--------------------------------------|-------------|

School District No. 36 (Surrey)

Statement 1

Statement of Financial Position

As at June 30, 2018

| | 2018 Actual | 2017 Actual |
|--|----------------------|----------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and Cash Equivalents | 156,144,353 | 145,093,901 |
| Accounts Receivable | | |
| Due from Province - Ministry of Education | 2,211,621 | 2,218,221 |
| Other (Note 4) | 4,325,607 | 4,250,247 |
| Portfolio Investments (Note 5) | 24,581,934 | 43,578,450 |
| Total Financial Assets | 187,263,515 | 195,140,819 |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | | |
| Due to Province - Ministry of Education | 155,000 | 76,842 |
| Other (Note 6) | 14,853,994 | 13,527,398 |
| Unearned Revenue (Note 7) | 13,824,700 | 13,642,893 |
| Deferred Revenue (Note 8) | 8,305,554 | 11,059,863 |
| Deferred Capital Revenue (Note 9) | 550,906,185 | 552,161,864 |
| Employee Future Benefits (Note 10) | 14,990,396 | 15,722,470 |
| Other Liabilities (Note 11) | 57,751,286 | 53,642,851 |
| Total Liabilities | 660,787,115 | 659,834,181 |
| Net Financial Assets (Debt) | (473,523,600) | (464,693,362) |
| Non-Financial Assets | | |
| Tangible Capital Assets (Note 13) | 1,022,596,712 | 971,075,430 |
| Prepaid Expenses | 2,126,931 | 1,861,069 |
| Total Non-Financial Assets | 1,024,723,643 | 972,936,499 |
| Accumulated Surplus (Deficit) | 551,200,043 | 508,243,137 |
| Contractual Obligations (Note 16,17) | | |
| Approved by the Board | | |
| Signature of the Chairperson of the Board of Education | Date Signed | |
| Signature of the Superintendent | Date Signed | |
| Signature of the Secretary Treasurer | Date Signed | |

School District No. 36 (Surrey)

Statement 2

Statement of Operations

Year Ended June 30, 2018

| | 2018 Budget (Note 22) | 2018 Actual | 2017 Actual |
|---|-----------------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 695,747,730 | 717,853,939 | 660,652,485 |
| Other | 883,175 | 415,246 | 379,575 |
| Municipal Grants Spent on Sites | 370,581 | 1,727,398 | 5,271,212 |
| Federal Grants | 3,394,926 | 3,513,076 | 3,592,732 |
| Tuition | 15,489,771 | 15,744,283 | 15,319,720 |
| Other Revenue | 19,246,486 | 26,094,255 | 19,367,959 |
| Rentals and Leases | 2,756,650 | 2,958,963 | 2,911,196 |
| Investment Income | 2,408,676 | 2,176,044 | 2,337,933 |
| Gain (Loss) on Disposal of Tangible Capital Assets | | 117,000 | |
| Amortization of Deferred Capital Revenue | 41,390,000 | 33,682,996 | 22,531,943 |
| Total Revenue | 781,687,995 | 804,283,200 | 732,364,755 |
| Expenses | | | |
| Instruction | 643,574,746 | 628,208,682 | 586,260,715 |
| District Administration | 17,320,312 | 15,320,752 | 13,894,822 |
| Operations and Maintenance | 122,345,938 | 111,886,624 | 100,844,286 |
| Transportation and Housing | 6,094,859 | 5,910,236 | 5,759,850 |
| Total Expense | 789,335,855 | 761,326,294 | 706,759,673 |
| Surplus (Deficit) for the year | (7,647,860) | 42,956,906 | 25,605,082 |
| Accumulated Surplus (Deficit) from Operations, beginning of year | | 508,243,137 | 482,638,055 |
| Accumulated Surplus (Deficit) from Operations, end of year | | 551,200,043 | 508,243,137 |

School District No. 36 (Surrey)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2018

| | 2018 Budget (Note 22) | 2018 Actual | 2017 Actual |
|--|-----------------------------|----------------------|----------------------|
| | \$ | \$ | \$ |
| Surplus (Deficit) for the year | <u>(7,647,860)</u> | <u>42,956,906</u> | <u>25,605,082</u> |
| Effect of change in Tangible Capital Assets | | | |
| Acquisition of Tangible Capital Assets | (68,003,652) | (93,649,594) | (63,166,883) |
| Amortization of Tangible Capital Assets | 49,275,000 | 42,128,312 | 32,640,713 |
| Total Effect of change in Tangible Capital Assets | <u>(18,728,652)</u> | <u>(51,521,282)</u> | <u>(30,526,170)</u> |
| Acquisition of Prepaid Expenses | | (2,126,931) | (1,861,069) |
| Use of Prepaid Expenses | | 1,861,069 | 1,205,218 |
| Total Effect of change in Other Non-Financial Assets | <u>-</u> | <u>(265,862)</u> | <u>(655,851)</u> |
| (Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses) | <u>(26,376,512)</u> | <u>(8,830,238)</u> | <u>(5,576,939)</u> |
| Net Remeasurement Gains (Losses) | | | |
| (Increase) Decrease in Net Financial Assets (Debt) | | <u>(8,830,238)</u> | <u>(5,576,939)</u> |
| Net Financial Assets (Debt), beginning of year | | (464,693,362) | (459,116,423) |
| Net Financial Assets (Debt), end of year | | <u>(473,523,600)</u> | <u>(464,693,362)</u> |

School District No. 36 (Surrey)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2018

| | 2018 Actual | 2017 Actual |
|---|---------------------|---------------------|
| | \$ | \$ |
| Operating Transactions | | |
| Surplus (Deficit) for the year | 42,956,906 | 25,605,082 |
| Changes in Non-Cash Working Capital | | |
| Decrease (Increase) | | |
| Accounts Receivable | (68,760) | 1,878,958 |
| Prepaid Expenses | (265,862) | (655,851) |
| Increase (Decrease) | | |
| Accounts Payable and Accrued Liabilities | 1,404,754 | 551,340 |
| Unearned Revenue | 181,807 | 259,491 |
| Deferred Revenue | (2,754,309) | 2,096,710 |
| Employee Future Benefits | (732,074) | (517,297) |
| Other Liabilities | 4,108,435 | 2,240,655 |
| Loss (Gain) on Disposal of Tangible Capital Assets | (117,000) | |
| Amortization of Tangible Capital Assets | 42,128,312 | 32,640,713 |
| Amortization of Deferred Capital Revenue | (33,682,996) | (22,531,943) |
| Recognition of Deferred Capital Revenue Spent on Sites | (32,482,052) | (12,784,443) |
| Local Capital Site Costs Reclassified to Bylaw Capital | (486,504) | |
| Total Operating Transactions | 20,190,657 | 28,783,415 |
| Capital Transactions | | |
| Tangible Capital Assets Purchased | (82,588,501) | (38,996,593) |
| Tangible Capital Assets -WIP Purchased | (11,061,093) | (24,170,290) |
| District Portion of Proceeds on Disposal | 117,000 | |
| Total Capital Transactions | (93,532,594) | (63,166,883) |
| Financing Transactions | | |
| Capital Revenue Received | 65,395,873 | 41,957,798 |
| Total Financing Transactions | 65,395,873 | 41,957,798 |
| Investing Transactions | | |
| Investments in Portfolio Investments | 18,996,516 | 1,444,370 |
| Total Investing Transactions | 18,996,516 | 1,444,370 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 11,050,452 | 9,018,700 |
| Cash and Cash Equivalents, beginning of year | 145,093,901 | 136,075,201 |
| Cash and Cash Equivalents, end of year | 156,144,353 | 145,093,901 |
| Cash and Cash Equivalents, end of year, is made up of: | | |
| Cash | 156,144,353 | 145,093,901 |
| | 156,144,353 | 145,093,901 |

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 1 AUTHORITY AND PURPOSE

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

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

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

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

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

Year-ended June 30, 2017 - increase in annual surplus by \$8,738,122

June 30, 2017 - increase in accumulated surplus by \$539,779,077, a decrease in deferred revenue by \$6,583,238 and a decrease in deferred capital revenue by \$533,195,839.

b) Cash and Cash Equivalents

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

c) Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts. (See Note 4)

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

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

d) Portfolio Investments

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

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

Detailed information regarding portfolio investments is disclosed in Note 5.

e) Unearned Revenue

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

f) Deferred Revenue and Deferred Capital Revenue

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

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

g) Employee Future Benefits

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

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

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

The most recent valuation of the obligation was performed at March 31, 2016 and projected to March 31, 2019. The next valuation will be performed at March 31, 2019 for use at June 30, 2019. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

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

g) Employee Future Benefits (cont'd)

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

h) Prepaid Expenses

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

i) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Notes 13 – Interfund Transfers and Note 20 – Internally Restricted – Operating Fund).

j) Liability for Contaminated Sites

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

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

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

k) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

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

k) Tangible Capital Assets *(Continued)*

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

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

l) Revenue Recognition

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

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

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

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

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

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

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

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

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

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

m) Expenditures

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

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

n) Measurement Uncertainty

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

o) Financial Instruments

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

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities, and other liabilities. The School District does not have any derivatives.

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

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

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

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Asset Retirement Obligations

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

NOTE 3 ECONOMIC DEPENDENCE

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

NOTE 4 ACCOUNTS RECEIVABLE – OTHER

| | June 30, 2018 | June 30, 2017 |
|---------------------------------|---------------------|---------------------|
| Due from Federal Government | \$ 2,042,127 | \$ 1,977,353 |
| Trade accounts receivable | 347,812 | 443,644 |
| Interest receivable | 134,681 | 252,749 |
| Payroll accounts receivable | 136,512 | 87,258 |
| Other accounts receivable | 28,217 | 82,353 |
| School site acquisition charges | 1,636,258 | 1,406,890 |
| | <u>\$ 4,325,607</u> | <u>\$ 4,250,247</u> |

NOTE 5 PORTFOLIO INVESTMENTS

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

| | June 30, 2018 | | | June 30, 2017 | | |
|-----------------------------|----------------------------------|----------------------|----------------------|----------------------------------|----------------------|----------------------|
| | Effective Fair Value Yield | Cost | Fair Value | Effective Fair Value Yield | Cost | Fair Value |
| Bank term investments | 0.00% | \$ - | \$ - | 2.16% | \$ 1,000,000 | \$ 1,000,000 |
| Fixed income securities | | | | | | |
| Bank corporate | 2.59% | \$ 17,893,015 | \$ 17,489,827 | 2.51% | \$ 32,543,968 | \$ 32,458,160 |
| Provincial bonds | 3.16% | 4,966,242 | 4,813,202 | 3.12% | 7,877,745 | 7,762,483 |
| Municipal bonds | 3.04% | 1,722,677 | 1,730,788 | 2.89% | 2,156,737 | 2,202,344 |
| Total Portfolio Investments | | <u>\$ 24,581,934</u> | <u>\$ 24,033,817</u> | | <u>\$ 43,578,450</u> | <u>\$ 43,422,987</u> |

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2018

NOTE 6 ACCOUNTS PAYABLE – OTHER

| | June 30, 2018 | June 30, 2017 |
|----------------|-----------------------------|-----------------------------|
| Trade payables | \$ 12,986,660 | \$ 11,056,633 |
| Lien Holdbacks | 1,686,699 | 2,366,408 |
| Other | 180,635 | 104,357 |
| | <u>\$ 14,853,994</u> | <u>\$ 13,527,398</u> |

NOTE 7 UNEARNED REVENUE

Unearned revenue as at June 30th, 2018

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

Unearned revenue as at June 30th, 2017

| | Balance, June 30, 2016 | Increases to Unearned Revenue | Revenue recognized in the period | Balance, June 30, 2017 |
|----------------------------|---------------------------------------|--|---|---------------------------------------|
| | \$ | \$ | \$ | \$ |
| Tuition Fees | 13,245,079 | 15,576,453 | (15,319,720) | 13,501,812 |
| Rental/Lease of Facilities | 138,323 | 2,913,954 | (2,911,196) | 141,081 |
| Total | <u>13,383,402</u> | <u>18,490,407</u> | <u>(18,230,916)</u> | <u>13,642,893</u> |

NOTE 8 DEFERRED REVENUE

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

Deferred Revenue as at June 30th, 2018

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

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 8 DEFERRED REVENUE (Continued)

Deferred Revenue as at June 30th, 2017

| | Balance, June 30, 2016 | Contributions received | Revenue recognized in the period | Balance, June 30, 2017 |
|---|------------------------------|---------------------------|--|------------------------------|
| | \$ | \$ | \$ | \$ |
| Provincial Grants - Ministry of Education | 2,864,861 | 27,902,804 | (26,977,048) | 3,790,617 |
| Provincial Grants - Other | 32,500 | - | (1,625) | 30,875 |
| Federal Grants | 19,719 | 949,773 | (969,492) | - |
| Other | 6,046,073 | 17,656,244 | (16,463,946) | 7,238,371 |
| Investment Income | - | 6,306 | (6,306) | - |
| Total | 8,963,153 | 46,515,127 | (44,418,417) | 11,059,863 |

NOTE 9 DEFERRED CAPITAL REVENUE

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

| | 2018 \$ | 2017 \$ |
|---|---------------------------|---------------------------|
| Deferred Capital Revenue, (includes Work in progress), beginning of year, July 1st. | 552,161,864 | 545,520,452 |
| Increases: | | |
| Provincial Grants - MOE | 62,027,310 | 38,621,890 |
| Provincial Grants - Other | 262,882 | 89,094 |
| Local Government Site Fees | 2,658,165 | 3,096,129 |
| Investment Income | 96,516 | 150,685 |
| Proceeds from Disposal | 351,000 | - |
| | <u>65,395,873</u> | <u>41,957,798</u> |
| Decreases: | | |
| Transfers to revenue - site purchases | 32,482,052 | 12,784,443 |
| Transfer to Local Capital | 486,504 | |
| Amortization of Deferred Capital Revenue | 33,682,996 | 22,531,943 |
| | <u>66,651,552</u> | <u>35,316,386</u> |
| Net Change for the year | (1,255,679) | 6,641,412 |
| Deferred Capital Revenue (includes Work in progress), end of year, June 30th. | <u>550,906,185</u> | <u>552,161,864</u> |

Work in progress amount as of June 30, 2018 was \$7,158,769 (June 30, 2017: \$27,176,075).

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 10 EMPLOYEE FUTURE BENEFITS

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

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|--|----------------------|----------------------|
| | \$ | \$ |
| Reconciliation of Accrued Benefit Obligation | | |
| Accrued Benefit Obligation – April 1 | 15,024,453 | 17,039,343 |
| Service Cost | 819,285 | 817,484 |
| Interest Cost | 404,915 | 408,514 |
| Benefit Payments | (1,968,008) | (1,842,332) |
| Actuarial (Gain) Loss | (258,694) | (1,398,556) |
| Accrued Benefit Obligation – March 31 | <u>14,021,951</u> | <u>15,024,453</u> |
| Reconciliation of Funded Status at End of Fiscal Year | | |
| Accrued Benefit Obligation - March 31 | 14,021,951 | 15,024,453 |
| Market Value of Plan Assets - March 31 | - | - |
| Funded Status - Surplus (Deficit) | (14,021,951) | (15,024,453) |
| Employer Contributions After Measurement Date | 244,347 | 260,091 |
| Benefits Expense After Measurement Date | (308,388) | (306,050) |
| Unamortized Net Actuarial (Gain) Loss | (904,404) | (652,058) |
| Accrued Benefit Asset (Liability) - June 30 | <u>(14,990,396)</u> | <u>(15,722,470)</u> |
| Reconciliation of Change in Accrued Benefit Liability | | |
| Accrued Benefit Liability (Asset) - July 1 | 15,722,470 | 16,239,767 |
| Net Expense for Fiscal Year | 1,220,190 | 1,352,397 |
| Employer Contributions | (1,952,264) | (1,869,694) |
| Accrued Benefit Liability (Asset) - June 30 | <u>14,990,396</u> | <u>15,722,470</u> |
| Components of Net Benefit Expense | | |
| Service Cost | 827,579 | 817,934 |
| Interest Cost | 398,959 | 407,615 |
| Amortization of Net Actuarial (Gain)/Loss | (6,348) | 126,848 |
| Net Benefit Expense (Income) | <u>1,220,190</u> | <u>1,352,397</u> |

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 10 EMPLOYEE FUTURE BENEFITS *(Continued)*

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

| | 2018 | 2017 |
|------------------------------------|-------------------|-------------------|
| Discount Rate – April 1 | 2.75% | 2.50% |
| Discount Rate – March 31 | 2.75% | 2.75% |
| Long Term Salary Growth – April 1 | 2.50% + seniority | 2.50% + seniority |
| Long Term Salary Growth – March 31 | 2.50% + seniority | 2.50% + seniority |
| EARSL – March 31 | 10.5 years | 10.5 years |

NOTE 11 OTHER LIABILITIES

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

| | June 30, 2018 | June 30, 2017 |
|-------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Salaries and Benefits Payable | 50,472,398 | 46,526,989 |
| Accrued Vacation Pay | 7,278,888 | 7,115,862 |
| | <u>57,751,286</u> | <u>53,642,851</u> |

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 12 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. Defined contribution plan accounting is applied to the plans as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan. The School District's employer contributions to these plans in the fiscal year ended June 30, 2018 were \$62,165,072, (2017: \$58,431,136).

Teachers' Pension Plan

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014, indicated a \$449 million surplus for basic pension benefits on a going concern basis. As a result of the 2014 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, the employer basic contribution rate decreased. The next valuation will be as at December 31, 2017 with results available in 2018.

As of December 31, 2017, The Teachers' Pension Plan has about 46,000 active members from school districts, and approximately 38,000 retired members from school districts.

Teacher Pension Plan is determined on a formula based on contribution rates as a percentage of salary. The following rates were used for 2018 and 2017 fiscal years.

| For 2018 | Employer |
|---|----------|
| Flat percent of salary | 13.23% |
| For 2017 | Employer |
| On salary equal to or less than Year's Maximum Pensionable Earnings (YMPE) | 12.81% |
| On salary equal to or greater than Year's Maximum Pensionable Earnings (YMPE) | 14.31% |

(YMPE for 2017 set at \$55,300)

Municipal Pension Plan

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

As of December 31, 2017, The Municipal Pension Plan has about 197,000 active members, of which approximately 24,000 are from school districts.

Municipal Pension Plan is determined on a formula based on contribution rate of 9.96% of salary for 2018 (2017: 9.96%).

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2018

NOTE 13 TANGIBLE CAPITAL ASSETS

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

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

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2018

NOTE 13 TANGIBLE CAPITAL ASSETS *(Continued)*

| June 30, 2017 | Land | Building | Furniture and Equipment | Vehicles | Computer Software | Computer Hardware | 2017 Total |
|--------------------------|-------------|-----------------|------------------------------------|-----------------|------------------------------|------------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | |
| Beginning of year | 274,157,139 | 1,068,810,766 | 35,878,955 | 6,627,574 | 2,895,112 | 10,063,343 | 1,398,432,889 |
| Additions | 14,741,547 | 39,880,593 | 3,585,515 | 731,732 | 529,908 | 3,697,588 | 63,166,883 |
| Disposals | | | | | | | - |
| Deemed Disposals | | - | (5,080,399) | (878,346) | (359,047) | (2,598,090) | (8,915,882) |
| Closing Balance | 288,898,686 | 1,108,691,359 | 34,384,071 | 6,480,960 | 3,065,973 | 11,162,841 | 1,452,683,890 |
| Accumulated Amortization | | | | | | | |
| Beginning Balance | | 429,887,531 | 17,836,988 | 3,270,515 | 1,329,614 | 5,558,981 | 457,883,629 |
| Amortization | | 25,170,347 | 3,767,172 | 699,344 | 632,014 | 2,371,836 | 32,640,713 |
| Disposals | | | | | | | - |
| Deemed Disposals | | | (5,080,399) | (878,346) | (359,047) | (2,598,090) | (8,915,882) |
| Closing Balance | | 455,057,878 | 16,523,761 | 3,091,513 | 1,602,581 | 5,332,727 | 481,608,460 |
| Net Book Value | 288,898,686 | 653,633,481 | 17,860,310 | 3,389,447 | 1,463,392 | 5,830,114 | 971,075,430 |

Cost at June 30th, 2017, includes work in progress on Buildings for \$34,289,248.

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 14 INTERFUND TRANSFERS

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

- Transfers of \$10,503,700 (2017: \$2,906,100) from the operating fund and \$313,490 (2017: \$345,456) from the special purpose fund, totalling \$10,817,190 (2017: \$3,251,556) to the capital fund, were made to purchase various capital assets;
- Transfers of \$15,448,000 (2017: \$4,209,451) from the operating fund to the capital fund's local capital were made for the district's commitment to approved government capital projects, furniture and equipment, vehicles and other infrastructure upgrades.

NOTE 15 RELATED PARTY TRANSACTIONS

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

NOTE 16 CONTRACTUAL OBLIGATIONS

The School District has a total of \$5,643,649 (2017: \$27,545,681) of contractual obligations at year end related to the construction or renovation of buildings, which are funded from deferred capital revenues of Ministry of Education Bylaw capital, Restricted Capital, Land Capital, Local Capital Reserve funds. Disclosure relates to the unperformed portion of the contracts.

Contractual Commitments:

| | | |
|--|---------------|---------------------|
| Woodward Hill Elementary | CCDC Contract | \$ 1,220,392 |
| David Brankin Elementary | CCDC Contract | 906,983 |
| Site 177(Hazel/Grandview Secondary) | CCDC Contract | 901,810 |
| Holly Elementary | CCDC Contract | 639,818 |
| Salish Secondary | CCDC Contract | 531,814 |
| Mary Jane Shannon Elementary | CCDC Contract | 469,213 |
| Boiler Upgrades | CCDC Contract | 440,944 |
| Bear Creek Elementary | CCDC Contract | 189,025 |
| Site 207 (S.Grandview) | CCDC Contract | 75,082 |
| Site 184 (Clayton N. Area Elementary) | CCDC Contract | 69,021 |
| Portables | CCDC Contract | 48,306 |
| Sullivan Heights Secondary | CCDC Contract | 44,081 |
| Site 218 (Clayton Village NW Elementary) | CCDC Contract | 20,879 |
| Water Quality | CCDC Contract | 20,000 |
| Site 206 (Grandview South Elementary) | CCDC Contract | 18,897 |
| Site 180 (Douglas Areas Elementary) | CCDC Contract | 15,443 |
| Elgin Park Secondary | CCDC Contract | 11,420 |
| Earl Marriott Secondary | CCDC Contract | 7,402 |
| L.A. Matheson Secondary | CCDC Contract | 4,306 |
| Frank Hurt Seocndary | CCDC Contract | 3,739 |
| Latimer Road Elementary | CCDC Contract | 2,616 |
| William Watson Elementary | CCDC Contract | 2,457 |
| Total Construction Commitments | | \$ 5,643,649 |

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 17 OPERATING LEASE OBLIGATIONS

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

| | |
|------|-----------|
| 2019 | \$698,334 |
| 2020 | \$534,126 |
| 2021 | \$254,943 |
| 2022 | \$254,943 |
| 2023 | \$234,586 |

NOTE 18 CONTINGENCIES

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

NOTE 19 ASSET RETIREMENT OBLIGATION

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The value of the liability for asbestos removal or disposal will be recognized in the period in which a reasonable estimate of fair value can be made. As at June 30, 2018 the liability is not reasonably determinable.

NOTE 20 EXPENSE BY OBJECT

| | 2018 | 2017 |
|-----------------------|-----------------------|-----------------------|
| Salaries and Benefits | \$ 630,869,352 | \$ 594,588,274 |
| Services and Supplies | 88,328,630 | 79,530,686 |
| Amortization | 42,128,312 | 32,640,713 |
| Total | \$ 761,326,294 | \$ 706,759,673 |

NOTE 21 INTERNALLY RESTRICTED – OPERATING FUND

The School District attributes a portion of the accumulated surplus to an internal operating fund and internally restricts for 2018: \$21,943,556 (2017: \$30,067,132). The detail of the internal restricted items are as follows:

| | |
|--|----------------------|
| 2018-2019 Operating Budget | \$ 15,806,419 |
| Special Educational Assistants | 1,922,560 |
| Learning Resources Surplus | 1,474,669 |
| Net School Operating Surplus | 1,309,920 |
| Business/Human Resources System Reviews | 462,613 |
| Aboriginal Education Targeted Funds | 416,569 |
| Business Development | 300,291 |
| Food Services | 189,512 |
| MyBC ESIS Upgrades | 61,003 |
| Total Internally Restricted Items | \$ 21,943,556 |

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 22 BUDGET FIGURES

Budget figures included in the financial statements are the School District's amended annual budget adopted by the Board of Education on February 14th, 2018 and reflect more current estimates on student FTE, revenues and expenditures.

| | Original Budget \$ | Amended Budget \$ | Change \$ |
|---|-----------------------|----------------------|---------------------|
| Statement 2 | | | |
| Revenue | | | |
| Provincial Grants | | | |
| Ministry of Education | 682,693,752 | 695,747,730 | 13,053,978 |
| Other | 350,000 | 883,175 | 533,175 |
| Municipal Grants Spent on Sites | 2,500,000 | 370,581 | (2,129,419) |
| Federal Grants | 3,313,926 | 3,394,926 | 81,000 |
| Tuition | 14,634,000 | 15,489,771 | 855,771 |
| Other Revenues | 18,365,253 | 19,246,486 | 881,233 |
| Rental and Leases | 2,697,650 | 2,756,650 | 59,000 |
| Investment Income | 2,206,000 | 2,408,676 | 202,676 |
| Gain (Loss) on Disposal of Tangible Capital Assets | - | - | - |
| Amortization of Deferred Capital Revenue | 22,961,000 | 41,390,000 | 18,429,000 |
| Total Revenue | 749,721,581 | 781,687,995 | 31,966,414 |
| Expenses | | | |
| Instruction | 631,072,692 | 643,574,746 | 12,502,054 |
| District Administration | 17,258,043 | 17,320,312 | 62,269 |
| Operations and Maintenance | 105,165,453 | 122,345,938 | 17,180,485 |
| Transportation and Housing | 5,729,776 | 6,094,859 | 365,083 |
| Total Expense | 759,225,964 | 789,335,855 | 30,109,891 |
| Net Revenue | (9,504,383) | (7,647,860) | 1,856,523 |
| Budgeted Allocation of Surplus (Deficit) | 16,410,898 | 36,102,107 | 19,691,209 |
| Budgeted Surplus (Deficit) for the Year | 6,906,515 | 28,454,247 | 21,547,732 |
| Statement 4 | | | |
| Surplus (Deficit) for the year | (9,504,383) | (7,647,860) | 1,856,523 |
| Effect of change in Tangible Capital Assets | | | |
| Acquisition of Tangible Capital Assets | (37,803,733) | (68,003,652) | (30,199,919) |
| Amortization of Tangible Capital Assets | 32,700,000 | 49,275,000 | 16,575,000 |
| Net carrying value of Tangible Capital Assets disposed of | - | - | - |
| Total Effects of change in Tangible Assets | (5,103,733) | (18,728,652) | (13,624,919) |
| (Increase) Decrease in Net Financial Assets (Debt) | | | |
| before Net Remeasurment Gains (Losses) | (14,608,116) | (26,376,512) | (11,768,396) |

Statement 2

The significant changes between the original budget and amended were:

Revenues:

- Ministry Grants – Amended to reflect actual Operating grant adjustments of \$6.3 million, Special Purpose of \$6.7 million, including Classroom Enhancement funds of \$6.3 million amendment made by the Province to the District in January 2018, and anticipated capital revenue
- Municipal Grants Spent on Sites – Amended to reflect what was anticipated to be used for site purchases
- Tuition – Increase in International Enrolment and Surrey College programs
- Revised forecast of Deferred Capital Revenue

School District No. 36 (Surrey)

Notes to Financial Statements

Year Ended June 30, 2018

NOTE 22 BUDGET FIGURES (Continued)

Expenses:

- Instruction – Recognition of Board approved use of internally restricted funds from 2017 and increased teacher and EA staffing required to address additional student growth
- Operations and Maintenance – Recognition of Board approved use of internally restricted funds from 2017 and higher anticipated amortization of capital assets

Budgeted Allocation of Surplus – Actual 2017 year end Surplus greater than anticipated

Statement 4

The significant changes between original budget and amended were:

- Subsequent approvals from Ministry of Education to draw on Deferred Capital revenues
- Increase in anticipated amortization of capital assets

NOTE 23 RISK MANAGEMENT

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

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

a) Credit risk:

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

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

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

b) Market risk :

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its investments. The investment objectives are on protecting investments rather than the potential for superior returns. The school district has very low tolerance for risk with investments and prefers a low degree of price volatility.

School District No. 36 (Surrey)
Notes to Financial Statements
Year Ended June 30, 2018

NOTE 23 **RISK MANAGEMENT** *(Continued)*

c) Liquidity risk

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

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

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

Draft

School District No. 36 (Surrey)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2018

| | Operating Fund | Special Purpose Fund | Capital Fund | 2018 Actual | 2017 Actual |
|--|-------------------|-------------------------|-----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Accumulated Surplus (Deficit), beginning of year | 36,102,107 | | 472,141,030 | 508,243,137 | 482,638,055 |
| Changes for the year | | | | | |
| Surplus (Deficit) for the year | 17,237,134 | 313,490 | 25,406,282 | 42,956,906 | 25,605,082 |
| Interfund Transfers | | | | | |
| Tangible Capital Assets Purchased | (10,503,700) | (313,490) | 10,817,190 | - | |
| Local Capital | (15,448,000) | | 15,448,000 | - | |
| Net Changes for the year | (8,714,566) | - | 51,671,472 | 42,956,906 | 25,605,082 |
| Accumulated Surplus (Deficit), end of year - Statement 2 | 27,387,541 | - | 523,812,502 | 551,200,043 | 508,243,137 |

School District No. 36 (Surrey)

Schedule of Operating Operations

Year Ended June 30, 2018

Schedule 2 (Unaudited)

| | 2018 Budget (Note 22) | 2018 Actual | 2017 Actual |
|---|-----------------------------|---------------------|----------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 640,321,572 | 641,303,760 | 626,162,206 |
| Other | 352,300 | 347,450 | 377,950 |
| Federal Grants | 2,531,682 | 2,645,358 | 2,623,240 |
| Tuition | 15,489,771 | 15,744,283 | 15,319,720 |
| Other Revenue | 2,211,486 | 2,703,237 | 2,810,577 |
| Rentals and Leases | 2,756,650 | 2,958,963 | 2,911,196 |
| Investment Income | 1,700,000 | 1,583,387 | 1,650,108 |
| Total Revenue | 665,363,461 | 667,286,438 | 651,854,997 |
| Expenses | | | |
| Instruction | 575,519,501 | 562,120,549 | 545,406,671 |
| District Administration | 17,320,312 | 14,624,867 | 13,239,211 |
| Operations and Maintenance | 70,706,230 | 67,393,652 | 65,640,267 |
| Transportation and Housing | 6,094,859 | 5,910,236 | 5,759,850 |
| Total Expense | 669,640,902 | 650,049,304 | 630,045,999 |
| Operating Surplus (Deficit) for the year | (4,277,441) | 17,237,134 | 21,808,998 |
| Budgeted Appropriation (Retirement) of Surplus (Deficit) | 36,102,107 | | |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | (13,253,652) | (10,503,700) | (2,906,100) |
| Local Capital | (3,448,000) | (15,448,000) | (4,209,451) |
| Total Net Transfers | (16,701,652) | (25,951,700) | (7,115,551) |
| Total Operating Surplus (Deficit), for the year | 15,123,014 | (8,714,566) | 14,693,447 |
| Operating Surplus (Deficit), beginning of year | | 36,102,107 | 21,408,660 |
| Operating Surplus (Deficit), end of year | | 27,387,541 | 36,102,107 |
| Operating Surplus (Deficit), end of year | | | |
| Internally Restricted (Note 21) | | 21,943,556 | 30,067,132 |
| Unrestricted | | 5,443,985 | 6,034,975 |
| Total Operating Surplus (Deficit), end of year | | 27,387,541 | 36,102,107 |

School District No. 36 (Surrey)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2018

| | 2018 Budget (Note 22) | 2018 Actual | 2017 Actual |
|--|-----------------------------|--------------------|----------------|
| | \$ | \$ | \$ |
| Provincial Grants - Ministry of Education | | | |
| Operating Grant, Ministry of Education | 627,742,355 | 628,277,099 | 610,343,431 |
| DISC/LEA Recovery | (73,760) | (87,199) | (73,760) |
| Other Ministry of Education Grants | | | |
| Pay Equity | 6,861,222 | 6,861,224 | 6,861,224 |
| Funding for Graduated Adults | 1,230,080 | 1,613,416 | 1,275,053 |
| Transportation Supplement | 72,999 | 72,999 | 72,999 |
| Economic Stability Dividend | 446,200 | 433,032 | 377,390 |
| Return of Administrative Savings | 3,128,483 | 3,128,478 | 3,128,483 |
| Carbon Tax Grant | 432,146 | 493,321 | 432,146 |
| Student Learning Grant | | | 3,569,213 |
| Benefit Funding | 438,292 | 438,292 | |
| Other Miscellaneous | 43,555 | 73,098 | 252,869 |
| Cont Ed Enrolment Compliance Audit Recovery | | | (76,842) |
| Total Provincial Grants - Ministry of Education | 640,321,572 | 641,303,760 | 626,162,206 |
| Provincial Grants - Other | 352,300 | 347,450 | 377,950 |
| Federal Grants | 2,531,682 | 2,645,358 | 2,623,240 |
| Tuition | | | |
| Summer School Fees | | | 216,147 |
| Continuing Education | 863,000 | 961,175 | 755,195 |
| International and Out of Province Students | 14,626,771 | 14,783,108 | 14,348,378 |
| Total Tuition | 15,489,771 | 15,744,283 | 15,319,720 |
| Other Revenues | | | |
| LEA/Direct Funding from First Nations | 73,760 | 87,199 | 73,760 |
| Miscellaneous | | | |
| Teaching Kitchen | 807,450 | 807,006 | 815,396 |
| Energy Management | 185,040 | 183,900 | 115,081 |
| Worksafe BC | 403,010 | 478,820 | 434,341 |
| Other Miscellaneous | 742,226 | 1,146,312 | 1,371,999 |
| Total Other Revenue | 2,211,486 | 2,703,237 | 2,810,577 |
| Rentals and Leases | 2,756,650 | 2,958,963 | 2,911,196 |
| Investment Income | 1,700,000 | 1,583,387 | 1,650,108 |
| Total Operating Revenue | 665,363,461 | 667,286,438 | 651,854,997 |

School District No. 36 (Surrey)

Schedule of Operating Expense by Object

Year Ended June 30, 2018

Schedule 2B (Unaudited)

| | 2018 Budget (Note 22) | 2018 Actual | 2017 Actual |
|-------------------------------------|-----------------------------|--------------------|----------------|
| | \$ | \$ | \$ |
| Salaries | | | |
| Teachers | 318,403,114 | 311,211,196 | 306,777,690 |
| Principals and Vice Principals | 29,547,187 | 29,275,120 | 28,248,947 |
| Educational Assistants | 59,337,039 | 58,996,238 | 53,915,605 |
| Support Staff | 52,332,852 | 52,478,027 | 49,787,757 |
| Other Professionals | 9,443,546 | 9,104,307 | 8,731,481 |
| Substitutes | 18,576,285 | 18,057,514 | 17,215,498 |
| Total Salaries | 487,640,023 | 479,122,402 | 464,676,978 |
| Employee Benefits | 109,815,916 | 110,199,445 | 107,487,817 |
| Total Salaries and Benefits | 597,455,939 | 589,321,847 | 572,164,795 |
| Services and Supplies | | | |
| Services | 22,028,578 | 17,688,470 | 17,261,034 |
| Student Transportation | 5,491,589 | 4,997,277 | 4,972,837 |
| Professional Development and Travel | 3,188,175 | 2,518,672 | 2,084,327 |
| Rentals and Leases | 796,818 | 774,419 | 736,478 |
| Dues and Fees | 1,488,332 | 1,639,210 | 1,527,458 |
| Insurance | 1,580,208 | 1,430,223 | 1,427,544 |
| Supplies | 26,866,427 | 21,586,737 | 19,791,162 |
| Utilities | 10,744,836 | 10,092,449 | 10,080,364 |
| Total Services and Supplies | 72,184,963 | 60,727,457 | 57,881,204 |
| Total Operating Expense | 669,640,902 | 650,049,304 | 630,045,999 |

School District No. 36 (Surrey)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

| | 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 | 238,278,883 | 6,893,797 | 5,993 | 5,586,301 | 762,097 | 9,570,511 | 261,097,582 |
| 1.03 Career Programs | 3,071,367 | 117,620 | | 1,320,104 | | 142,708 | 4,651,799 |
| 1.07 Library Services | 6,582,412 | | | 631,423 | 68,681 | 256,359 | 7,538,875 |
| 1.08 Counselling | 7,554,842 | | | | | 297,035 | 7,851,877 |
| 1.10 Special Education | 35,882,482 | | 55,814,866 | 462,131 | | 3,937,408 | 96,096,887 |
| 1.30 English Language Learning | 11,961,620 | | 447,212 | | | 471,689 | 12,880,521 |
| 1.31 Aboriginal Education | 751,772 | 113,116 | 1,477,202 | 90,244 | 154,392 | 182,824 | 2,769,550 |
| 1.41 School Administration | 5,661 | 20,696,447 | | 12,442,876 | | 935,703 | 34,080,687 |
| 1.60 Summer School | 1,801,168 | 183,321 | 39,274 | 143,623 | | | 2,167,386 |
| 1.61 Continuing Education | 310,178 | 29,406 | | 18,228 | | | 357,812 |
| 1.62 International and Out of Province Students | 4,284,634 | 405,065 | 57,752 | 1,000,763 | 309,533 | 203,775 | 6,261,522 |
| 1.64 Other | 240,608 | | 1,144,863 | 96,339 | 161,266 | | 1,643,076 |
| Total Function 1 | 310,725,627 | 28,438,772 | 58,987,162 | 21,792,032 | 1,455,969 | 15,998,012 | 437,397,574 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | 382,991 | 321,285 | | 151,202 | 1,815,816 | | 2,671,294 |
| 4.40 School District Governance | | | | 191,441 | 364,776 | | 556,217 |
| 4.41 Business Administration | 35,719 | 515,063 | | 3,010,295 | 2,783,703 | 10,945 | 6,355,725 |
| Total Function 4 | 418,710 | 836,348 | - | 3,352,938 | 4,964,295 | 10,945 | 9,583,236 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | 64,831 | | 9,076 | 1,165,498 | 1,299,567 | 6,122 | 2,545,094 |
| 5.50 Maintenance Operations | 2,028 | | | 23,458,441 | 1,131,939 | 1,998,614 | 26,591,022 |
| 5.52 Maintenance of Grounds | | | | 2,195,459 | 96,040 | 29,998 | 2,321,497 |
| 5.56 Utilities | | | | | | | - |
| Total Function 5 | 66,859 | - | 9,076 | 26,819,398 | 2,527,546 | 2,034,734 | 31,457,613 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | | | | 107,178 | 156,497 | | 263,675 |
| 7.70 Student Transportation | | | | 406,481 | | 13,823 | 420,304 |
| Total Function 7 | - | - | - | 513,659 | 156,497 | 13,823 | 683,979 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 311,211,196 | 29,275,120 | 58,996,238 | 52,478,027 | 9,104,307 | 18,057,514 | 479,122,402 |

School District No. 36 (Surrey)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

| | Total Salaries | Employee Benefits | Total Salaries and Benefits | Services and Supplies | 2018 Actual | 2018 Budget (Note 22) | 2017 Actual |
|---|--------------------|----------------------|--------------------------------|--------------------------|--------------------|-----------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | |
| 1.02 Regular Instruction | 261,097,582 | 60,092,964 | 321,190,546 | 10,963,264 | 332,153,810 | 339,908,828 | 324,229,044 |
| 1.03 Career Programs | 4,651,799 | 1,098,526 | 5,750,325 | 1,195,491 | 6,945,816 | 7,108,572 | 6,800,920 |
| 1.07 Library Services | 7,538,875 | 1,744,056 | 9,282,931 | 5,188,729 | 14,471,660 | 16,146,012 | 13,965,753 |
| 1.08 Counselling | 7,851,877 | 1,839,354 | 9,691,231 | | 9,691,231 | 9,907,263 | 10,255,353 |
| 1.10 Special Education | 96,096,887 | 23,076,053 | 119,172,940 | 1,205,426 | 120,378,366 | 122,785,301 | 113,772,246 |
| 1.30 English Language Learning | 12,880,521 | 3,015,373 | 15,895,894 | 10,308 | 15,906,202 | 15,964,490 | 15,944,883 |
| 1.31 Aboriginal Education | 2,769,550 | 662,964 | 3,432,514 | 316,185 | 3,748,699 | 4,151,826 | 3,746,358 |
| 1.41 School Administration | 34,080,687 | 7,404,490 | 41,485,177 | 1,482,463 | 42,967,640 | 43,109,211 | 41,102,168 |
| 1.60 Summer School | 2,167,386 | 399,473 | 2,566,859 | 185,504 | 2,752,363 | 2,832,923 | 2,544,602 |
| 1.61 Continuing Education | 357,812 | 29,841 | 387,653 | 183,545 | 571,198 | 691,052 | 582,989 |
| 1.62 International and Out of Province Students | 6,261,522 | 1,418,820 | 7,680,342 | 2,486,400 | 10,166,742 | 10,551,726 | 10,079,492 |
| 1.64 Other | 1,643,076 | 358,425 | 2,001,501 | 365,321 | 2,366,822 | 2,362,297 | 2,382,863 |
| Total Function 1 | 437,397,574 | 101,140,339 | 538,537,913 | 23,582,636 | 562,120,549 | 575,519,501 | 545,406,671 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | 2,671,294 | 498,996 | 3,170,290 | 1,593,281 | 4,763,571 | 6,463,977 | 3,441,117 |
| 4.40 School District Governance | 556,217 | 67,974 | 624,191 | 263,996 | 888,187 | 978,477 | 783,459 |
| 4.41 Business Administration | 6,355,725 | 1,293,150 | 7,648,875 | 1,324,234 | 8,973,109 | 9,877,858 | 9,014,635 |
| Total Function 4 | 9,583,236 | 1,860,120 | 11,443,356 | 3,181,511 | 14,624,867 | 17,320,312 | 13,239,211 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | 2,545,094 | 454,934 | 3,000,028 | 4,615,941 | 7,615,969 | 6,983,439 | 6,164,066 |
| 5.50 Maintenance Operations | 26,591,022 | 6,079,391 | 32,670,413 | 11,167,680 | 43,838,093 | 45,500,625 | 41,996,097 |
| 5.52 Maintenance of Grounds | 2,321,497 | 520,909 | 2,842,406 | 1,121,938 | 3,964,344 | 4,476,622 | 4,223,954 |
| 5.56 Utilities | - | - | - | 11,975,246 | 11,975,246 | 13,745,544 | 13,256,150 |
| Total Function 5 | 31,457,613 | 7,055,234 | 38,512,847 | 28,880,805 | 67,393,652 | 70,706,230 | 65,640,267 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | 263,675 | 51,336 | 315,011 | 676 | 315,687 | 312,440 | 277,731 |
| 7.70 Student Transportation | 420,304 | 92,416 | 512,720 | 5,081,829 | 5,594,549 | 5,782,419 | 5,482,119 |
| Total Function 7 | 683,979 | 143,752 | 827,731 | 5,082,505 | 5,910,236 | 6,094,859 | 5,759,850 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 479,122,402 | 110,199,445 | 589,321,847 | 60,727,457 | 650,049,304 | 669,640,902 | 630,045,999 |

School District No. 36 (Surrey)

Schedule of Special Purpose Operations

Year Ended June 30, 2018

Schedule 3 (Unaudited)

| | 2018 Budget (Note 22) | 2018 Actual | 2017 Actual |
|---|-----------------------------|--------------------------|-------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 52,332,158 | 45,309,021 | 26,977,048 |
| Other | 530,875 | 67,796 | 1,625 |
| Federal Grants | 863,244 | 867,718 | 969,492 |
| Other Revenue | 17,035,000 | 23,208,490 | 16,463,946 |
| Investment Income | 8,676 | 9,143 | 6,306 |
| Total Revenue | <u>70,769,953</u> | <u>69,462,168</u> | <u>44,418,417</u> |
| Expenses | | | |
| Instruction | 68,055,245 | 66,088,133 | 40,854,044 |
| District Administration | | 695,885 | 655,611 |
| Operations and Maintenance | 2,364,708 | 2,364,660 | 2,563,306 |
| Total Expense | <u>70,419,953</u> | <u>69,148,678</u> | <u>44,072,961</u> |
| Special Purpose Surplus (Deficit) for the year | <u>350,000</u> | <u>313,490</u> | <u>345,456</u> |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | (350,000) | (313,490) | (345,456) |
| Total Net Transfers | <u>(350,000)</u> | <u>(313,490)</u> | <u>(345,456)</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. 36 (Surrey)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

| | Annual Facility Grant | Learning Improvement Fund | Scholarships and Bursaries | Service Delivery Transformation | School Generated Funds | Strong Start | Ready, Set, Learn | OLEP | CommunityLINK |
|--|-----------------------------|---------------------------------|----------------------------------|---------------------------------------|------------------------------|-----------------|-------------------------|---------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | | 91,098 | 441,130 | 772,534 | 4,783,162 | 42,119 | 93,996 | | 106,192 |
| Add: Restricted Grants | | | | | | | | | |
| Provincial Grants - Ministry of Education | 2,362,033 | 2,497,857 | | 375,000 | | 736,000 | 249,900 | 547,842 | 3,894,618 |
| Provincial Grants - Other | | | | | | | | | |
| Federal Grants | | | | | | | | | |
| Other | | | 412,551 | | 19,161,986 | 14,071 | | 7,043 | 180,599 |
| Investment Income | 2,627 | | 6,516 | | | | | | |
| | 2,364,660 | 2,497,857 | 419,067 | 375,000 | 19,161,986 | 750,071 | 249,900 | 554,885 | 4,075,217 |
| Less: Allocated to Revenue | 2,364,660 | 2,588,955 | 303,456 | 695,885 | 20,583,435 | 792,190 | 197,273 | 544,336 | 3,832,458 |
| Deferred Revenue, end of year | - | - | 556,741 | 451,649 | 3,361,713 | - | 146,623 | 10,549 | 348,951 |
| Revenues | | | | | | | | | |
| Provincial Grants - Ministry of Education | 2,362,033 | 2,588,955 | | 695,885 | | 778,119 | 197,273 | 537,293 | 3,651,859 |
| Provincial Grants - Other | | | | | | | | | |
| Federal Grants | | | | | | | | | |
| Other Revenue | | | 296,940 | | 20,583,435 | 14,071 | | 7,043 | 180,599 |
| Investment Income | 2,627 | | 6,516 | | | | | | |
| | 2,364,660 | 2,588,955 | 303,456 | 695,885 | 20,583,435 | 792,190 | 197,273 | 544,336 | 3,832,458 |
| Expenses | | | | | | | | | |
| Salaries | | | | | | | | | |
| Teachers | | | | | | | 45,687 | 178,035 | |
| Principals and Vice Principals | | | | | | | | | |
| Educational Assistants | | 2,042,723 | | | | | 5,367 | | |
| Support Staff | 175,723 | | | 93,158 | | 500,918 | 7,217 | 6,243 | 1,833,535 |
| Other Professionals | | | | 145,286 | | 73,017 | | | 217,938 |
| Substitutes | | 168,190 | | | | 27,677 | | | 30,992 |
| | 175,723 | 2,210,913 | - | 238,444 | - | 601,612 | 58,271 | 184,278 | 2,082,465 |
| Employee Benefits | 46,266 | 378,042 | | 52,233 | | 164,871 | 2,731 | 28,593 | 471,444 |
| Services and Supplies | 2,142,671 | | 303,456 | 405,208 | 20,583,435 | 25,707 | 136,271 | 331,465 | 1,278,549 |
| | 2,364,660 | 2,588,955 | 303,456 | 695,885 | 20,583,435 | 792,190 | 197,273 | 544,336 | 3,832,458 |
| Net Revenue (Expense) before Interfund Transfers | - | - | - | - | - | - | - | - | - |
| Interfund Transfers | | | | | | | | | |
| Tangible Capital Assets Purchased | - | - | - | - | - | - | - | - | - |
| Net Revenue (Expense) | - | - | - | - | - | - | - | - | - |

School District No. 36 (Surrey)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

| | Coding and Curriculum Implementation | Priority Measures | Classroom Enhancement Fund - Overhead | Classroom Enhancement Fund - Staffing | Adolescent Psychiatric Unit | Adolescent Day Treatment | Am'ut | Daughters & Sisters P.L.E.A. | Waypoint |
|--|--|----------------------|---|---|-----------------------------------|--------------------------------|--------|---------------------------------|----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | 310,213 | 2,134,905 | | | 2,505 | 10,396 | | 8,018 | |
| Add: Restricted Grants | | | | | | | | | |
| Provincial Grants - Ministry of Education | | | 2,883,095 | 28,727,141 | 141,724 | 313,143 | 70,149 | 95,267 | 135,502 |
| Provincial Grants - Other | | | | | | | | | 4,602 |
| Federal Grants | | | | | | | | | |
| Other | | | | | | | | | |
| Investment Income | | | | | | | | | |
| | - | - | 2,883,095 | 28,727,141 | 141,724 | 313,143 | 70,149 | 95,267 | 140,104 |
| Less: Allocated to Revenue | 24,075 | 2,134,905 | 2,883,095 | 28,727,141 | 132,879 | 310,540 | 28,148 | 86,143 | 131,630 |
| Deferred Revenue, end of year | 286,138 | - | - | - | 11,350 | 12,999 | 42,001 | 17,142 | 8,474 |
| Revenues | | | | | | | | | |
| Provincial Grants - Ministry of Education | 24,075 | 2,134,905 | 2,883,095 | 28,727,141 | 132,879 | 310,540 | 28,148 | 86,143 | 127,028 |
| Provincial Grants - Other | | | | | | | | | 4,602 |
| Federal Grants | | | | | | | | | |
| Other Revenue | | | | | | | | | |
| Investment Income | | | | | | | | | |
| | 24,075 | 2,134,905 | 2,883,095 | 28,727,141 | 132,879 | 310,540 | 28,148 | 86,143 | 131,630 |
| Expenses | | | | | | | | | |
| Salaries | | | | | | | | | |
| Teachers | 7,821 | 1,759,986 | 155,586 | 23,240,971 | 80,152 | 172,104 | | 56,189 | 103,096 |
| Principals and Vice Principals | | | 49,869 | | | | | | |
| Educational Assistants | | | 763,320 | | 16,661 | 53,210 | | | 3,973 |
| Support Staff | | | 113,981 | | | | | | |
| Other Professionals | | | 103,752 | | | | | | |
| Substitutes | | | 923,339 | | 1,606 | 96 | | | |
| | 7,821 | 1,759,986 | 2,109,847 | 23,240,971 | 98,419 | 225,410 | - | 56,189 | 107,069 |
| Employee Benefits | | 374,919 | 389,129 | 5,486,170 | 19,462 | 55,188 | | 14,671 | 6,483 |
| Services and Supplies | 16,254 | | 384,119 | | 14,998 | 29,942 | 28,148 | 15,283 | 18,078 |
| | 24,075 | 2,134,905 | 2,883,095 | 28,727,141 | 132,879 | 310,540 | 28,148 | 86,143 | 131,630 |
| Net Revenue (Expense) before Interfund Transfers | - | - | - | - | - | - | - | - | - |
| Interfund Transfers | | | | | | | | | |
| Tangible Capital Assets Purchased | - | - | - | - | - | - | - | - | - |
| Net Revenue (Expense) | - | - | - | - | - | - | - | - | - |

School District No. 36 (Surrey)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

| | Donations | Surrey WRAP | Community Schools Other | Gang Prevention | Literacy Innovation | Coyote Creek BEP | PAC Contributions | Aboriginal Ed Windspeaker | TOTAL |
|--|-----------|----------------|-------------------------------|--------------------|------------------------|---------------------|----------------------|------------------------------|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | 971,435 | | 892,399 | | 211,908 | 30,875 | 156,978 | | 11,059,863 |
| Add: Restricted Grants | | | | | | | | | |
| Provincial Grants - Ministry of Education | 5,000 | | | | | | | | 43,034,271 |
| Provincial Grants - Other | | 500,000 | | | | | | | 504,602 |
| Federal Grants | | | | 843,679 | | | | 87,500 | 931,179 |
| Other | 1,149,117 | 11,000 | 1,048,040 | | | | 244,257 | | 22,228,664 |
| Investment Income | | | | | | | | | 9,143 |
| | 1,154,117 | 511,000 | 1,048,040 | 843,679 | - | - | 244,257 | 87,500 | 66,707,859 |
| Less: Allocated to Revenue | 998,916 | 74,194 | 846,515 | 841,866 | 38,650 | - | 274,971 | 25,852 | 69,462,168 |
| Deferred Revenue, end of year | 1,126,636 | 436,806 | 1,093,924 | 1,813 | 173,258 | 30,875 | 126,264 | 61,648 | 8,305,554 |
| Revenues | | | | | | | | | |
| Provincial Grants - Ministry of Education | 5,000 | | | | 38,650 | | | | 45,309,021 |
| Provincial Grants - Other | | 63,194 | | | | | | | 67,796 |
| Federal Grants | | | | 841,866 | | | | 25,852 | 867,718 |
| Other Revenue | 993,916 | 11,000 | 846,515 | | | | 274,971 | | 23,208,490 |
| Investment Income | | | | | | | | | 9,143 |
| | 998,916 | 74,194 | 846,515 | 841,866 | 38,650 | - | 274,971 | 25,852 | 69,462,168 |
| Expenses | | | | | | | | | |
| Salaries | | | | | | | | | |
| Teachers | 11,388 | | 3,003 | 80,669 | 3,042 | | | | 25,897,729 |
| Principals and Vice Principals | | | | | | | | | 49,869 |
| Educational Assistants | | | 6,285 | | | | | | 2,891,539 |
| Support Staff | 1,712 | 51,476 | 164,692 | 241,097 | | | | | 3,189,752 |
| Other Professionals | | | | 193,095 | | | | | 733,088 |
| Substitutes | | | | | | | | | 1,151,900 |
| | 13,100 | 51,476 | 173,980 | 514,861 | 3,042 | - | - | - | 33,913,877 |
| Employee Benefits | 563 | 9,459 | 36,396 | 97,008 | | | | | 7,633,628 |
| Services and Supplies | 797,029 | 13,259 | 636,139 | 229,997 | 35,608 | | 149,705 | 25,852 | 27,601,173 |
| | 810,692 | 74,194 | 846,515 | 841,866 | 38,650 | - | 149,705 | 25,852 | 69,148,678 |
| Net Revenue (Expense) before Interfund Transfers | 188,224 | - | - | - | - | - | 125,266 | - | 313,490 |
| Interfund Transfers | | | | | | | | | |
| Tangible Capital Assets Purchased | (188,224) | | | | | | (125,266) | | (313,490) |
| | (188,224) | - | - | - | - | - | (125,266) | - | (313,490) |
| Net Revenue (Expense) | - | - | - | - | - | - | - | - | - |

School District No. 36 (Surrey)

Schedule of Capital Operations

Year Ended June 30, 2018

Schedule 4 (Unaudited)

| | 2018 Budget (Note 22) \$ | 2018 Actual | | | 2017 Actual \$ |
|--|-----------------------------------|--|------------------------|-----------------------|----------------------|
| | | Invested in Tangible Capital Assets \$ | Local Capital \$ | Fund Balance \$ | |
| Revenues | | | | | |
| Provincial Grants | | | | | |
| Ministry of Education | 3,094,000 | 31,241,158 | | 31,241,158 | 7,513,231 |
| Municipal Grants Spent on Sites | 370,581 | 1,727,398 | | 1,727,398 | 5,271,212 |
| Other Revenue | | | 182,528 | 182,528 | 93,436 |
| Investment Income | 700,000 | | 583,514 | 583,514 | 681,519 |
| Gain (Loss) on Disposal of Tangible Capital Assets | | 117,000 | | 117,000 | |
| Amortization of Deferred Capital Revenue | 41,390,000 | 33,682,996 | | 33,682,996 | 22,531,943 |
| Total Revenue | 45,554,581 | 66,768,552 | 766,042 | 67,534,594 | 36,091,341 |
| Expenses | | | | | |
| Amortization of Tangible Capital Assets | | | | | |
| Operations and Maintenance | 49,275,000 | 42,128,312 | | 42,128,312 | 32,640,713 |
| Total Expense | 49,275,000 | 42,128,312 | - | 42,128,312 | 32,640,713 |
| Capital Surplus (Deficit) for the year | (3,720,419) | 24,640,240 | 766,042 | 25,406,282 | 3,450,628 |
| Net Transfers (to) from other funds | | | | | |
| Tangible Capital Assets Purchased | 13,603,652 | 10,817,190 | | 10,817,190 | 3,251,556 |
| Local Capital | 3,448,000 | | 15,448,000 | 15,448,000 | 4,209,451 |
| Total Net Transfers | 17,051,652 | 10,817,190 | 15,448,000 | 26,265,190 | 7,461,007 |
| Other Adjustments to Fund Balances | | | | | |
| District Portion of Proceeds on Disposal | | (117,000) | 117,000 | - | |
| Tangible Capital Assets Purchased from Local Capital | | 3,080,584 | (3,080,584) | - | |
| Tangible Capital Assets WIP Purchased from Local Capital | | 4,340,996 | (4,340,996) | - | |
| Local Capital Site Costs Reclassified to Bylaw Capital | | (486,504) | 486,504 | - | |
| Total Other Adjustments to Fund Balances | | 6,818,076 | (6,818,076) | - | |
| Total Capital Surplus (Deficit) for the year | 13,331,233 | 42,275,506 | 9,395,966 | 51,671,472 | 10,911,635 |
| Capital Surplus (Deficit), beginning of year | | 437,879,592 | 34,261,438 | 472,141,030 | 461,229,395 |
| Capital Surplus (Deficit), end of year | | 480,155,098 | 43,657,404 | 523,812,502 | 472,141,030 |

School District No. 36 (Surrey)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2018

| | Sites | Buildings | Furniture and Equipment | Vehicles | Computer Software | Computer Hardware | Total |
|--|--------------------|--------------------|----------------------------|------------------|----------------------|----------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost, beginning of year | 288,898,686 | 1,074,402,111 | 34,384,071 | 6,480,960 | 3,065,973 | 11,162,841 | 1,418,394,642 |
| Changes for the Year | | | | | | | |
| Increase: | | | | | | | |
| Purchases from: | | | | | | | |
| Deferred Capital Revenue - Bylaw | 30,629,187 | 31,254,825 | 3,743,336 | 300 | | 937,856 | 66,565,504 |
| Deferred Capital Revenue - Other | 1,852,865 | | 272,358 | | | | 2,125,223 |
| Operating Fund | | | 4,351,234 | 2,012,942 | 395,406 | 3,744,118 | 10,503,700 |
| Special Purpose Funds | | | 313,490 | | | | 313,490 |
| Local Capital | 384,529 | 1,089,529 | 1,333,660 | 214,295 | 33,505 | 25,066 | 3,080,584 |
| Transferred from Work in Progress | | 31,649,246 | | | | | 31,649,246 |
| | 32,866,581 | 63,993,600 | 10,014,078 | 2,227,537 | 428,911 | 4,707,040 | 114,237,747 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 2,503,060 | 683,054 | 835,057 | 1,848,848 | 5,870,019 |
| | - | - | 2,503,060 | 683,054 | 835,057 | 1,848,848 | 5,870,019 |
| Cost, end of year | 321,765,267 | 1,138,395,711 | 41,895,089 | 8,025,443 | 2,659,827 | 14,021,033 | 1,526,762,370 |
| Work in Progress, end of year | | 13,701,095 | | | | | 13,701,095 |
| Cost and Work in Progress, end of year | 321,765,267 | 1,152,096,806 | 41,895,089 | 8,025,443 | 2,659,827 | 14,021,033 | 1,540,463,465 |
| Accumulated Amortization, beginning of year | | 455,057,878 | 16,523,761 | 3,091,513 | 1,602,581 | 5,332,727 | 481,608,460 |
| Changes for the Year | | | | | | | |
| Increase: Amortization for the Year | | 35,481,809 | 3,813,896 | 725,316 | 439,254 | 1,668,037 | 42,128,312 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 2,503,060 | 683,054 | 835,057 | 1,848,848 | 5,870,019 |
| | | - | 2,503,060 | 683,054 | 835,057 | 1,848,848 | 5,870,019 |
| Accumulated Amortization, end of year | | 490,539,687 | 17,834,597 | 3,133,775 | 1,206,778 | 5,151,916 | 517,866,753 |
| Tangible Capital Assets - Net | 321,765,267 | 661,557,119 | 24,060,492 | 4,891,668 | 1,453,049 | 8,869,117 | 1,022,596,712 |

School District No. 36 (Surrey)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2018

| | Buildings | Furniture and Equipment | Computer Software | Computer Hardware | Total |
|--|-------------------|------------------------------------|------------------------------|------------------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Work in Progress, beginning of year | 34,289,248 | | | | 34,289,248 |
| Changes for the Year | | | | | |
| Increase: | | | | | |
| Deferred Capital Revenue - Bylaw | 6,075,606 | | | | 6,075,606 |
| Deferred Capital Revenue - Other | 644,491 | | | | 644,491 |
| Local Capital | 4,340,996 | | | | 4,340,996 |
| | 11,061,093 | - | - | - | 11,061,093 |
| Decrease: | | | | | |
| Transferred to Tangible Capital Assets | 31,649,246 | | | | 31,649,246 |
| | 31,649,246 | - | - | - | 31,649,246 |
| Net Changes for the Year | (20,588,153) | - | - | - | (20,588,153) |
| Work in Progress, end of year | 13,701,095 | - | - | - | 13,701,095 |

Draft

School District No. 36 (Surrey)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2018

| | Bylaw Capital | Other Provincial | Other Capital | Total Capital |
|---|------------------|---------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Deferred Capital Revenue, beginning of year | 487,330,898 | 18,688,866 | | 506,019,764 |
| Changes for the Year | | | | |
| Increase: | | | | |
| Transferred from Deferred Revenue - Capital Additions | 35,936,317 | 272,358 | | 36,208,675 |
| Transferred from Work in Progress | 21,792,242 | 4,945,161 | | 26,737,403 |
| | 57,728,559 | 5,217,519 | - | 62,946,078 |
| Decrease: | | | | |
| Amortization of Deferred Capital Revenue | 32,751,724 | 931,272 | | 33,682,996 |
| | 32,751,724 | 931,272 | - | 33,682,996 |
| Net Changes for the Year | 24,976,835 | 4,286,247 | - | 29,263,082 |
| Deferred Capital Revenue, end of year | 512,307,733 | 22,975,113 | - | 535,282,846 |
| Work in Progress, beginning of year | 22,230,914 | 4,945,161 | | 27,176,075 |
| Changes for the Year | | | | |
| Increase | | | | |
| Transferred from Deferred Revenue - Work in Progress | 6,075,606 | 644,491 | | 6,720,097 |
| | 6,075,606 | 644,491 | - | 6,720,097 |
| Decrease | | | | |
| Transferred to Deferred Capital Revenue | 21,792,242 | 4,945,161 | | 26,737,403 |
| | 21,792,242 | 4,945,161 | - | 26,737,403 |
| Net Changes for the Year | (15,716,636) | (4,300,670) | - | (20,017,306) |
| Work in Progress, end of year | 6,514,278 | 644,491 | - | 7,158,769 |
| Total Deferred Capital Revenue, end of year | 518,822,011 | 23,619,604 | - | 542,441,615 |

School District No. 36 (Surrey)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2018

Schedule 4D (Unaudited)

| | Bylaw Capital | MEd Restricted Capital | Other Provincial Capital | Land Capital | Other Capital | Total |
|---|---------------------|------------------------------|--------------------------------|------------------|------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, beginning of year | 14,066,299 | 4,719,049 | 3,091 | 177,586 | | 18,966,025 |
| Changes for the Year | | | | | | |
| Increase: | | | | | | |
| Provincial Grants - Ministry of Education | 62,027,310 | | | | | 62,027,310 |
| Provincial Grants - Other | | | 262,882 | | | 262,882 |
| Investment Income | | 84,789 | | 11,727 | | 96,516 |
| MEd Restricted Portion of Proceeds on Disposal | | 351,000 | | | | 351,000 |
| Transfer project surplus to MEd Restricted (from) Bylaw | (2,940,153) | 2,940,153 | | | | - |
| Local Government Site Fees | | | | 2,658,165 | | 2,658,165 |
| | 59,087,157 | 3,375,942 | 262,882 | 2,669,892 | - | 65,395,873 |
| Decrease: | | | | | | |
| Transferred to DCR - Capital Additions | 35,936,317 | 16,972 | 255,386 | | | 36,208,675 |
| Transferred to DCR - Work in Progress | 6,075,606 | 644,491 | | | | 6,720,097 |
| Transferred to Revenue - Site Purchases | 30,629,187 | 125,467 | | 1,727,398 | | 32,482,052 |
| Local Capital Site Costs transferred to Bylaw Capital | 486,504 | | | | | 486,504 |
| | 73,127,614 | 786,930 | 255,386 | 1,727,398 | - | 75,897,328 |
| Net Changes for the Year | (14,040,457) | 2,589,012 | 7,496 | 942,494 | - | (10,501,455) |
| Balance, end of year | 25,842 | 7,308,061 | 10,587 | 1,120,080 | - | 8,464,570 |