

SCHOOL DISTRICT 63 (SAANICH)

FINANCE, FACILITIES & TECHNOLOGY COMMITTEE

Agenda

Committee Members: Trustee VanWell, Chair
Trustee Dunford
Trustee McMurphy

Staff Support: Jason Reid, Secretary-Treasurer
Dave Eberwein, Superintendent of Schools
Megan Cimaglia, Director of Finance
Rob Lumb, Director of Facilities
Cody Henschel, Director of Information Technology

Partner Representatives: Don Peterson, STA
Nola Welsh, CUPE
David Mark, SAA
Megan Misovic, COPACS

Other Attendees:

Tuesday, September 13, 2022
10:30 am

A. PRESENTATIONS AND QUESTIONS

No Items.

B. ITEMS FOR DISCUSSION

1. Naming the Veyaness Road Childcare Centre – briefing note to follow

C. ITEMS FOR RECOMMENDATION

2. 2022/23 Financial Statements

a) Staff Recommendation:

The Committee recommends and I, Trustee VanWell move,
That the Board approve the internal restriction of accumulated operating surplus as presented in note 12 in the 2021/22 financial statements.

b) Staff Recommendation:

The Committee recommends and I, Trustee VanWell move,
That the Board approve transfer of \$109,982 from accumulated operating surplus to local capital, as presented in schedule 1 in the 2021/22 financial statements.

c) Staff Recommendation:

The Committee recommends and I, Trustee VanWell move,
That the Board approve the 2021/22 Financial Statements.

3. SD63 Business Company Final Financial Statements

Staff Recommendation:

The Committee recommends and I, Trustee VanWell move,
That the Board approve the financial statements of the School District No. 63 Business Company,
Saanich International Distributed Learning Services Inc., and Saanich International Student
Recruiting Services Inc.

4. Student & Family Affordability Fund

Staff Recommendation:

The Committee recommends and I, Trustee VanWell move,
That the Board approve the proposed allocation method and spending parameters for the Student
and Family Affordability Fund.

5. Revision to 2022/23 Capital Plan Submission

Staff Recommendation:

The Committee recommends and I, Trustee VanWell move,
That the 2023/24 Five Year Capital Plan Submission be amended to include replacement of the
heating plant at Stelly's Secondary School.

D. ITEMS FOR INFORMATION

No Items.

E. FUTURE AGENDA ITEMS

1. Financial Enrolment & Funding (October)
2. Energy Plan Presentation (October)

To: Finance, Facilities & Technology Committee

Prepared By: Jason Reid

Subject: 2021/22 Financial Statements

Date: September 8, 2022

Purpose

The purpose of this briefing note is to:

- 1) Provide information relevant for the committee’s review and the Board’s approval of the 2021/22 financial statements including fund transfers to local capital and internal restriction of accumulated operating surplus; and,
- 2) Advise on the next steps in the adoption of the 2022/23 Amended Budget.

Status of Financial Audit

The audit of the 2021/22 Financial Statements is substantially complete and the Office of the Auditor General reports they expect to issue the audit opinion following approval of the financial statements by the Board of Education. The audit opinion will be qualified in relation to the contributions revenue accounting policies that the school district is required to follow by government regulation.

2021/22 Financial Statements

As reported in the consolidated statement of operations (statement 2), for the year ended June 30, 2022 the district’s expenses exceeded its revenue resulting in an annual deficit of \$3,498,631 (2021 result was a surplus of \$345,534) . This was comprised of the combined financial results of the operating fund and the capital fund as follows:

Annual Surplus (Deficit)	June 30, 2022	June 30, 2021
Operating Fund	(2,921,751)	238,630
Capital Fund	(576,880)	106,904
Combined	(3,498,631)	345,534

In the operating fund, the annual deficit of \$2,921,751 resulted in accumulated operating surplus decreasing from \$6,916,708 at the beginning of the year to \$3,994,957 as at June 30, 2022. A significant factor increasing fiscal pressure in 2021/22 was increased staff replacement costs attributable to the Omicron COVID-19 variant, and actual employee benefit costs being much closer to budget than in prior years.

A Financial Statement Discussion and Analysis (“FSD&A”) has been prepared to supplement the financial statements by providing additional information and analysis so readers can more fully understand the school district’s 2021/22 financial performance.

The FSD&A is included in the committee package and should be reviewed in conjunction with the committee's review of the financial statements. The FSD&A will be published on the school district's website along with the audited financial statements, once the financial statements are approved by the Board of Education.

Fund Transfers and Internal Restriction of Accumulated Surplus

[Board Policy 19 \(Accumulated Operating Surplus\)](#) addresses use of accumulated surplus and the process for fund transfers from the operating fund.

“Transfers of operating surplus to local capital are approved by Board motion and are made only for specific initiatives that either have a clear linkage to Boards' strategic goals, address required future capital asset investment, or that meet other specified needs of the school district.”

Transfers from the operating fund to local capital represent funds designated for the future purchase of capital assets. In Saanich, these transfers in 2021/22 relate solely to the allocation of a portion of lease revenues designated for future renewal of leased space. This practice of allocating a designated portion of annual lease revenues to local capital was a decision approved by the Board to ensure childcare portables and other leased exclusive use space can be renewed and sustained long term. For the year-ended June 30, 2022, the amount of this transfer is \$109,982. This transfer is presented in schedules 1, 2, and 4 following the notes the financial statements.

“Accumulated operating surplus may be appropriated (internally restricted) by Board motion for the following purposes:

- *Contingency Reserve;*
- *Multi-year Funding of Projects and Programs; and,*
- *Strategic or Operational Priorities.”*

Accumulated operating surplus has declined from \$6,916,708 at the beginning of the year to \$3,994,957 as at June 30, 2022. As the Board has already appropriated \$2,530,968 in accumulated surplus to balance the preliminary 2022/23 budget, only \$1,463,989 in accumulated surplus remains to be allocated.

Policy requires that the contingency reserve be sufficient to reduce financial risk (and its impact on program stability) to an appropriate level, and when the contingency reserve is reduced below what is determined to be appropriate, [“the Board will adopt strategies for replenishing the Contingency Reserve within an appropriate time frame.”](#)

Per Policy 2150, surplus available for multi-year funding of projects and programs is the amount available after first allocating necessary surplus to the contingency reserve. Any remaining surplus after allocation for multi-year funding of projects and programs is then available for strategic or operational priorities.

Although available surplus is not sufficient to fund an appropriate contingency reserve, I do recommend carryforwards are approved (in more limited circumstances) to avoid abrupt program impacts. It will then be necessary to develop a strategy in future budgets (including the 2022/23 Amended Budget) to replenish the contingency reserve and reduce reliance on accumulated surplus to fund continuing expenditures.

Multi-year funding of projects and programs requires the allocation of prior year revenues to fund future expenditures and is achieved through budgetary appropriation of accumulated operating surplus. This appropriation of June 30, 2022 accumulated operating surplus effectively includes these balances as a source of revenue (for budgetary purposes) in the 2022/23 Amended Budget. Multi-year funding of projects and programs has historically applied in the following circumstances:

- School surplus balances – schools historically carry-forward unspent operating budget as they are expected to fund equipment replacement and other initiatives that span more than one fiscal year. These carry-forwards have historically been limited to 10% of operating budget¹, except in unusual circumstances.
- Continuing project – budget allocated to a discrete project in-progress that continues beyond the end of the fiscal year. This includes equipment purchased with 2021/22 budget, which does not arrive until after fiscal year-end.
- Targeted funding – funding externally restricted for a specific purpose and not fully spent by the end of the year.
- Timing differences – funding is received but the related expenditures occur in the following fiscal year. For example, Dual credit program, Hairstylist program in Instructional Services.

Due to the significant decline in available accumulated surplus, proposed carryforward balances are further restricted as follows:

- Reduce limit on school carryforwards by 50% (from 40% of budget to 20% of budget). Greater surplus only permitted where a school had made a purchase before year-end that was not received/invoiced before year-end, and only to the extent that purchase exceeded the limit of 20% of budget.
- Carryforwards for continuing projects only allowed for irreversible commitments - either a purchase that has already been made (but not invoiced before year-end) or a public commitment related to an educational program priority (ex. specific FESL initiative).

Accumulated operating surplus and proposed appropriations of accumulated operating surplus as at June 30, 2022 are presented in the left column in the table below. These proposed appropriations are presented in Note 12 of the financial statements, pending approval by the Board.

¹ Note that effective in 2021/22, budgets for school support staff were centralized to simplify the budgeting process for schools. Following this change (which effectively reduced budgets under school control), an equivalent limit on carryforward balances has been determined to be 40% (versus the historical 10%).

	2021/22 Financial Statements (proposed)	2021/22 Amended Budget	2020/21 Financial Statements
District Activities (multi-year funding)	592,584	984,527	984,527
School Activities (multi-year funding)	403,932	694,213	694,213
Learning Impacts of Pandemic	-	234,849	234,849
Appropriated for Budget in following year	2,530,968	2,418,503	2,757,247
Total Internally Restricted	3,527,484	4,332,092	4,670,836
Contingency Reserve (Unappropriated Surplus)	467,473	2,584,616	723,702
Unrestricted Surplus	-	-	1,522,170
Total Accumulated Surplus	3,994,957	6,916,708	6,916,708

The right column in the above table shows how accumulated surplus was restricted in the prior year (2020/21) financial statements, and the middle column shows how this prior year accumulated surplus was then allocated in the 2021/22 amended budget adopted by the Board in February 2022.

Carry-forward balances for school and district activities are presented in more detail in **Appendix 1**.

Adoption of the 2022/23 Amended Budget – Next Steps

Each year the Board approves an Amended Annual Budget (before the end of February) reflecting changes that result from:

- analysis of prior year audited results and confirmation of available accumulated operating surplus;
- confirmation of fall enrolment and resulting funding and staffing costs; and,
- other circumstances that have arisen subsequent to the adoption of the preliminary budget.

In October, I will provide updates on enrolment, funding and cost pressures and the related impact on budgetary balance for the 2022/23 Amended Budget.

Budget sustainability has been the greatest operational risk of the district for several years due to the combined impact of the pandemic and unfunded inflationary pressures. As the 2021/22 financial results have increased this risk further, a key priority will be allocation of funds to increase the contingency reserve and reduce reliance on accumulated surplus to fund continuing expenditures.

Board Approval of 2021/22 Financial Statements**Staff Recommendations:**

That the Board approve the internal restriction of accumulated operating surplus as presented in note 12 in the 2021/22 financial statements.

That the Board approve transfer of \$109,982 from accumulated operating surplus to local capital, as presented in schedule 1 in the 2021/22 financial statements.

That the Board approve the 2021/22 Financial Statements.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jason Reid".

Jason Reid
Secretary-Treasurer

JR/klg

Attachments: Appendix 1: Proposed Appropriation of Accumulated Surplus

**Appendix 1: Proposed Appropriation of Accumulated Surplus
As at June 30, 2022**

	June 2022	June 2021	Change
District Activities (multi-year funding)	592,584	984,527	(391,943)
School Activities (multi-year funding)	403,932	694,213	(290,281)
Learning Impacts of Pandemic	-	234,849	(234,849)
Appropriated for Budget in following year	2,530,968	2,757,247	(226,279)
Total Internally Restricted	3,527,484	4,670,836	(1,143,352)
Contingency Reserve (Unappropriated Surplus)	467,473	723,702	(256,229)
Unrestricted Surplus	-	1,522,170	(1,522,170)
Total Accumulated Surplus	3,994,957	6,916,708	(2,921,751)

Internally Restricted for District Activities	June 2022	June 2021	
	Budget	Budget	Change
	CFWD	CFWD	
Information Technology - IT Infrastructure	5,531	127,714	(122,183)
Finance - Projects/Invoice Timing	35,000	8,700	26,300
Instructional Services - Programs	153,724	220,445	(66,721)
Learning and Innovation - Programs	67,164	109,815	(42,651)
Indigenous Education - Equipment Replacement	4,000		4,000
Indigenous Education - Grants	221,494	184,186	37,308
Diversity and Inclusion	64,546	198,860	(134,314)
Early Learning Programs	12,922	6,176	6,746
Facilities - Projects	-	121,631	(121,631)
Saanich Rec Joint Use Funds - ROMS	23,203		23,203
Superintendent - Projects	5,000	5,000	-
H&S - OHS Projects	-	2,000	(2,000)
Total District Activities (multi-year funding)	592,584	984,527	(391,943)

Internally Restricted for District Activities	BUDGET	June 2022	% Surplus	June 2021
	(excluding	Budget	Relative to	Budget
	staffing)	CFWD	Budget	CFWD
Brentwood Elementary	93,738	18,748	20.0%	32,295
Cordova Bay Elementary	101,589	20,318	20.0%	35,419
Deep Cove Elementary	63,010	11,462	18.2%	16,024
Children's Development Centre	119,883	23,977	20.0%	95,984
Keating Elementary	118,711	4,308	3.6%	36,132
Lochside Elementary	79,403	1,310	1.6%	7,039
Prospect Lake Elementary	53,929	(2,610)	-4.8%	4,859
Kelset Elementary	103,328	20,666	20.0%	37,401
Sidney Elementary	98,926	19,785	20.0%	29,530
Stelly's Secondary	391,956	63,796	16.3%	60,943
Claremont Secondary	407,610	(11,928)	-2.9%	-
Parkland Secondary	220,024	44,005	20.0%	66,743
North Saanich Middle	99,999	20,000	20.0%	26,795
Royal Oak Middle	129,576	19,035	14.7%	26,014
Bayside Middle (Note 1)	152,918	44,000	28.8%	62,331
ILC and Continuing Education	239,524	47,905	20.0%	50,407
SIDES	822,875	59,157	7.2%	106,297
Total School Activities (multi-year funding)	3,296,999	403,932		694,213

Note 1: Carryforward exceeds 20% of budget to fund equipment ordered before year-end and not received



**Financial Statement
Discussion and Analysis**

For the Year Ended June 30, 2022

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

The following is a discussion and analysis of the Saanich School District's financial performance for the fiscal year ended June 30, 2022. This report is a summary of the district's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the district's financial statements.

OVERVIEW OF THE SCHOOL DISTRICT

The Saanich School District serves about 8,000 student FTE in: 14 neighborhood schools (8 elementary schools, 3 middle schools, and 3 secondary schools); the Children's Development Centre; the South Island Distance Education School (SIDES); the Individual Learning Centre (ILC), the Continuing Education program; and the Saanich International Student Program.

Saanich Schools Strategic Plan 2022-2027 guides the Board of Education and its employees and partners in delivering educational programs. The Strategic Plan is organized around the following four goals:

- Literacy;
- Indigenous Learner Success;
- Mental Health and Wellness; and
- Global Citizenship.

Under the *School Act* and Policy 2 (Role of the Board), the Board is responsible for the improvement of student achievement, and the strategic plan is the means to achieving this objective.

UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE

Annual surplus and accumulated surplus¹ are key financial statement performance indicators; however, interpreting the meaning of these figures in BC school districts is complicated by the use of fund accounting and deferral accounting. The use of fund accounting means the financial statements of school districts are a consolidation of three separate funds (operating, special purpose and capital), and each of these funds differs with respect to the methods of accounting used and the legislative and other constraints on budgeting and financial results. This means financial performance can only be fully understood by reviewing each fund separately. Financial performance for each fund is reported in the supplementary schedules that follow the notes to the financial statements.

¹ Annual surplus is the extent to which annual revenues exceed expenses. If annual expenses exceed revenues the result is referred to as an annual deficit. An accumulated surplus position is the extent to which revenues from all previous years have exceeded expenses from all previous years. An accumulated deficit position occurs when expenses from all previous years exceed revenues from all previous years. When an accumulated deficit occurs, it means future revenues are needed to pay for past expenditures.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

<p>Operating Fund</p> <p>2022 Revenues: \$84.7 million</p>	<p>Annual program revenues and expenditures are reported within the operating fund and special purpose fund (see below). Annual and accumulated surplus within the operating fund are important indicators of financial performance and financial health for school districts. This is because school districts are not permitted to budget for or incur an <u>accumulated</u> deficit position. This means when a school district has accumulated operating surplus available it can be used to budget for future expenditures and to reduce financial risk associated with unforeseen circumstances.</p>
<p>Special Purpose Fund</p> <p>2022 Revenues: \$13.5 million</p>	<p>The special purpose fund includes targeted grants and school generated revenues that are restricted for a specific purpose. Annual and accumulated surplus is always zero because revenues are recognized only as related expenditures occur (deferral method of accounting). If expenditures for a program within the special purpose fund exceed available revenues, the resulting deficit is transferred to the operating fund, reducing accumulated operating surplus.</p>
<p>Capital Fund</p> <p>2022 Capital Funding Received: \$5.3 million</p> <p>2022 Capital Assets Purchased: \$5.1 million</p>	<p>The capital fund reports investment in and financing activities related to capital assets. Capital contributions (funding) from the Province are accounted for using the deferral method of accounting, whereby recognition of revenue is spread out over the life of the related capital assets to match with amortization expense, which reflects the use of the asset over its life. This means capital fund revenues are not a reflection of funding actually received in a given year, and annual surplus (deficit) in the capital fund is not a meaningful indicator of annual financial performance.</p>

FINANCIAL HIGHLIGHTS

As reported in the consolidated statement of operations (statement 2), for the year ended June 30, 2022 the district's expenses exceeded its revenue resulting in an annual deficit of \$3,498,631 (2021 result was a surplus of \$345,534). This was comprised of the combined financial results of the operating fund and the capital fund as follows:

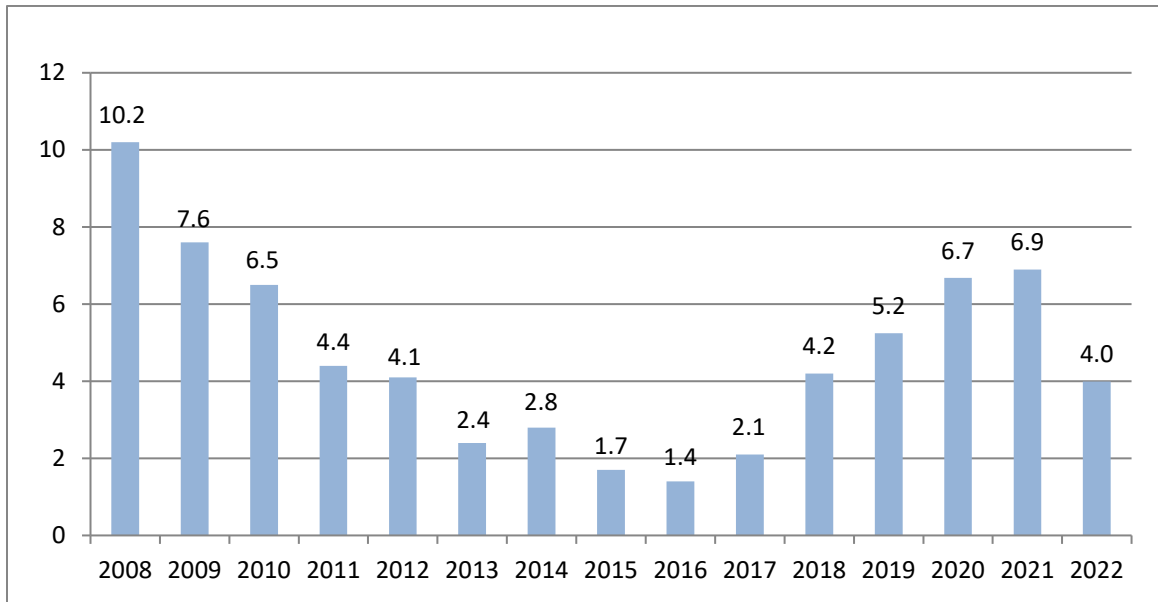
Annual Surplus (Deficit)	June 30, 2022	June 30, 2021
Operating Fund	(2,921,751)	238,630
Capital Fund	(576,880)	106,904
Combined	(3,498,631)	345,534

In the operating fund, the annual deficit of \$2,921,751 resulted in accumulated operating surplus decreasing from \$6,916,708 at the beginning of the year to \$3,994,957 as at June 30, 2022. This

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

result is consistent with the forecasted expectation last spring (May 2022) that accumulated surplus would decline below \$4 million. Budget planning for 2022/23 reflected this forecasted expectation and optimism final results could exceed this forecast. A significant factor increasing fiscal pressure in 2021/22 was increased staff replacement costs attributable to the Omicron COVID-19 variant, and actual employee benefit costs being much closer to budget than in prior years.

Exhibit 1: Closing Accumulated Surplus (\$ million) by Fiscal Year

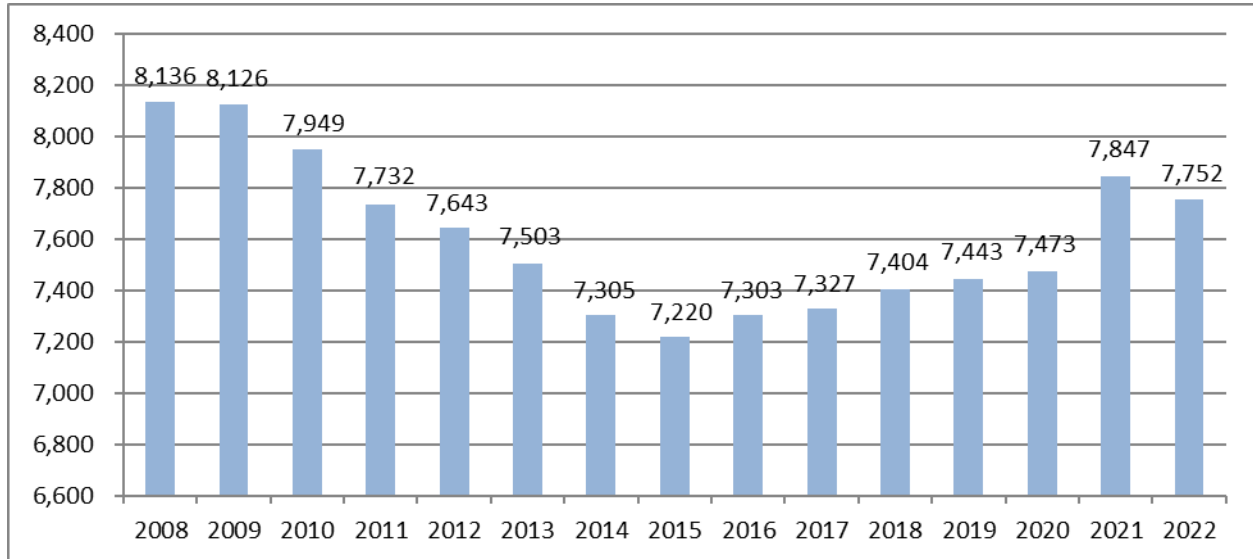


Provincial operating grants, which comprise approximately 88% of total operating fund revenues, are determined largely based on student enrolment. In BC, funding increases or decreases with enrolment to a greater degree than program costs vary with enrolment. This means that when enrolment declines financial pressure results, and when enrolment grows there is generally increased financial flexibility.

In 2020/21 the district experienced net enrolment growth attributable to the pandemic. This consisted of significant enrolment growth at SIDES (online learning) driven mostly by students enrolling from outside the school district, partially offset by pandemic related enrolment declines in neighbourhood schools. In 2021/22, enrolment declined overall as enrolment in SIDES and neighbourhood schools started trending closer to “pre-pandemic” levels. Longer term, the district forecasts that enrolment will be relatively stable and that it may decline modestly in some years.

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Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Exhibit 2: Funded FTE Enrolment by Fiscal Year



Capital Investment

During the year ended June 30, 2022, the district invested \$5.1 million in capital additions that were funded by: Provincial capital funding (\$3.7 million), the operating fund (\$1.0 million), and the other capital contributions (\$0.4 million). Capital additions during the year included the following projects:

Project	Total Budgeted Cost	Invested in 2021/22	Completion Date
Children’s Development Centre Replacement	\$4.3m	\$1.7m	Fall 2021
Computer Hardware Upgrades	\$0.7m	\$0.7m	Ongoing
HVAC Upgrades	\$0.6m	\$0.6m	Ongoing
Roof Replacements	\$0.6m	\$0.6m	Ongoing
Dust Collectors	\$0.3m	\$0.3m	Ongoing
Parkland Track	\$0.2m	\$0.1m	Ongoing
Electrical Upgrades	\$0.1m	\$0.1m	Ongoing

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

2021/22 Significant Financial Events

- **Enrolment and Funding** – While 2021/22 on-line learning enrolment remained well above “pre-pandemic” levels in 2021/22, it declined relative to the 2020/21 school year as many students returned to traditional in-person instruction. As most on-learning students enroll from outside of the school district, this resulted in a net decrease in overall enrolment relative to 2020/21.

- **International Program Enrolment and Revenues** – International program enrolment grew from 140 FTE in 2020/21 (prior year) to 228 FTE in 2021/22. While travel restrictions did not impede enrolment as it did in 2020/21 (prior year), reduced availability of homestay families continues to constrain enrolment below “pre-pandemic” levels (i.e. 320 to 330 FTE). Recruitment of homestay families is a program focus to support the continued recovery of international program enrolment and revenues.

- **Pandemic Related Cost Pressures** – In 2021/22 the district continued to experience significant cost pressures related to the pandemic. In particular, 2021/22 staff replacement costs due to illness exceeded budget by more than \$0.9 million. While the district did receive some additional funding for measures related to health and safety and addressing the learning impacts of the pandemic, most incremental pandemic related cost pressures experienced in 2021/22 were unfunded. This differed from 2020/21 (prior year) when the district received sufficient targeted Federal and Provincial funding (\$3.6 million) to cover incremental pandemic related costs.

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Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

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

Statement of Financial Position (All Funds)

The table below includes explanations for significant variances in the consolidated statement of financial position (statement 1) relative to the prior year.

	2022	2021	Analysis of Variance
Construction Security Deposit	87,100	421,300	Decreased as most of the construction security deposit related to the replacement of the Children’s Development Centre was released. This deposit was required by the District of Saanich and is being released as municipal upgrade components are completed.
Unearned Revenue	5,055,707	4,194,914	Increased by \$0.9 million due to increased international program enrolment in 2022/23 relative to 2021/22.
Tangible Capital Assets	144,363,384	146,097,649	Decreased by \$1.7 million due amortization of capital assets (\$6.8m), offset by capital investment (\$5.1m).

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Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Statement of Operations by Fund – Operating Fund

	Amended Budget 2021/22	Actual 2021/22	Actual 2020/21	Actual 2019/20
Revenues	83,977,587	84,698,127	81,844,847	78,169,407
Expenses and fund transfers	<u>88,309,679</u>	<u>87,619,878</u>	<u>81,606,207</u>	<u>76,731,882</u>
Annual Operating Surplus (Deficit)	(4,332,092)	(2,921,751)	238,630	1,437,525
Opening Accumulated Surplus	<u>6,916,708</u>	<u>6,916,708</u>	<u>6,678,078</u>	<u>5,240,553</u>
Closing Accumulated Surplus	2,584,616	3,994,957	6,916,708	6,678,078

The 2021/22 Amended Budget included as a source of funding appropriation of \$4,332,092 in accumulated operating surplus comprised of: \$1,678,740 for district and school program carry-forwards, \$234,849 carried forward for one-time pandemic learning impacts measures, and \$2,418,503 to fund continuing expenditures in 2021/22. Funding continued expenditures using accumulated surplus is sustainable only to the extent the appropriation does not exceed average budget underspend over time. While this appropriation (\$2.4 million) exceeded what has historically been viewed to be sustainable long term (approximately \$1.5m or less), the larger appropriation reflected the importance of maintaining programs during the pandemic and that future recovery of international program revenues was expected to allow this appropriation to decline in the future.

In a typical year, actual expenditures are less than budgeted expenditures by approximately \$1.5 million plus unspent program carry-forwards, which usually remain consistent year to year. If this had occurred, accumulated surplus would have declined by approximately \$1.1 million from \$6.9 million to \$5.8 million. However, due to cost pressures experienced during the year attributable primarily to the pandemic, accumulated surplus declined by \$2.9 million to approximately \$4.0 million.

Detailed information on the operating fund is presented in schedules 2 to 2C following the notes to the financial statements. Revenues, expenditures and accumulated operating surplus are analysed in greater detail in the next section.

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Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Operating Fund Revenues

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

	Amended Budget 2021/22	Actual 2021/22	Amended Budget 2020/21	Actual 2020/21
Grant Revenue	74,240,072	74,828,557	73,041,921	74,419,663
Tuition Revenue (International Program)	3,507,675	3,708,763	1,627,500	2,024,160
Other Revenue	5,639,840	5,574,297	3,970,465	4,826,084
Rentals and Leases	390,000	380,542	390,000	357,692
Investment Income	200,000	205,968	200,000	217,248
Total Revenues	83,977,587	84,698,127	79,229,157	81,844,847

Grant Revenues:

Budgeted grant revenues in 2021/22 were \$1.2 million higher than the 2020/21 budget primarily due to increased funding rates offset by net enrolment decline.

Actual 2021/22 grant revenues exceeded 2021/22 budget by \$0.6 million because of reclassification of \$0.4 million in revenues from other revenues (Funding from First Nations) to grant revenues; and provincial grants exceeding budget by \$0.2 million.

Tuition Revenues:

Budgeted tuition revenues in 2021/22 increased by \$1.9 million relative to the 2020/21 budget reflecting forecasted recovery in enrolment following the easing of the travel restrictions implemented in 2020. Actual tuition revenues in 2021/22 were \$0.2 million above budget due mainly to higher than budgeted ancillary revenue (such as for the orientation program).

As noted on page 5, although international program enrolment improved in 2021/22 it remains well below “pre-pandemic” levels due to the limited availability of homestay families to host international students.

Other Revenues:

Budgeted other revenues in 2021/22 increased by \$1.7 million relative to the 2020/21 budget because the international student homestay fees budget increased by \$1.4 million as enrolment increased, and because of other smaller increases to other revenue budgets.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Despite reclassification of \$0.4 million in other revenues to grant revenues (relative to budget), 2021/22 actual other revenues were close to budgeted revenues as misc. and school generated revenues were higher than budget. It common for miscellaneous and school generated revenues to exceed budget, as these revenues (which includes one-time grants) vary from year to year and are budgeted conservatively.

Operating Fund Expenses

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

Analysis of Variances by Object

Operating Fund Expenditure by Object	Amended Budget 2021/22	Actual 2021/22	Amended Budget 2020/21	Actual 2020/21
Salaries				
Teachers	34,870,563	35,576,010	35,211,960	34,200,530
Principals and Vice Principals	4,727,020	4,636,514	4,523,136	4,492,357
Education Assistants	5,722,047	5,214,769	5,488,364	5,257,581
Support Staff	9,290,257	8,463,733	8,674,131	8,571,844
Other Professionals	3,169,536	3,151,514	3,122,822	3,146,791
Substitutes	2,981,485	3,919,473	2,933,843	3,069,686
Total Salaries	60,760,908	60,962,013	59,954,256	58,738,789
Employee Benefits	15,299,160	15,168,799	15,167,502	14,150,729
Total Salaries and Benefits	76,060,068	76,130,812	75,121,758	72,889,518
Service and Supplies expense	11,197,393	10,343,995	9,564,634	7,353,874
Fund transfers (schedule 2)	1,052,218	1,145,071	497,141	1,362,825
Total Service and Supplies and fund transfers	12,249,611	11,489,066	10,061,775	8,716,699
Total Operating Expenditure	88,309,679	87,619,878	85,183,533	81,606,217

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Salaries – Teachers

Budgeted teacher salary expense in 2021/22 was \$0.3 million lower than budgeted expense in 2020/21 primarily due to enrolment based position reductions of 12 FTE (\$1.3 million), partially offset by 2021/22 wages increases (\$0.9 million).

Actual teacher salary cost in 2021/22 exceeded budget by \$0.7 million because of additional teacher salary costs funded by school/department budgets (\$0.35 million), a temporary VP assignment salary coded to teacher payroll (\$0.1 million), contractual prep time pay-outs (\$0.1 million), and a number of other smaller factors.

The district is funded for 60.7 teacher FTE through the Classroom Enhancement Fund (CEF) for the restoration of class size and composition language. The CEF and related costs are reported in the special purpose fund and are not reflected in the operating fund figures reported above.

Salaries – Principals and Vice Principals (PVP)

Budgeted PVP salary expense in 2021/22 was higher than 2020/21 budgeted expense by \$0.2 million primarily due to inflationary salary increases.

Actual 2021/22 expense was below budget by \$0.1 million primarily because salary for a temporary VP assignment was coded to the teacher salary budget.

Salaries – Education Assistants (EA)

Budgeted Education Assistant salary expense in 2021/22 was higher than 2020/21 budgeted expense by \$0.2 million primarily due to inflationary salary increases (\$0.1m) and increased position budget.

In 2021/22 actual expense was below budget by \$0.5 million primarily due to hiring lag and unpaid leaves.

Salaries – Support Staff

Budgeted Support Staff salary expense in 2021/22 was higher than 2020/21 budgeted expense by \$0.6 million primarily due to inflationary salary increases (\$0.2), the addition of daytime custodians in elementary schools (\$0.2), and other expense classification changes.

In 2021/22 actual expense was below budget by \$0.8 million due to \$0.2 million hiring lag in replacing vacant positions and an increasingly competitive job market and \$0.6 million change in financial statement presentation of cost recovery of district staff to capital projects.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Salaries – Other Professionals

Budgeted other professional salary expense in 2021/22 increased relative to 2020/21 budgeted expense by less than \$0.1 million due to inflationary wage increases. Actual expense in 2021/22 was consistent with budget.

Salaries –Substitutes

Budgeted substitute salary expense in 2021/22 exceeded budgeted expense in 2020/21 by less than \$0.1 million due to inflationary wage increases.

Actual expense in 2021/22 exceeded budget by \$0.9 million, and it exceeded prior year expense (2020/21) by \$0.85 million. This significant negative variance relative to budget and prior year was attributable to higher usage of sick and emergency leave. The Omicron wave of the pandemic was a significant factor in increasing leaves.

Employee Benefits

Budgeted employee benefits expense in 2021/22 was relatively consistent with budgeted expense in 2020/21.

Actual expense in 2021/22 was close to budget budgeted expense (under budget by approximately \$0.1 million). This differed from the two previous years (2020/21 and 2019/20) when actual employee benefits expense were approximately \$1.0 million below budget in both years due largely to lower than budgeted usage of medical and dental plan benefits.

Total Service and Supplies and Fund Transfers

For the purpose of this analysis, fund transfers are combined with service and supply expense because fund transfers relate primarily to the purchase of capital assets from service and supply budgets in the operating fund.

It is expected that actual service and supply expenditures will be less than budget as most surplus carry-forward balances are reflected as service and supply expenditure in the budget and are not fully spent. Also, service and supply budgets commonly fund other expenditures such as substitute costs.

Budgeted expense in 2021/22 was \$2.2 million higher than budgeted expense in 2020/21, primarily due to the homestay program budget increasing by \$1.8 million as international program enrolment partially recovered, and because \$0.2 million was restored to the IT infrastructure budget after having been reduced in 2020/21 as a measure to offset the financial impact of the pandemic.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Actual expense in 2021/22 was below budget by \$0.8 million due to the impact of unspent budget related to carry-forward balances, partially offset by a change in financial statement presentation of cost recovery on capital projects.

Analysis of Variances by Function

Operating Fund Expenditure by Function	Amended Budget 2021/22	Actual 2021/22	Amended Budget 2020/21	Actual 2020/21
Instruction	72,844,921	72,922,289	70,772,816	67,638,912
District Administration	3,371,562	2,973,649	3,268,476	2,949,823
Operations and Maintenance	9,538,764	9,025,217	9,250,391	8,238,835
Transportation	1,502,214	1,553,652	1,394,709	1,415,822
Fund transfer	1,052,218	1,145,071	497,141	1,362,825
Total	88,309,679	87,619,878	85,183,533	81,606,217

Instruction – 2021/22 budgeted expenditures exceed 2020/21 budgeted expenditures by \$2.1 million. This increase was primarily attributable to the homestay program budget increasing by \$1.8 million as international program enrolment grew.

In 2021/22 actual instruction expense exceeded budget by less than \$0.1 million; however, historically actual instruction expense is usually well below budget in large part because unspent carry-forwards represent unspent budget (2020/21 - \$3.1 million less; 2019/20 - \$3.6 million less; and 2018/19 - \$2.4 million less). Instruction exceeded budget in 2021/22 largely because substitute salaries and employee benefits exceeded budget offsetting the budget savings resulting from unspent carry-forward balances.

District Administration – Actual district administration expense in 2021/22 was lower than budget by \$0.4 million attributable primarily to lower employee benefits and service and supply expenses relative to budget.

Operations and Maintenance and Fund Transfer – Fund transfers primarily represent operations and maintenance expenditures that meet the criteria for capitalization. When Operations and Maintenance expense is combined with fund transfers, expenditure was \$0.4 million below budget, attributable primarily to lower employee benefits and service and supply expenses relative to budget.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Transportation – Actual expense exceeded budget by \$0.1 million due to supply and fuel cost inflation.

Accumulated Operating Surplus

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

	2021/22 Financial Statements	2021/22 Amended Budget (Feb 2022)	2020/21 Financial Statements
District Activities (multi-year funding)	592,584	984,527	984,527
School Activities (multi-year funding)	403,932	694,213	694,213
Learning Impacts of Pandemic	-	234,849	234,849
Appropriated for Budget in Following Year	2,530,968	2,418,503	2,757,247
Total Internally Restricted	3,527,484	4,332,092	4,670,836
Contingency Reserve (Unappropriated Surplus)	467,473	2,584,616	723,702
Unrestricted Surplus	-	-	1,522,170
Total Accumulated Surplus	3,994,957	6,916,708	6,916,708

The right column in the above table shows how accumulated surplus was restricted in the prior year (2020/21) financial statements, and the middle column shows how this prior year accumulated surplus was then allocated in the 2021/22 amended budget adopted by the Board in February 2022. The 2021/22 Amended Budget included appropriation of \$2,418,503 to fund continuing expenditures, and this planned appropriation increased to \$2,530,968 in the 2022/23 Preliminary Budget adopted in June 2022.

During the year ended June 30, 2022 accumulated surplus declined from \$6,916,708 at the beginning of the year to \$3,994,957 at the end of the year. The left column shows that \$2,530,968 of this balance is allocated to fund continuing expenditures in the 2022/23 Preliminary Budget, \$996,516 relates to multi-year funding of district and school programs, and \$467,473 is allocated to contingency reserve.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Both the trajectory of the accumulated surplus decline in 2021/22 and the depletion of the contingency reserve means the district will likely need to reduce budgeted expenditures in 2023/24 in order to re-establish budget sustainability.

Statement of Operations by Fund – Special Purpose Fund

	Amended Budget 2021/22	Actual 2021/22	Amended Budget 2020/21	Actual 2020/21
Provincial Grants	10,495,170	10,717,370	11,504,487	12,936,789
Other Revenues	1,744,500	2,791,565	2,863,613	2,023,812
Expenditures	(12,239,670)	(13,508,935)	(14,141,752)	(14,702,497)
Fund transfers	-	-	(226,348)	(258,104)
Annual Surplus (Deficit)	-	-	-	-

2021/22 Budgeted grant revenues in the special purpose fund decreased by \$2.4 million relative to 2020/21 actual grant revenues due primarily to a decrease of \$3.2 million in one-time grants targeted to pandemic related measures, partially offset by increases the Classroom Enhancement Fund (CEF) and other targeted grants. Actual grants in 2021/22 exceeded budget by \$0.2 million primarily due to increased costs funded by CEF.

Fluctuations to budgeted and actual other revenues over the past two years are attributable to the impact of the pandemic on school generated revenues. Actual school generated revenues in 2021/22 returned to pre-pandemic levels after declining significantly in 2020/21.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

Statement of Operations by Fund – Capital Fund

	Amended Budget 2021/22	Actual 2021/22	Amended Budget 2020/21	Actual 2020/21
Revenues	5,014,611	5,139,040	4,784,792	4,787,645
Expenses	6,718,052	6,860,991	6,301,668	6,301,670
Fund Transfers (capital assets purchased in other funds)	<u>1,052,218</u>	<u>1,145,071</u>	<u>723,489</u>	<u>1,620,929</u>
Change in Accumulated Surplus	(651,223)	(576,880)	(793,387)	106,904
Prior Period Adjustment				(917,324)
Opening Accumulated Surplus		<u>26,975,381</u>	<u>27,785,801</u>	<u>27,785,801</u>
Closing Accumulated Surplus		26,398,501	26,992,414	26,975,381

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

The 2021/22 financial statements reflect a prior period adjustment to apply the half-year rule method of capital asset amortization. This adjustment reduced opening accumulated surplus in the capital fund by \$917,324. A description of this adjustment is found in note 22 of the financial statements.

During the year ended June 30, 2022, the district invested \$5.1 million in capital additions. Further details are presented in the Financial Highlights section.

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

- Local Capital Reserve – this balance forms part of accumulated surplus in the capital fund and represents funds available for future investment in capital assets. These funds are generated primarily from allocation of lease revenues designated for future asset renewal.
- MEd Restricted Capital – this balance forms part of the deferred capital revenue balance in the capital fund and represents funds available for investment in capital assets at the discretion of the Ministry of Education. These funds are generated primarily from capital project savings.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2022

The table below presents the June 30, 2022 closing balances in Local Capital and MEd Restricted Capital and what portion of the balances remains uncommitted for future capital investment.

	Local Capital	MEd Restricted Capital
Balance at June 30, 2022	356,905	62,602
Committed for future investment	356,905	62,602
Uncommitted Balance	-	-

The local capital balance consists of the accumulated allocation of lease revenues for the future renewal of leased space.

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

CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District’s stakeholders with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Office of the Secretary Treasurer at 250-652-7332.

Consolidated Audited Financial Statements of

School District No. 63 (Saanich)

And Independent Auditors' Report thereon

June 30, 2022

School District No. 63 (Saanich)

June 30, 2022

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School District No. 63 (Saanich)

MANAGEMENT REPORT

Version: 9473-8727-6744

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of School District No. 63 (Saanich) 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 consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated 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. 63 (Saanich) (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 regularly throughout the year and externally audited consolidated financial statements yearly.

The external auditors, Office of the Auditor General of British Columbia, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of School District No. 63 (Saanich) 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 consolidated financial statements.

On behalf of School District No. 63 (Saanich)

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. 63 (Saanich)

Consolidated Statement of Financial Position

As at June 30, 2022

	2022 Actual	2021 Actual (Restated - Note 22)
	\$	\$
Financial Assets		
Cash and Cash Equivalents	21,801,778	21,776,190
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	757,785	794,363
Due from Province - Other	-	46,138
Due from First Nations	993,555	1,096,590
Other (Note 3)	1,680,240	1,796,601
Portfolio Investments (Note 4)	208,765	202,909
Construction Security Deposit (Note 5)	87,100	421,300
Total Financial Assets	25,529,223	26,134,091
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 6)	9,374,347	9,274,492
Unearned Revenue (Note 7)	5,055,707	4,194,914
Deferred Revenue (Note 8)	1,791,085	1,629,288
Deferred Capital Revenue (Note 9)	119,585,324	119,457,557
Employee Future Benefits (Note 10)	4,061,261	4,088,113
Total Liabilities	139,867,724	138,644,364
Net Debt	(114,338,501)	(112,510,273)
Non-Financial Assets		
Tangible Capital Assets (Note 11)	144,363,384	146,097,649
Prepaid Expenses	368,575	304,713
Total Non-Financial Assets	144,731,959	146,402,362
Accumulated Surplus (Deficit) (Note 12)	30,393,458	33,892,089

Contractual Obligations (Note 13)

Contractual Rights (Note 14)

Contingent Liabilities (Note 15)

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. 63 (Saanich)

Consolidated Statement of Operations

Year Ended June 30, 2022

	2022 Budget (Note 16) \$	2022 Actual \$	2021 Actual (Restated - Note 22) \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	84,712,242	85,322,825	87,228,702
Other	23,000	183,610	127,750
Federal Grants		39,492	
Tuition	3,507,675	3,708,763	2,024,160
Other Revenue	7,379,340	8,365,862	6,847,577
Rentals and Leases	390,000	380,542	357,692
Investment Income	205,000	208,900	222,422
Amortization of Deferred Capital Revenue	5,014,611	5,136,108	4,784,790
Total Revenue	<u>101,231,868</u>	<u>103,346,102</u>	<u>101,593,093</u>
Expenses (Note 17)			
Instruction	84,166,587	85,552,617	80,361,568
District Administration	3,458,197	3,060,284	3,038,162
Operations and Maintenance	16,598,487	16,470,791	15,994,160
Transportation and Housing	1,991,912	1,761,041	1,853,669
Total Expense	<u>106,215,183</u>	<u>106,844,733</u>	<u>101,247,559</u>
Surplus (Deficit) for the year	<u>(4,983,315)</u>	<u>(3,498,631)</u>	<u>345,534</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		33,892,089	33,546,555
Accumulated Surplus (Deficit) from Operations, end of year		<u><u>30,393,458</u></u>	<u>33,892,089</u>

School District No. 63 (Saanich)

Consolidated Statement of Changes in Net Debt
Year Ended June 30, 2022

	2022 Budget (Note 16) \$	2022 Actual \$	2021 Actual (Restated - Note 22) \$
Surplus (Deficit) for the year	(4,983,315)	(3,498,631)	345,534
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(969,968)	(5,126,726)	(8,037,116)
Amortization of Tangible Capital Assets	6,718,052	6,860,991	6,301,670
Prior Period Adjustment - 1/2 Year Rule on Prior Year Additions			2,441,708
Total Effect of change in Tangible Capital Assets	5,748,084	1,734,265	706,262
Acquisition of Prepaid Expenses	(250,000)	(368,575)	(304,713)
Use of Prepaid Expenses	215,000	304,713	213,349
Total Effect of change in Other Non-Financial Assets	(35,000)	(63,862)	(91,364)
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>729,769</u>	(1,828,228)	960,432
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		(1,828,228)	960,432
Net Debt, beginning of year		(112,510,273)	(113,470,705)
Net Debt, end of year		(114,338,501)	(112,510,273)

School District No. 63 (Saanich)

Statement 5

Consolidated Statement of Cash Flows

Year Ended June 30, 2022

	2022 Actual	2021 Actual
		(Restated - Note 22)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(3,498,631)	345,534
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	302,112	139,794
Prepaid Expenses	(63,862)	(91,364)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	99,855	282,602
Unearned Revenue	860,793	904,028
Deferred Revenue	161,797	(380,110)
Employee Future Benefits	(26,852)	261,532
Amortization of Tangible Capital Assets	6,860,991	6,301,670
Amortization of Deferred Capital Revenue	(5,136,108)	(4,784,790)
Construction Works Deposit	334,200	(421,300)
Total Operating Transactions	<u>(105,705)</u>	<u>2,557,596</u>
Capital Transactions		
Tangible Capital Assets Purchased	(1,664,436)	(2,680,120)
Tangible Capital Assets -WIP Purchased	(3,462,290)	(5,356,996)
Total Capital Transactions	<u>(5,126,726)</u>	<u>(8,037,116)</u>
Financing Transactions		
Capital Revenue Received	5,263,875	5,040,868
Total Financing Transactions	<u>5,263,875</u>	<u>5,040,868</u>
Investing Transactions		
Proceeds on Disposal of Portfolio Investments	(5,856)	(5,444)
Total Investing Transactions	<u>(5,856)</u>	<u>(5,444)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,588	(444,096)
Cash and Cash Equivalents, beginning of year	21,776,190	22,220,286
Cash and Cash Equivalents, end of year	21,801,778	21,776,190
Cash and Cash Equivalents, end of year, is made up of:		
Cash	6,316,765	10,037,731
Cash Equivalents	15,485,013	11,738,459
	<u>21,801,778</u>	<u>21,776,190</u>

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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. 63 (Saanich)", and operates as "School District No. 63 (Saanich)". A board of education ("Board") is elected for a four-year term and governs the school district. The school district provides educational programs to students enrolled in schools in the district, and is principally funded by the Province of British Columbia through the Ministry of Education and Child Care. School District No. 63 (Saanich) 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 school 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, 2020 and full-time beginning September 1, 2020 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 school district is not practicable at this time.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the school district are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the school district are as follows:

a) Basis of Accounting

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

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

As noted in notes 2(g) and 2(m), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the school district to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense.

As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Accounting (continued)

As a result, revenue recognized in the statement of operations and certain related deferred capital revenue would be recorded differently under Canadian Public Sector Accounting Standards.

b) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities. The transactions of the Business Company are accounted for using the consolidation method. Inter-departmental transactions and organizational transactions have been eliminated.

School District No. 63 Business Company was 100 percent owned by the school district and was dissolved on March 24, 2022.

c) Cash and Cash Equivalents

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

d) Accounts Receivable

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

e) Portfolio Investments

The school district has investments in Guaranteed Investment Certificates (GICs) with terms to maturity of greater than one year. GICs are reported at cost.

f) 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.

g) 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 (m).

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.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Deferred Revenue and Deferred Capital Revenue (continued)

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.

h) Employee Future Benefits

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

The school district accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing. The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2022 and projected to March 31, 2025. The next valuation will be performed at March 31, 2025 for use at June 30, 2025. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

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

i) Liability for Contaminated Sites

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

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the school district:
 - is directly responsible; or
 - accepts responsibility;

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Liability for Contaminated Sites (continued)

- 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 remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

j) Tangible Capital Assets

The following criteria apply:

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

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

k) Prepaid Expenses

Amounts for insurance and other services are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

l) 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 – Accumulated Surplus).

m) Revenue Recognition

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

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.

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. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

n) Expenditures

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

Categories of Salaries

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

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, and accounts payable and accrued liabilities. 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.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated 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. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

p) Measurement Uncertainty

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

q) Future Changes in Accounting Policies

PS 3280 Asset Retirement Obligations issued August 2018 establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective July 1, 2022. A liability will be recognized when, as at the financial reporting date:

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

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 Consolidated Statement of Operations.

A modified retroactive application has been recommended by Government. Management is in the process of assessing the impact of adopting this standard on the school district's financial results.

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

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

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

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

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Future Changes in Accounting Policies (continued)

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

r) Comparative Figures

Certain comparative figures presented in the financial statements have been reclassified to conform to the financial statement presentation adopted in the current year.

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2022	June 30, 2021
	\$	\$
Due from Federal Government	105,995	127,003
Other	42,913	165,560
BCPSEA and PEBT benefit surplus	1,531,332	1,504,038
	1,680,240	1,796,601

NOTE 4 PORTFOLIO INVESTMENTS

	June 30, 2022	June 30, 2021
Investments measured at cost:	\$	\$
GIC's	208,765	202,909
	208,765	202,909

NOTE 5 CONSTRUCTION SECURITY DEPOSIT

The school district paid a deposit to District of Saanich as security for performance of various obligations during construction in progress at Children's Development Centre. The District expects to complete all works and services required and be refunded the deposit when construction is complete in 2023.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES – OTHER

	June 30, 2022	June 30, 2021
	\$	\$
Trade payables	1,451,664	1,221,884
Salaries and benefits payable	7,430,193	7,529,650
Accrued vacation pay	492,490	522,958
	9,374,347	9,274,492

NOTE 7 UNEARNED REVENUE

	June 30, 2022	June 30, 2021
	\$	\$
Balance, beginning of year	4,194,914	3,290,886
Changes for the year:		
Increase:		
Tuition fees collected	4,247,847	2,638,747
Homestay fees collected	2,534,994	1,431,545
Decrease:	6,782,841	4,070,292
Tuition and other fees recognized as revenue	(3,708,763)	(2,024,160)
Homestay fees recognized as revenue	(2,213,285)	(1,142,104)
Net changes for the year	860,793	904,028
Balance, end of year	5,055,707	4,194,914

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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. Detailed information about the changes in deferred revenue is included in Schedule 3A.

	June 30, 2022	June 30, 2021
	\$	\$
Balance, beginning of year	1,629,288	2,009,398
Changes for the year:		
Increase:		
Provincial Grants	10,801,601	12,807,466
Other	2,890,672	1,809,786
Investment Income	6,283	5,796
	13,698,556	14,623,048
Decrease:		
Transfers to Revenue	(13,508,935)	(14,960,601)
Recovered	(27,824)	(42,557)
Net changes for the year	161,797	(380,110)
Balance, end of year	1,791,085	1,629,288

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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. Detailed information about the changes in deferred capital revenue is included in Schedules 4C and 4D.

	June 30, 2022	June 30, 2021
Balance, deferred capital revenue, subject to amortization, beginning of year	\$ 116,175,381	\$ 117,559,660
Prior period adjustment, adoption of ½ year rule	-	(2,441,708)
Balance, deferred capital revenue, subject to amortization, beginning of year as restated	<u>116,175,381</u>	<u>115,117,852</u>
Changes for the year:		
Increase:		
Capital Additions	628,501	1,241,135
Transfer from work in progress	5,784,749	4,601,084
Decrease:		
Amortization	(5,136,108)	(4,784,790)
Net changes for the year	<u>1,277,142</u>	<u>1,057,429</u>
Balance, deferred capital revenue, subject to amortization, end of year	<u>117,452,523</u>	<u>116,175,381</u>
Balance, deferred capital revenue, not subject to amortization, beginning of year	3,196,533	2,540,315
Transfer from unspent deferred capital revenue – work in progress	3,462,290	5,257,302
Transfer completed projects to deferred capital revenue	(5,784,749)	(4,601,084)
Balance, deferred capital revenue not subject to amortization, end of year	<u>874,074</u>	<u>3,196,533</u>

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 9 DEFERRED CAPITAL REVENUE (continued)

Balance, unspent deferred capital revenue, beginning of year	85,643	1,543,212
Changes for the year:		
Increase:		
Provincial Grants, Ministry of Education	3,543,925	4,495,535
Provincial Grants, Other	1,186,419	98,634
Other	359,512	-
Investment income	1,974	1,598
Receivable from Ministry of Education – COA Draws	172,045	445,101
Decrease:		
Transferred to DCR – Capital Additions	(628,501)	(1,241,135)
Transferred to DCR – Work in Progress	(3,462,290)	(5,257,302)
Net changes for the year	<u>1,173,084</u>	<u>(1,457,569)</u>
Balance, unspent deferred capital revenue, end of year	<u>1,258,727</u>	<u>85,643</u>
Balance, end of year	<u><u>119,585,324</u></u>	<u><u>119,457,557</u></u>

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 10 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, 2022	June 30, 2021
Reconciliation of Accrued Benefit Obligation		
	\$	\$
Accrued Benefit Obligation – April 1	4,498,120	4,473,535
Service Cost	368,344	369,981
Interest Cost	116,935	104,894
Benefit Payments	(524,716)	(352,277)
Actuarial Loss	(43,711)	(98,013)
	4,414,972	4,498,120
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	4,414,972	4,498,120
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(4,414,972)	(4,498,120)
Employer Contributions After Measurement Date	284,738	166,148
Benefits Expense After Measurement Date	(120,826)	(121,320)
Unamortized Net Actuarial Loss	189,799	365,179
	(4,061,261)	(4,088,113)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	4,088,113	3,826,581
Net expense for Fiscal Year	616,454	618,480
Employer Contributions	(643,306)	(356,948)
	4,061,261	4,088,113
Components of Net Benefit Expense		
	\$	\$
Service Cost	360,369	369,572
Interest Cost	124,417	107,904
Amortization of Net Actuarial (Gain)/Loss	131,669	141,004
Net Benefit Expense (Income)	616,455	618,480

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 10 EMPLOYEE FUTURE BENEFITS (continued)

The significant actuarial assumptions adopted for measuring the school district's accrued benefit obligations are:

	June 30, 2022	June 30, 2021
Discount Rate – April 1	2.50%	2.25%
Discount Rate – March 31	3.25%	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 years	10.5 years

Our actuary, Mercer, calculated the Accrued Benefit Obligation at March 31 (early measurement date) to determine the Employee Future Benefit Liability as at June 30 for financial statement reporting. The impact of changes in assumptions between the March 31, 2022 measurement date and June 30, 2022 reporting date have been reviewed and considered and the rising discount rate has a significant impact on reported results.

Mercer calculated a discount rate based on the provincial government cost of borrowing for various durations as at June 30, 2022. The discount rate derived from these borrowing costs is 4.25%, an increase of 1.0% from the rate of 3.25% used at March 31, 2022. Mercer estimates that using this discount rate would produce a decrease in the Accrued Benefit Obligation of between 3% to 12% (\$264,898-\$353,198) and a decrease in 2022/23 service costs of between 6% to 16%.

NOTE 11 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2022	Net Book Value 2021 (restated – Note 22)
	\$	\$
Sites	6,088,418	6,088,418
Buildings	129,172,178	129,054,455
Buildings - Work in Progress	384,116	3,153,760
Furniture & Equipment	5,524,770	5,086,889
Furniture & Equipment - Work in Progress	489,958	42,776
Vehicles	916,684	986,650
Computer Software	21,213	43,206
Computer Hardware	1,766,047	1,641,495
Total	144,363,384	146,097,649

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 11 TANGIBLE CAPITAL ASSETS (continued)

June 30, 2022

Cost:	Opening Cost	Additions	Disposals	Transfers	Total 2022
	\$	\$	\$	\$	\$
Sites	6,088,418	-	-	-	6,088,418
Buildings	222,395,624	507,661	-	4,879,825	227,783,110
Work in Progress	3,153,760	2,110,181	-	(4,879,825)	384,116
Furniture & Equipment	8,020,025	377,455	432,368	904,927	8,870,039
Work in Progress	42,776	1,352,109	-	(904,927)	489,958
Vehicles	1,668,425	92,447	181,035	-	1,579,837
Computer Software	121,484	-	23,040	-	98,444
Computer Hardware	2,584,204	686,873	232,076	-	3,039,001
Total	244,074,716	5,126,726	868,519	-	248,332,923

Accumulated Amortization:	Opening Accumulated Amortization (Restated – Note 22)	Additions	Disposals	Transfers	Total 2022
	\$	\$	\$	\$	\$
Sites	-	-	-	-	-
Buildings	93,341,169	5,269,763	-	-	98,610,932
Furniture & Equipment	2,933,136	844,501	(432,368)	-	3,345,269
Vehicles	681,775	162,413	(181,035)	-	663,153
Computer Software	78,278	21,993	(23,040)	-	77,231
Computer Hardware	942,709	562,321	(232,076)	-	1,272,954
Total	97,977,067	6,860,991	(868,519)	-	103,969,539

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 11 TANGIBLE CAPITAL ASSETS (continued)

June 30, 2021

Cost:	Opening Cost	Additions	Disposals	Transfers	Total 2021 (restated – Note 22)
	\$	\$	\$	\$	\$
Sites	6,088,418	-	-	-	6,088,418
Buildings	217,550,901	962,971	-	3,881,752	222,395,624
Work in Progress	2,502,927	4,532,585	-	(3,881,752)	3,153,760
Furniture & Equipment	6,640,573	266,036	219,097	1,332,513	8,020,025
Work in Progress	550,878	824,411	-	(1,332,513)	42,776
Vehicles	1,504,763	498,786	335,124	-	1,668,425
Computer Software	121,484	-	-	-	121,484
Computer Hardware	1,822,986	952,327	191,109	-	2,584,204
Total	236,782,930	8,037,116	745,330	-	244,074,716

Accumulated Amortization:	Opening Accumulated Amortization	Additions	Disposals	Prior Period Adjustment (Adoption of ½ Year Rule) (Note 22)	Total 2021 (restated – Note 22)
	\$	\$	\$	\$	\$
Sites	-	-	-	-	-
Buildings	85,638,900	5,098,244	-	2,604,025	93,341,169
Furniture & Equipment	2,087,173	664,057	(219,097)	401,003	2,933,136
Vehicles	782,998	150,476	(335,124)	83,425	681,775
Computer Software	41,831	24,296	-	12,151	78,278
Computer Hardware	510,793	364,597	(191,109)	258,428	942,709
Total	89,061,695	6,301,670	(745,330)	3,359,032	97,977,067

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 12 ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	June 30, 2022	June 30, 2021 (restated – Note 22)
	\$	\$
Invested in tangible capital assets	26,041,596	26,730,544
Local capital surplus	356,905	244,837
Operating surplus	3,994,957	6,916,708
	30,393,458	33,892,089

Inter-fund transfers between the operating, special purpose and capital funds for the year ended June 30, 2022, were as follows:

- \$1,035,089 was transferred from the operating fund to the capital fund for the purchase of capital assets.
- \$109,982 was transferred from the operating fund to the local capital fund for future purchases of capital assets.

The operating surplus has been internally restricted (appropriated) by the Board for the 2022/2023 budget.

	<u>June 30, 2022</u>
	\$
School Activities	403,932
District Activities	592,584
Appropriated for 2022/23 Budget	2,530,968
Subtotal Internally Restricted	3,527,484
Unrestricted Operating Surplus	467,473
Total Available for Future Operations	3,994,957

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 13 CONTRACTUAL OBLIGATIONS

The school district has entered into contracts related to capital projects with a remaining cost of approximately \$3,319,084.

The following table summarizes other contractual obligations of the school district:

\$						
Contractual Obligations	2023	2024	2025	2026	2027	Thereafter
Various purchase contracts	228,155	263,866	272,389	279,200	-	-

NOTE 14 CONTRACTUAL RIGHTS

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

\$						
Contractual Rights	2023	2024	2025	2026	2027	Thereafter
Leases of Property	241,248	239,908	231,582	227,015	171,347	709,749

NOTE 15 CONTINGENT LIABILITIES

The school district, in conducting its usual business activities, is involved in various legal claims and litigation. In the event any unsettled claims are successful, management believes that such claims are not expected to have a material effect on the school district's financial position, and accordingly, no provision has been made in these financial statements for any liability that may result. Any losses arising from these actions will be recorded in the year in which the related litigation is settled.

Certain schools in the school district contain asbestos. No amount has been recorded in these financial statements with regard to this potential liability since the fair value of future removal costs cannot be reasonably estimated due to unknown timelines.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 16 BUDGET FIGURES

Budget figures included in the consolidated financial statements were approved by the Board through the adoption of an amended annual budget bylaw on February 16, 2022. The original annual budget was adopted on May 19, 2021. The original and amended budgets are presented below.

	2022 Amended Annual Budget	2022 Annual Budget
Revenues		
	\$	\$
Provincial Grants	84,735,242	80,447,220
Tuition	3,507,675	2,980,000
Other Revenue	7,379,340	9,092,465
Rentals and Leases	390,000	390,000
Investment Income	205,000	200,000
Amortization of Deferred Capital Revenue	5,014,611	4,850,000
Total Revenue	101,231,868	97,959,685
Expenses		
Instruction	84,166,587	80,573,543
District Administration	3,458,197	3,431,078
Operations and Maintenance	16,598,487	16,048,299
Transportation and Housing	1,991,912	1,641,871
Total Expense	106,215,183	101,694,791
Net Revenue (Expense)	(4,983,315)	(3,735,106)
Budgeted Allocation of Surplus	4,332,092	2,757,247
Budgeted Surplus (Deficit) for the year	(651,223)	(977,859)

NOTE 17 EXPENSE BY OBJECT

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	\$	\$
Salaries and benefits	85,976,663	83,516,249
Services and supplies	14,007,076	11,429,640
Amortization	6,860,994	6,301,670
	106,844,733	101,247,559

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 18 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2021, the Teachers' Pension Plan has about 50,000 active members and approximately 40,000 retired members. As of December 31, 2021, the Municipal Pension Plan has about 227,000 active members, including approximately 29,000 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, 2020, indicated a \$1.584 million surplus for basic pension benefits on a going concern basis.

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 \$7,130,907 for employer contributions to the plans for the year ended June 30, 2022 (2021: \$7,000,030).

The next valuation for the Teachers' Pension Plan will be as at December 31, 2023. 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.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 19 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. Related parties also include key management personnel and close family members. 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 20 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 consolidated financial statements have been prepared on a going concern basis.

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 and cash equivalents, 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 investment certificates that have a maturity date of no more than 3 years.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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. There have been no changes to risk exposure from 2020 related to credit, market or liquidity risks.

NOTE 22 PRIOR PERIOD ADJUSTMENT

On May 28, 2021, the Office of the Comptroller General directed all school districts to apply the half-year rule method of amortization beginning in the fiscal year an asset is placed into service. This directive applies to both past and future purchases. Prior to this directive, the district did not recognize amortization in the first partial service year. The School District has made a retroactive adjustment to recognize amortization of all assets and deferred capital contributions beginning in the first service year. The impact of the prior period adjustment on the June 30, 2021 comparative amounts is as follows:

	<u>Increase (Decrease)</u>
	\$
Tangible Capital Assets (Note 11)	(3,359,032)
Deferred Capital Revenue (Note 9)	(2,441,708)
Accumulated Surplus (Deficit)	(917,324)
Amortization of Deferred Capital Revenue	2,441,708
Operations & Maintenance Expense – Asset amortization	3,241,131
Transportation & Housing Expense – Asset amortization	117,901
Accumulated Surplus – beginning of the year July 1, 2021	(917,324)

School District No. 63 (Saanich)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2022

	Operating Fund	Special Purpose Fund	Capital Fund	2022 Actual	2021 Actual (Restated - Note 22)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	6,916,708		26,975,381	33,892,089	34,463,879
Prior Period Adjustments					(917,324)
Accumulated Surplus (Deficit), beginning of year, as restated	6,916,708	-	26,975,381	33,892,089	33,546,555
Changes for the year					
Surplus (Deficit) for the year	(1,776,680)		(1,721,951)	(3,498,631)	345,534
Interfund Transfers					
Tangible Capital Assets Purchased	(1,035,089)		1,035,089	-	
Local Capital	(109,982)		109,982	-	
Net Changes for the year	(2,921,751)	-	(576,880)	(3,498,631)	345,534
Accumulated Surplus (Deficit), end of year - Statement 2	3,994,957	-	26,398,501	30,393,458	33,892,089

School District No. 63 (Saanich)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2022

	2022 Budget (Note 16)	2022 Actual	2021 Actual (Restated - Note 22)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	74,217,072	74,605,455	74,291,913
Other	23,000	183,610	127,750
Federal Grants		39,492	
Tuition	3,507,675	3,708,763	2,024,160
Other Revenue	5,639,840	5,574,297	4,826,084
Rentals and Leases	390,000	380,542	357,692
Investment Income	200,000	205,968	217,248
Total Revenue	<u>83,977,587</u>	<u>84,698,127</u>	<u>81,844,847</u>
Expenses			
Instruction	72,844,921	72,922,289	67,638,912
District Administration	3,371,562	2,973,649	2,949,823
Operations and Maintenance	9,538,764	9,025,217	8,238,835
Transportation and Housing	1,502,214	1,553,652	1,415,822
Total Expense	<u>87,257,461</u>	<u>86,474,807</u>	<u>80,243,392</u>
Operating Surplus (Deficit) for the year	<u>(3,279,874)</u>	<u>(1,776,680)</u>	<u>1,601,455</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>4,332,092</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(969,968)	(1,035,089)	(1,180,881)
Tangible Capital Assets - Work in Progress		-	(99,694)
Local Capital	(82,250)	(109,982)	(82,250)
Total Net Transfers	<u>(1,052,218)</u>	<u>(1,145,071)</u>	<u>(1,362,825)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(2,921,751)</u>	<u>238,630</u>
Operating Surplus (Deficit), beginning of year		6,916,708	6,678,078
Operating Surplus (Deficit), end of year		<u>3,994,957</u>	<u>6,916,708</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		3,527,484	4,670,836
Unrestricted		467,473	2,245,872
Total Operating Surplus (Deficit), end of year		<u>3,994,957</u>	<u>6,916,708</u>

School District No. 63 (Saanich)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2022

	2022 Budget (Note 16)	2022 Actual	2021 Actual (Restated - Note 22)
	\$	\$	\$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	76,614,536	76,549,164	73,777,669
ISC/LEA Recovery	(3,200,058)	(3,079,193)	(2,886,687)
Other Ministry of Education and Child Care Grants			
Pay Equity	377,315	377,315	377,315
Funding for Graduated Adults	447,048	463,074	542,078
Student Transportation Fund	280,000	280,000	280,000
Teachers' Labour Settlement Funding			2,031,443
Early Career Mentorship Funding			155,000
FSA Scorer Grant	13,769	12,964	12,964
Early Learning Framework	1,492	2,131	2,131
Operating Grant Adjustment	28,005	-	
ERASE Grant	10,460	-	
Operating Grant Location Education Agreement Adjustment	(355,495)	-	
Total Provincial Grants - Ministry of Education and Child Care	74,217,072	74,605,455	74,291,913
Provincial Grants - Other	23,000	183,610	127,750
Federal Grants	-	39,492	-
Tuition			
International and Out of Province Students	3,507,675	3,708,763	2,024,160
Total Tuition	3,507,675	3,708,763	2,024,160
Other Revenues			
Funding from First Nations	3,200,058	2,723,698	2,886,687
Miscellaneous			
Miscellaneous and School Generated	182,590	428,694	603,610
Cafeteria	68,000	184,506	125,874
Reading Recovery	69,292	69,292	62,628
Textbook Deposits and Distance Ed Fees	75,000	108,010	98,350
International and Out of Province Homestay Fees	2,044,900	2,029,855	1,040,241
Community Use	-	30,242	8,694
Total Other Revenue	5,639,840	5,574,297	4,826,084
Rentals and Leases	390,000	380,542	357,692
Investment Income	200,000	205,968	217,248
Total Operating Revenue	83,977,587	84,698,127	81,844,847

School District No. 63 (Saanich)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object
Year Ended June 30, 2022

	2022 Budget (Note 16)	2022 Actual	2021 Actual (Restated - Note 22)
	\$	\$	\$
Salaries			
Teachers	34,870,563	35,576,010	34,200,530
Principals and Vice Principals	4,727,020	4,636,514	4,492,357
Educational Assistants	5,722,047	5,214,769	5,257,581
Support Staff	9,290,257	8,463,733	7,713,824
Other Professionals	3,169,536	3,151,514	3,146,791
Substitutes	2,981,485	3,919,473	3,069,686
Total Salaries	60,760,908	60,962,013	57,880,769
Employee Benefits	15,299,160	15,168,799	14,150,729
Total Salaries and Benefits	76,060,068	76,130,812	72,031,498
Services and Supplies			
Services	4,884,234	4,823,714	2,950,331
Professional Development and Travel	799,010	445,956	478,829
Rentals and Leases	150,000	137,659	105,124
Dues and Fees	368,457	385,591	353,722
Insurance	172,000	187,184	157,887
Supplies	3,087,157	2,879,215	2,631,701
Utilities	1,736,535	1,484,676	1,534,300
Total Services and Supplies	11,197,393	10,343,995	8,211,894
Total Operating Expense	87,257,461	86,474,807	80,243,392

School District No. 63 (Saanich)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2022

	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	28,085,826	584,772	75,515	372,783		3,248,522	32,367,418
1.03 Career Programs	375,943	50,861	125,145	56,540		147	608,636
1.07 Library Services	765,597			324,627		154	1,090,378
1.08 Counselling	1,121,445	23,692					1,145,137
1.10 Special Education	3,180,625	301,578	4,724,801	275,930	716,710	221,431	9,421,075
1.30 English Language Learning	841,604					5,371	846,975
1.31 Indigenous Education	375,923	141,403	289,308	58,465	59,901	2,340	927,340
1.41 School Administration		3,393,653		1,741,993		31,324	5,166,970
1.62 International and Out of Province Students	722,635	140,555		356,317	186,399		1,405,906
Total Function 1	35,469,598	4,636,514	5,214,769	3,186,655	963,010	3,509,289	52,979,835
4 District Administration							
4.11 Educational Administration				38,183	767,064		805,247
4.40 School District Governance					118,201		118,201
4.41 Business Administration				376,669	718,830	471	1,095,970
Total Function 4	-	-	-	414,852	1,604,095	471	2,019,418
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	106,412			71,292	478,033	36,400	692,137
5.50 Maintenance Operations				3,728,515		287,012	4,015,527
5.52 Maintenance of Grounds				459,859			459,859
5.56 Utilities							-
Total Function 5	106,412	-	-	4,259,666	478,033	323,412	5,167,523
7 Transportation and Housing							
7.41 Transportation and Housing Administration				57,460	106,376		163,836
7.70 Student Transportation				545,100		86,301	631,401
Total Function 7	-	-	-	602,560	106,376	86,301	795,237
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	35,576,010	4,636,514	5,214,769	8,463,733	3,151,514	3,919,473	60,962,013

School District No. 63 (Saanich)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2022

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2022 Actual	2022 Budget (Note 16)	2021 Actual (Restated - Note 22)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	32,367,418	8,002,712	40,370,130	2,431,176	42,801,306	40,406,382	40,135,816
1.03 Career Programs	608,636	133,525	742,161	653,657	1,395,818	1,176,333	955,486
1.07 Library Services	1,090,378	300,865	1,391,243	52,844	1,444,087	1,449,041	1,466,048
1.08 Counselling	1,145,137	220,338	1,365,475	20	1,365,495	1,175,487	1,009,720
1.10 Special Education	9,421,075	2,723,984	12,145,059	562,824	12,707,883	14,737,925	12,930,882
1.30 English Language Learning	846,975	200,235	1,047,210	2,981	1,050,191	1,083,420	901,404
1.31 Indigenous Education	927,340	190,615	1,117,955	71,578	1,189,533	1,487,794	1,084,383
1.41 School Administration	5,166,970	1,147,125	6,314,095	106,599	6,420,694	6,511,081	6,146,979
1.62 International and Out of Province Students	1,405,906	354,104	1,760,010	2,787,272	4,547,282	4,817,458	3,008,194
Total Function 1	52,979,835	13,273,503	66,253,338	6,668,951	72,922,289	72,844,921	67,638,912
4 District Administration							
4.11 Educational Administration	805,247	146,774	952,021	89,879	1,041,900	1,124,871	1,042,180
4.40 School District Governance	118,201	6,066	124,267	65,881	190,148	202,161	195,026
4.41 Business Administration	1,095,970	222,390	1,318,360	423,241	1,741,601	2,044,530	1,712,617
Total Function 4	2,019,418	375,230	2,394,648	579,001	2,973,649	3,371,562	2,949,823
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	692,137	103,790	795,927	350,262	1,146,189	1,488,435	1,216,425
5.50 Maintenance Operations	4,015,527	1,085,888	5,101,415	548,146	5,649,561	5,735,421	4,931,191
5.52 Maintenance of Grounds	459,859	122,167	582,026	162,765	744,791	793,373	756,728
5.56 Utilities	-	-	-	1,484,676	1,484,676	1,521,535	1,334,491
Total Function 5	5,167,523	1,311,845	6,479,368	2,545,849	9,025,217	9,538,764	8,238,835
7 Transportation and Housing							
7.41 Transportation and Housing Administration	163,836	34,916	198,752	1,066	199,818	210,392	211,541
7.70 Student Transportation	631,401	173,305	804,706	549,128	1,353,834	1,291,822	1,204,281
Total Function 7	795,237	208,221	1,003,458	550,194	1,553,652	1,502,214	1,415,822
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	60,962,013	15,168,799	76,130,812	10,343,995	86,474,807	87,257,461	80,243,392

School District No. 63 (Saanich)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2022

	2022 Budget (Note 16)	2022 Actual	2021 Actual (Restated - Note 22)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	10,495,170	10,717,370	12,936,789
Other Revenue	1,739,500	2,791,565	2,021,493
Investment Income	5,000		2,319
Total Revenue	<u>12,239,670</u>	<u>13,508,935</u>	<u>14,960,601</u>
Expenses			
Instruction	11,321,666	12,630,328	12,722,656
District Administration	86,635	86,635	88,339
Operations and Maintenance	580,653	705,639	1,674,842
Transportation and Housing	250,716	86,333	216,660
Total Expense	<u>12,239,670</u>	<u>13,508,935</u>	<u>14,702,497</u>
Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>258,104</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased			(258,104)
Total Net Transfers	<u>-</u>	<u>-</u>	<u>(258,104)</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. 63 (Saanich)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2022

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Classroom Enhancement Fund - Overhead
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	41,023	3,477	1,392,639		17,376	21,424	-	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	299,364	260,847			96,000	19,600	176,629	423,776	848,635
Other			62,507	2,828,165					
Investment Income			6,283						
	299,364	260,847	68,790	2,828,165	96,000	19,600	176,629	423,776	848,635
Less: Allocated to Revenue	299,364	240,556	57,393	2,734,172	96,000	22,028	174,779	423,776	848,635
Recovered									
Deferred Revenue, end of year	-	61,314	14,874	1,486,632	-	14,948	23,274	-	-
Revenues									
Provincial Grants - Ministry of Education and Child Care	299,364	240,556			96,000	22,028	174,779	423,776	848,635
Other Revenue			57,393	2,734,172					
	299,364	240,556	57,393	2,734,172	96,000	22,028	174,779	423,776	848,635
Expenses									
Salaries									
Teachers							39,526		
Principals and Vice Principals								61,515	144,557
Educational Assistants		194,856					20,349		194,235
Support Staff					54,639			274,525	77,694
Other Professionals									71,564
Substitutes							9,536		190,000
	-	194,856	-	-	54,639	-	69,411	336,040	678,050
Employee Benefits		44,817			13,854		12,565	77,129	158,585
Services and Supplies	299,364	883	57,393	2,734,172	27,507	22,028	92,803	10,607	12,000
	299,364	240,556	57,393	2,734,172	96,000	22,028	174,779	423,776	848,635
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 63 (Saanich)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2022

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	Safe Return to School / Restart: Health & Safety Grant	Federal Safe Return to Class / Ventilation Fund	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	119,399	22,944	11,006			1,629,288
Add: Restricted Grants								
Provincial Grants - Ministry of Education and Child Care	6,452,258	1,639,055	131,317	122,845	25,000	181,289	124,986	10,801,601
Other								2,890,672
Investment Income								6,283
	6,452,258	1,639,055	131,317	122,845	25,000	181,289	124,986	13,698,556
Less: Allocated to Revenue	6,424,434	1,639,055	86,333	145,789	10,346	181,289	124,986	13,508,935
Recovered	27,824							27,824
Deferred Revenue, end of year	-	-	164,383	-	25,660	-	-	1,791,085
Revenues								
Provincial Grants - Ministry of Education and Child Care	6,424,434	1,639,055	86,333	145,789	10,346	181,289	124,986	10,717,370
Other Revenue								2,791,565
	6,424,434	1,639,055	86,333	145,789	10,346	181,289	124,986	13,508,935
Expenses								
Salaries								
Teachers	5,139,547	55,543		9,770				5,244,386
Principals and Vice Principals								206,072
Educational Assistants								409,440
Support Staff			42,159	55,042				504,059
Other Professionals								71,564
Substitutes		1,319,593			4,938			1,524,067
	5,139,547	1,375,136	42,159	64,812	4,938	-	-	7,959,588
Employee Benefits	1,284,887	263,919	11,818	18,083	609			1,886,266
Services and Supplies			32,356	62,894	4,799	181,289	124,986	3,663,081
	6,424,434	1,639,055	86,333	145,789	10,346	181,289	124,986	13,508,935
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-

School District No. 63 (Saanich)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2022

	2022	2022 Actual			2021
	Budget (Note 16)	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual (Restated - Note 22)
	\$	\$	\$	\$	\$
Revenues					
Investment Income			2,932	2,932	2,855
Amortization of Deferred Capital Revenue	5,014,611	5,136,108		5,136,108	4,784,790
Total Revenue	5,014,611	5,136,108	2,932	5,139,040	4,787,645
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	6,479,070	6,739,935		6,739,935	6,080,483
Transportation and Housing	238,982	121,056		121,056	221,187
Total Expense	6,718,052	6,860,991	-	6,860,991	6,301,670
Capital Surplus (Deficit) for the year	(1,703,441)	(1,724,883)	2,932	(1,721,951)	(1,514,025)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	969,968	1,035,089		1,035,089	1,438,985
Tangible Capital Assets - Work in Progress				-	99,694
Local Capital	82,250		109,982	109,982	82,250
Total Net Transfers	1,052,218	1,035,089	109,982	1,145,071	1,620,929
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		846	(846)	-	
Total Other Adjustments to Fund Balances		846	(846)	-	
Total Capital Surplus (Deficit) for the year	(651,223)	(688,948)	112,068	(576,880)	106,904
Capital Surplus (Deficit), beginning of year		26,730,544	244,837	26,975,381	27,785,801
Prior Period Adjustments					
Adoption of 1/2 Year Rule					(917,324)
Capital Surplus (Deficit), beginning of year, as restated		26,730,544	244,837	26,975,381	26,868,477
Capital Surplus (Deficit), end of year		26,041,596	356,905	26,398,501	26,975,381

School District No. 63 (Saanich)

Tangible Capital Assets
Year Ended June 30, 2022

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	6,088,418	222,395,624	8,020,025	1,668,425	121,484	2,584,204	240,878,180
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		323,807	144,371				468,178
Deferred Capital Revenue - Other		159,512	811				160,323
Operating Fund		24,342	231,427	92,447		686,873	1,035,089
Local Capital			846				846
Transferred from Work in Progress		4,879,825	904,927				5,784,752
	-	5,387,486	1,282,382	92,447	-	686,873	7,449,188
Decrease:							
Deemed Disposals			432,368	181,035	23,040	232,076	868,519
	-	-	432,368	181,035	23,040	232,076	868,519
Cost, end of year	6,088,418	227,783,110	8,870,039	1,579,837	98,444	3,039,001	247,458,849
Work in Progress, end of year		384,116	489,958				874,074
Cost and Work in Progress, end of year	6,088,418	228,167,226	9,359,997	1,579,837	98,444	3,039,001	248,332,923
Accumulated Amortization, beginning of year		90,737,144	2,532,133	598,350	66,127	684,281	94,618,035
Prior Period Adjustments							
Adoption of 1/2 Year Rule		2,604,025	401,003	83,425	12,151	258,428	3,359,032
Accumulated Amortization, beginning of year, as restated		93,341,169	2,933,136	681,775	78,278	942,709	97,977,067
Changes for the Year							
Increase: Amortization for the Year		5,269,763	844,501	162,413	21,993	562,321	6,860,991
Decrease:							
Deemed Disposals			432,368	181,035	23,040	232,076	868,519
			432,368	181,035	23,040	232,076	868,519
Accumulated Amortization, end of year		98,610,932	3,345,269	663,153	77,231	1,272,954	103,969,539
Tangible Capital Assets - Net	6,088,418	129,556,294	6,014,728	916,684	21,213	1,766,047	144,363,384

School District No. 63 (Saanich)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2022

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	3,153,760	42,776			3,196,536
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	1,880,900	1,352,109			3,233,009
Deferred Capital Revenue - Other	229,281				229,281
	<u>2,110,181</u>	<u>1,352,109</u>	-	-	<u>3,462,290</u>
Decrease:					
Transferred to Tangible Capital Assets	4,879,825	904,927			5,784,752
	<u>4,879,825</u>	<u>904,927</u>	-	-	<u>5,784,752</u>
Net Changes for the Year	<u>(2,769,644)</u>	<u>447,182</u>	-	-	<u>(2,322,462)</u>
Work in Progress, end of year	<u>384,116</u>	<u>489,958</u>	-	-	<u>874,074</u>

School District No. 63 (Saanich)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2022

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	107,198,570	10,769,154	649,365	118,617,089
Prior Period Adjustments				
Adoption of 1/2 Year Rule	(2,234,046)	(196,484)	(11,178)	(2,441,708)
Deferred Capital Revenue, beginning of year, as restated	104,964,524	10,572,670	638,187	116,175,381
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	468,178	811	159,512	628,501
Transferred from Work in Progress	5,284,749	300,000	200,000	5,784,749
	5,752,927	300,811	359,512	6,413,250
Decrease:				
Amortization of Deferred Capital Revenue	4,694,551	396,759	44,798	5,136,108
	4,694,551	396,759	44,798	5,136,108
Net Changes for the Year	1,058,376	(95,948)	314,714	1,277,142
Deferred Capital Revenue, end of year	106,022,900	10,476,722	952,901	117,452,523
Work in Progress, beginning of year	2,896,533	300,000	-	3,196,533
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	3,233,009	29,281	200,000	3,462,290
	3,233,009	29,281	200,000	3,462,290
Decrease				
Transferred to Deferred Capital Revenue	5,284,749	300,000	200,000	5,784,749
	5,284,749	300,000	200,000	5,784,749
Net Changes for the Year	(2,051,740)	(270,719)	-	(2,322,459)
Work in Progress, end of year	844,793	29,281	-	874,074
Total Deferred Capital Revenue, end of year	106,867,693	10,506,003	952,901	118,326,597

School District No. 63 (Saanich)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2022

	Bylaw Capital	MECC Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	-	47,297	34,802	-	3,544	85,643
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	3,715,970					3,715,970
Provincial Grants - Other			1,186,419			1,186,419
Other					359,512	359,512
Investment Income		522	1,452			1,974
Transfer project surplus to MECC Restricted (from) Bylaw	(14,783)	14,783				-
	<u>3,701,187</u>	<u>15,305</u>	<u>1,187,871</u>	<u>-</u>	<u>359,512</u>	<u>5,263,875</u>
Decrease:						
Transferred to DCR - Capital Additions	468,178		811		159,512	628,501
Transferred to DCR - Work in Progress	3,233,009		29,281		200,000	3,462,290
	<u>3,701,187</u>	<u>-</u>	<u>30,092</u>	<u>-</u>	<u>359,512</u>	<u>4,090,791</u>
Net Changes for the Year	<u>-</u>	<u>15,305</u>	<u>1,157,779</u>	<u>-</u>	<u>-</u>	<u>1,173,084</u>
Balance, end of year	<u>-</u>	<u>62,602</u>	<u>1,192,581</u>	<u>-</u>	<u>3,544</u>	<u>1,258,727</u>

To: Finance, Facilities & Technology Committee

Prepared By: Jason Reid
Secretary Treasurer

Subject: Business Company Financial Statements

Date: September 6, 2022

Purpose and Background

The purpose of this briefing note is to recommend approval of the final financial statements of the School District No. 63 Business Company (the “Business Company”) and its two subsidiary companies: Saanich International Distributed Learning Services Inc. (DL Co); and Saanich International Student Recruiting Services Inc. (SR Co).

On December 1, 2021, the Board of Education resolved that the Business Company be dissolved, and that the debt of DL Co to the school district be released (to enable dissolution). On December 9, 2021, the directors of the companies met and passed the necessary resolutions to settle any remaining obligations and dissolve the companies.

Following applications to the Registrar of Companies, the subsidiaries (DL Co and SR Co) were officially dissolved on January 5, 2022, and the Business Company was officially dissolved on March 24, 2022.

The school district is required to submit financial statements for final reporting period of each company from July 1, 2021 to the date of dissolution.

Next Steps

In the past, the respective Boards of Directors approved the financial statements of each company. However, as the companies have been dissolved and their Boards are no longer legally constituted, the financial statements are instead approved by the Board of Education and signed by the Secretary Treasurer.

KPMG’s audit findings report and the draft financial statements for each of the three companies are included as attachments. KPMG reports that the audits of the financial statements have been substantially completed and the auditor’s reports will be issued following the Board’s approval of the financial statements and receipt of the signed management representation letter (signed on the date of Board approval).

Staff Recommendation

That the Board approve the financial statements of the School District No. 63 Business Company, Saanich International Distributed Learning Services Inc., and Saanich International Student Recruiting Services Inc.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jason Reid".

Jason Reid
Secretary-Treasurer

JR/klg

- Attachments: 1 – KPMG Audit Findings Report
2 – School District No. 63 Business Company Financial Statements
3 – Saanich International Distributed Learning Services Inc. Financial Statements
4 – Saanich International Student Recruiting Services Inc. Financial Statements



AUDIT

School District No. 63 Business Company

Audit Findings Report

For the year ended June 30, 2022

KPMG LLP, Chartered Professional Accountants

kpmg.ca

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This Audit Findings Report should not be used for any other purpose or by anyone other than the Board of Directors and management. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Executive summary

Overview

The purpose of this Audit Findings Report is to assist you, as a member of the Board of Directors, in your review of the financial statements of School District No.63 – Business Company (“the Company”) and its wholly-owned subsidiaries, Saanich International Student Recruiting Services Inc. (“SIRLS”) and Saanich International Distributed Learning Services Inc. (“SIDLS”) (“the Companies”) as at the date of dissolution.

We appreciate the assistance of management and staff in conducting our audit. We trust that this audit findings report is of assistance to you, and we look forward to discussing our findings and answering your questions.

Finalizing the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- obtaining evidence of the Board's approval of the financial statements
- obtaining a signed management representation letter

We will update you on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors’ report will be dated upon the completion of any remaining procedures.

Scope of the audit

Our responsibilities

- Our responsibilities in carrying out our audit, as well as management’s responsibilities, are set out in the engagement letter dated May 29, 2017.

Materiality

- We determine materiality in order to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements.
- Materiality has been determined as follows:
 - \$400 (2021 - \$1,050) School District No.63 – Business Company
 - \$400 (2021 - \$1,050) Saanich International Distributed Learning Services Inc.
 - \$400 (2021 - \$840) Saanich International Student Recruiting Services Inc.

Our audit approach

The following is a summary of our audit approach:

- We substantively tested courses and fees revenue, general and administrative and professional expenses, comparing a sample of revenue and expenses to source documentation.
- We inspected loan agreements for the balances due to School District No. 63 (Saanich), and assessed the accuracy and presentation of the loan obligation and interest expense.
- We obtained bank reconciliations for the cash balances held at year-end.
- We inspected the certificates of dissolution and related impacts on financial statements.
- Disclosures were reviewed for appropriateness of presentation and disclosure under International Financial Reporting Standards.

Matters to discuss

Dissolution of Companies
<ul style="list-style-type: none">● In December 2021, the Boards resolved to dissolve all 3 companies. The companies were wound down and outstanding loans and interest owing to School District No. 63 (Saanich) were released for no consideration.● During the year, SD63 made payments to SIDLS of \$17,591 to fund costs related to winding down the companies.● As at the dissolution date, the only assets and liabilities that remain in the companies are cash on hand and payment to SD63 for the same amount, less share capital of \$1. All other assets and liabilities have been recognized as revenue or expenses in the period.
KPMG comments
<ul style="list-style-type: none">● KPMG inspected the Board meeting minutes, resolutions and certificates of dissolution noting the terms of wind down.● We recalculated the accuracy of the revenues and expenses based on discharging all remaining assets and liabilities except cash on hand at the dissolution date.● We recommended adjustments to the financial statements to recognize deferred revenue realized during the period, settle prepaid expenses and forgive loans and interest outstanding to SD63, resulting in overall profit of \$140,217 and no accumulated deficit at the date of dissolution.● Note disclosure related to dissolution of the companies and liquidation basis of accounting has been included in the financial statements.

Significant qualitative aspects of accounting policies and practices

Our professional standards require that we communicate our views regarding the matters below, which represent judgments about significant qualitative aspects of accounting policies and practices.

Significant disclosure	<ul style="list-style-type: none"> Dissolution of the companies and basis of presentation
-------------------------------	--

Misstatements

Identification of misstatements

Misstatements identified during the audit have been categorized as follows:

- corrected misstatements, including disclosures.
- uncorrected misstatements, including disclosures.

Corrected misstatements

We noted certain misstatements that management has corrected in the draft financial statements as follows:

	Description	Account	\$ Increase (decrease)
1	To recognize insurance expense for the current year previously recorded as prepaid	Prepaid Insurance expense	(4,357) 4,357
2	To recognize revenue for the current year previously recorded as deferred revenue	Deferred Revenue Revenue	(2,000) 2,000
3	To close out liabilities as part of dissolution	Accrued liabilities Insurance payable Interest payable Due to SD # 63 Revenue	4,100 3,536 15,602 120,000 (143,238)

Uncorrected misstatements

No uncorrected misstatements were identified.

Control deficiencies

Background and professional standards

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

In accordance with professional standards, we are required to disclose any control deficiencies that we determined to be significant ("significant deficiencies"). We have not noted any control deficiencies that we determined to be significant.

Appendices

Management representation letter

Prior to the release of the auditors' report, we will obtain a signed copy of the management representation letter – a copy is attached below.

School District No. 63 Business Company
1064 McDonald Park Road
Sidney, BC V8L 5S7

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria, BC V8W 3Y7

Date of financial statement approval

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of School District No. 63 Business Company and its wholly-owned subsidiaries, Saanich International Student Recruiting Services Inc. and Saanich International Distributed Learning Services Inc. ("the Entity") as at and for the period ended June 30, 2022.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated May 29, 2017, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including:
 - (i) the names of all related parties and information regarding all relationships and transactions with related parties; and
 - (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees

of the board of directors that may affect the financial statements. All significant actions are included in such summaries.

- c) providing you with unrestricted access to such relevant information.
- d) providing you with complete responses to all enquiries made by you during the engagement.
- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We have provided you with all relevant information regarding all of the key risk factors, assumptions and uncertainties of which we are aware that are relevant to the Entity's ability to continue as a going concern
- 11) Material uncertainties related to events and conditions that may cast significant doubt on the Entity's ability to continue as a going concern are fully disclosed in the financial statements.

Misstatements:

- 12) We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).

Non-SEC registrants or non-reporting issuers:

- 13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.
- 14) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Jason Reid, Director

School District No. 63 Business Company

Saanich International Student Recruiting Services Inc.

Saanich International Distributed Learning Services Inc.

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedule(s)

Corrected misstatements

We noted certain misstatements that management has corrected in the draft financial statements as follows:

	Description	Account	\$ Increase (decrease)
1	To recognize insurance expense for the current year previously recorded as prepaid	Prepaid Insurance expense	(4,357) 4,357
2	To recognize revenue for the current year previously recorded as deferred revenue	Deferred Revenue Revenue	(2,000) 2,000
3	To close out liabilities as part of dissolution	Accrued liabilities Insurance payable Interest payable Due to SD # 63 Interest Revenue	4,100 3,536 15,602 120,000 (143,238)

Certain recommendations to presentation and disclosure were recommended and accepted.

Uncorrected misstatements

No uncorrected misstatements were identified.

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Consolidated Financial Statements of

**SCHOOL DISTRICT NO. 63
BUSINESS COMPANY**

And Independent Auditors' Report thereon

Period from July 1, 2021 to March 24, 2022



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To the Shareholder of School District No. 63 Business Company

Opinion

We have audited the consolidated financial statements of School District No. 63 Business Company (the Entity), which comprise:

- the consolidated statement of financial position as at March 24, 2022
- the consolidated statement of comprehensive income (loss) for the period from July 1, 2021 to March 24, 2022
- the consolidated statement of changes in equity for the period from July 1, 2021 to March 24, 2022
- the consolidated statement of cash flows for the period from July 1, 2021 to March 24, 2022
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 24, 2022, and its consolidated financial performance and its consolidated cash flows for the period from July 1, 2021 to March 24, 2022 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter – Basis of Preparation

We draw attention to Note 2(b) to the financial statements, which indicates that the Entity was dissolved on March 24, 2022. The dissolution of the Entity has resulted in these financial statements being prepared on a liquidation basis of accounting for the period from July 1, 2021 to March 24, 2022.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Victoria, Canada

Draft for Discussion

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Consolidated Statement of Financial Position

	March 24, 2022	June 30, 2021
Assets		
Current assets:		
Cash	\$ 1,708	\$ 7,089
Prepaid expenses	-	4,357
Total Assets	\$ 1,708	\$ 11,446
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 13,725
Interest payable	-	12,705
Insurance payable	-	3,536
Contract liabilities	-	2,000
Due to School District No. 63 (Saanich) (note 4)	1,707	-
	1,707	31,966
Due to School District No. 63 (Saanich) (note 4)	-	120,000
Total Liabilities	1,707	151,966
Equity		
Share capital (note 5):		
Authorized:		
1 common share without par value		
Issued and outstanding:		
1 common share without par value	1	1
Accumulated surplus (deficit)	-	(140,521)
Total Equity	1	(140,520)
Total Liabilities and Equity	\$ 1,708	\$ 11,446

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the director:

_____ Director

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Consolidated Statement of Comprehensive Income (Loss)

	Period from July 1, 2021 to March 24, 2022	Year ended June 30, 2021
Revenues:		
Course fees and registration	\$ 2,350	\$ 18,915
Program development	-	7,885
Contribution from School District No. 63 (Saanich) (note 4)	158,873	-
	<u>161,223</u>	<u>26,800</u>
Expenses:		
General and administrative	12,870	13,725
Professional fees	4,935	20,660
Interest expense	2,897	5,640
	<u>20,702</u>	<u>40,025</u>
Net income (loss) and comprehensive income (loss) for the period	\$ 140,521	\$ (13,225)

The accompanying notes are an integral part of these consolidated financial statements.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Consolidated Statement of Changes in Equity

Period from July 1, 2021 to March 24, 2022, with comparative information for year ended June 30, 2021

	Share capital	Accumulated deficit	Total
Balance, June 30, 2020	\$ 1	\$ (127,296)	\$ (127,295)
Net loss and comprehensive loss for the year	-	(13,225)	(13,225)
Balance, June 30, 2021	1	(140,521)	(140,520)
Net income and comprehensive income for the period from July 1, 2021 to March 24, 2022	-	140,521	140,521
Balance, March 24, 2022	\$ 1	\$ -	\$ 1

The accompanying notes are an integral part of these consolidated financial statements.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Consolidated Statement of Cash Flows

	Period from July 1, 2021 to March 24, 2022	Year ended June 30, 2021
Cash provided by (used in):		
Operating activities:		
Net loss for the year	\$ 140,521	\$ (13,225)
Contribution from School District No. 63 (Saanich)	(158,873)	-
Interest expense	2,897	5,640
Changes in non-cash working capital:		
Prepaid expenses	4,357	(415)
Accounts payable and accrued liabilities	(6,339)	5,725
Contract liabilities	(2,000)	2,000
Insurance payable	(3,536)	226
	(22,973)	(49)
Financing activities:		
Cash received from School District No. 63 (Saanich)	17,592	-
Decrease in cash	(5,381)	(49)
Cash, beginning of period	7,089	7,138
Cash, end of period	\$ 1,708	\$ 7,089

The accompanying notes are an integral part of these consolidated financial statements.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Notes to Consolidated Financial Statements

Period from July 1, 2021 to March 24, 2022

1. Reporting entity:

School District No. 63 Business Company (the "Company") was incorporated on July 16, 2012 to provide educational services. Its address is 10640 McDonald Park Road, Sidney BC. The consolidated financial statements comprise the Company and its wholly-owned subsidiaries, Saanich International Student Recruiting Services Inc. and Saanich International Distributed Learning Services Inc.

2. Basis of presentation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of preparation:

On December 9, 2021 the Board of Directors resolved to dissolve the Company. The Company was dissolved under the School Act (British Columbia) on March 24, 2022.

These financial statements have been prepared on the liquidation basis of accounting for the period from July 1, 2021 to March 24, 2022.

Under the liquidation basis of accounting, the financial assets and liabilities reflected on the statement of financial position continue to be recognized under the applicable IFRSs. If the carrying value of the financial asset exceeds the net realizable value, an impairment charge is recognized in the statement of comprehensive income. As at March 24, 2022, the Company assets are comprised of cash. Any financial liabilities not expected to be repaid by the Company continue to be recognized at carrying value until legally discharged.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Notes to Consolidated Financial Statements

Period from July 1, 2021 to March 24, 2022

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs less provision for impairment.

Cash is a non-derivative financial asset with payments which is not quoted on an active market. Subsequent to initial recognition, non-derivative financial assets are measured at amortized cost. The provision established against non-derivative financial assets represents lifetime expected credit losses ("ECL") and is updated at each reporting date. Any increase in the provision is recognized in net income or loss for the year. Financial assets are de-recognized when the contractual rights to the cash flows from those assets expire or when the risks and rewards of ownership are transferred to another party.

(ii) Non-derivative financial liabilities:

The Company initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or upon expiry.

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

Accounts payable and accrued liabilities, interest payable, insurance payable and Due to School District No.63 (Saanich) are non-derivative financial liabilities.

(iii) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Notes to Consolidated Financial Statements

Period from July 1, 2021 to March 24, 2022

3. Significant accounting policies (continued):

(c) Revenue recognition:

The Company provides distance educational programs for high school students living outside of Canada who are planning to come to British Columbia to attend high school. Each program delivered has been determined to have distinct performance obligations. The services are provided based on contracts with students that include fixed or determinable prices. Contract terms do not include the provision of post-service obligations. Revenue is measured at the fair value of the consideration received or receivable using a “point in time” basis, taking into account contractually defined performance obligations, terms of payment, excluding taxes.

Course fees and registrations are recognized upon the Company satisfying contractually defined performance obligations based on observable outputs such as date of course commencement. Course fees and registrations are recognized using a “point in time” basis.

Program development revenue is earned from services provided to School District No. 63 (Saanich).

Amounts received in advance of the performance of services are classified as contract liabilities until the student begins the course. Amounts recorded in contract liabilities are recognized as revenue in subsequent period.

(d) Foreign currency translation:

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. The resulting exchange gains and losses are included in the determination of earnings or loss.

4. Contribution from School District No. 63 (Saanich):

The contribution from the School District No. 63 (Saanich) is comprised of the following forgiven debt and contributions:

Loan	\$	120,000
Interest payable		15,602
Direct contributions		17,592
Liabilities		5,679
	\$	158,873

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Notes to Consolidated Financial Statements

Period from July 1, 2021 to March 24, 2022

5. Share capital:

	2022	2021
Authorized:		
1 common share with no par value		
Issued:		
1 common share with no par value	\$ 1	\$ 1
Under the School Act (British Columbia) the share issued to the School District No. 63 (Saanich) is deemed to be issued without consideration.		

6. Financial instruments - risk exposure and management:

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is exposed to credit and liquidity risk from the use of its financial instruments.

(a) Credit risk:

The Company is at risk of financial loss if it is unable to collect amounts due from receivables. Risk is managed by regular review of outstanding amounts, collection action, and allowance for losses where impairment has been established.

(b) Liquidity risk:

The Company is exposed to liquidity risk if it encounters difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Risk is managed by holding sufficient cash to meet regular obligations.

7. Related party transactions:

During the period, \$1,275 (202 - \$5,700) was paid to the Chief Executive Officer for contract services. These transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration agreed to by the related party.

8. Capital management:

The Company is not subject to externally imposed capital requirements. Its capital needs and use of capital are determined by its Board of Directors.

9. Date of issue:

These financial statements were approved and authorized for issue by the Board of Education of School District No. 63 (Saanich) on September 21, 2022.

Financial Statements of

**SAANICH INTERNATIONAL DISTRIBUTED
LEARNING SERVICES INC.**

And Independent Auditors' Report thereon

Period from July 1, 2021 to January 5, 2022



KPMG LLP
St. Andrew's Square II
800-730 View Street
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Canada
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Saanich International Distributed Learning Services Inc.

Opinion

We have audited the financial statements of Saanich International Distributed Learning Services. (the Entity), which comprise:

- the statement of financial position as at January 5, 2022
- the statement of comprehensive income (loss) for the period from July 1, 2021 to January 5, 2022
- the statement of changes in equity for the period from July 1, 2021 to January 5, 2022
- the statement of cash flows for the period from July 1, 2021 to January 5, 2022
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at January 5, 2022, and its financial performance and its cash flows for the period from July 1, 2021 to January 5, 2022 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors' Responsibilities for the Audit of the Financial Statements***” section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter – Basis of Preparation

We draw attention to Note 2(b) to the financial statements, which indicates that the Entity was dissolved on January 5, 2022. The dissolution of the Entity has resulted in these financial statements being prepared on a liquidation basis of accounting for the period from July 1, 2021 to January 5, 2022.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Victoria, Canada

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Statement of Financial Position

	January 5, 2022	June 30, 2021
Assets		
Current assets:		
Cash	\$ 1,612	\$ 6,993
Prepaid expenses	-	4,357
Due from Saanich International Student Recruiting Services Inc. (note 4)	-	200
Due from School District No. 63 Business Company (note 4)	-	200
Total Assets	\$ 1,612	\$ 11,750
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 13,725
Interest payable	-	12,705
Insurance payable	-	3,536
Contract liabilities	-	2,000
Due to School District No. 63 (Saanich) (note 4)	1,611	-
	1,611	31,966
Due to School District No. 63 (Saanich) (note 4)	-	120,000
Total Liabilities	1,611	151,966
Equity		
Share capital (note 5):		
Authorized:		
Unlimited Class A common shares without par value		
Issued and outstanding:		
100 Class A common shares	1	1
Accumulated surplus (deficit)	-	(140,217)
Total Equity	1	(140,216)
Total Liabilities and Equity	\$ 1,612	\$ 11,750

The accompanying notes are an integral part of these financial statements.

Approved by the director:

_____ Director

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Statement of Comprehensive Income (Loss)

	Period from July 1, 2021 to January 5, 2022	Year ended June 30, 2021
Revenues:		
Course fees and registration	\$ 2,350	\$ 18,915
Program development	-	7,885
Contribution from School District No. 63 (Saanich) (note 4)	158,569	-
	<u>160,919</u>	<u>26,800</u>
Expenses:		
General and administrative	12,570	13,725
Professional fees	5,235	20,660
Interest expense	2,897	5,640
	<u>20,702</u>	<u>40,025</u>
Net income (loss) and comprehensive income (loss) for the period	<u>\$ 140,217</u>	<u>\$ (13,225)</u>

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Statement of Changes in Equity

Period from July 1, 2021 to January 5, 2022, with comparative information for year ended June 30, 2021

	Share capital	Accumulated deficit	Total
Balance, June 30, 2020	\$ 1	\$ (126,992)	\$ (126,991)
Net loss and comprehensive loss for the year	-	(13,225)	(13,225)
Balance, June 30, 2021	1	(140,217)	(140,216)
Net income and comprehensive income for the period from July 1, 2021 to January 5, 2022	-	140,217	140,217
Balance, January 5, 2022	\$ 1	\$ -	\$ 1

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Statement of Cash Flows

	Period from July 1, 2021 to January 5, 2022	Year ended June 30, 2021
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the period	\$ 140,217	\$ (13,225)
Contribution from School District No. 63 (Saanich)	(158,569)	-
Interest expense	2,897	5,640
Changes in non-cash working capital:		
Prepaid expenses	4,357	(415)
Accounts payable and accrued liabilities	(6,339)	5,725
Contract liabilities	(2,000)	2,000
Insurance payable	(3,536)	226
	(22,973)	(49)
Financing activities:		
Cash received from School District No. 63 (Saanich)	17,592	-
Decrease in cash	(5,381)	(49)
Cash, beginning of period	6,993	7,042
Cash, end of period	\$ 1,612	\$ 6,993

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Notes to Financial Statements

Period from July 1, 2021 to January 5, 2022

1. Reporting entity:

Saanich International Distributed Learning Services Inc. (the "Company") was incorporated on July 20, 2012 to provide educational services. Its address is 10640 McDonald Park Road, Sidney, BC.

2. Basis of presentation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of preparation:

On December 9, 2021 the Board of Directors resolved to dissolve the Company. The Company was dissolved under the School Act (British Columbia) on January 5, 2022.

These financial statements have been prepared on the liquidation basis of accounting for the period from July 1, 2021 to January 5, 2022.

Under the liquidation basis of accounting, the financial assets and liabilities reflected on the statement of financial position continue to be recognized under the applicable IFRSs. If the carrying value of the financial asset exceeds the net realizable value, an impairment charge is recognized in the statement of comprehensive income. As at January 5, 2022, the Company assets are comprised of cash. Any financial liabilities not expected to be repaid by the Company continue to be recognized at carrying value until legally discharged.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Notes to Financial Statements

Period from July 1, 2021 to January 5, 2022

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs less provision for impairment.

Cash, Due from School District No. 63 Business Company and Due from Saanich International Student Recruiting Services Inc. are non-derivative financial assets with payments which are not quoted on an active market. Subsequent to initial recognition, non-derivative financial assets are measured at amortized cost. The provision established against non-derivative financial assets represents lifetime expected credit losses ("ECL") and is updated at each reporting date. Any increase in the provision is recognized in net income or loss for the year. Financial assets are de-recognized when the contractual rights to the cash flows from those assets expire or when the risks and rewards of ownership are transferred to another party.

(ii) Non-derivative financial liabilities:

The Company initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or upon expiry.

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

Accounts payable and accrued liabilities, interest payable, insurance payable and Due to School District No.63 (Saanich) are non-derivative financial liabilities.

(iii) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Notes to Financial Statements

Period from July 1, 2021 to January 5, 2022

3. Summary of significant accounting policies (continued):

(b) Revenue recognition:

The Company provides distance educational programs for high school students living outside of Canada who are planning to come to British Columbia to attend high school. Each program delivered has been determined to have distinct performance obligations. The services are provided based on contracts with students that include fixed or determinable prices. Contract terms do not include the provision of post-service obligations. Revenue is measured at the fair value of the consideration received or receivable using a “point in time” basis, taking into account contractually defined performance obligations, terms of payment, excluding taxes.

Course fees and registrations are recognized upon the Company satisfying contractually defined performance obligations based on observable outputs such as date of course commencement. Course fees and registrations are recognized using a “point in time” basis.

Program development revenue is earned from services provided to School District No. 63 (Saanich).

Amounts received in advance of the performance of services are classified as contract liabilities until the student begins the course. Amounts recorded in contract liabilities are recognized as revenue in subsequent period.

(c) Foreign currency translation:

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. The resulting exchange gains and losses are included in the determination of earnings or loss.

4. Contribution from School District No. 63 (Saanich):

The contribution from the School District No. 63 (Saanich) is comprised of the following forgiven debt and contributions:

Loan	\$ 120,000
Interest payable	15,602
Direct contributions	17,592
Liabilities	5,775
Related party receivables	(400)
	<hr/>
	\$ 158,569

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Notes to Financial Statements

Period from July 1, 2021 to January 5, 2022

5. Share capital:

	2022	2021
Authorized:		
Unlimited Class A common shares with no par value		
Issued:		
100 Class A common shares issued at \$0.01 per share	\$ 1	\$ 1

6. Financial instruments - risk exposure and management:

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is exposed to credit risk and liquidity risk from the use of its financial instruments.

(a) Credit risk:

The Company is at risk of financial loss if it is unable to collect amounts due from receivables. Risk is managed by regular review of outstanding amounts, collection action, and allowance for losses where impairment has been established.

(b) Liquidity risk:

The Company is exposed to liquidity risk if it encounters difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Risk is managed by holding sufficient cash to meet regular obligations.

7. Related party transactions:

During the period, \$1,275 (2020 - \$5,700) was paid to the Chief Executive Officer for contract services. These transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration agreed to by the related party.

8. Capital management:

The Company is not subject to externally imposed capital requirements. Its capital needs and use of capital are determined by its Board of Directors.

9. Date of issue:

These financial statements were approved and authorized for issue by the Board of Education of School District No. 63 (Saanich) on September 21, 2022.

Financial Statements of

**SAANICH INTERNATIONAL STUDENT
RECRUITING SERVICES INC.**

And Independent Auditors' Report thereon

As at and period ended January 5, 2022



KPMG LLP
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800-730 View Street
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Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Saanich International Student Recruiting Services Inc.

Opinion

We have audited the financial statements of Saanich International Student Recruiting Services. (the Entity), which comprise:

- the statement of financial position as at January 5, 2022
- the statement of comprehensive income for the period from July 1, 2021 to January 5, 2022
- the statement of changes in equity for the period from July 1, 2021 to January 5, 2022
- the statement of cash flows for the period from July 1, 2021 to January 5, 2022
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at January 5, 2022, and its financial performance and its cash flows for the period from July 1, 2021 to January 5, 2022 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors' Responsibilities for the Audit of the Financial Statements***” section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter – Basis of Preparation

We draw attention to Note 2(b) to the financial statements, which indicates that the Entity was dissolved on January 5, 2022. The dissolution of the Entity has resulted in these financial statements being prepared on a liquidation basis of accounting for the period from July 1, 2021 to January 5, 2022.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Victoria, Canada

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Statement of Financial Position

January 5, 2022, with comparative information for June 30, 2021

	January 5, 2022	June 30, 2021
Assets		
Current assets:		
Cash	\$ 50	\$ 50
Total Assets	\$ 50	\$ 50
Liabilities		
Current liabilities:		
Due to Saanich International Distributed Learning Services Inc. (note 4)	\$ -	\$ 200
Due to School District No. 63 (Saanich) (note 4)	49	-
Total Liabilities	49	200
Equity		
Share capital (note 5):		
Authorized:		
Unlimited Class A common shares without par value		
Issued and outstanding:		
100 Class A common shares	1	1
Accumulated surplus (deficit)	-	(151)
Total Equity	1	(150)
Total Liabilities and Equity	\$ 50	\$ 50

The accompanying notes are an integral part of these financial statements.

Approved by the director:

_____ Director

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Statement of Comprehensive Income

Period from July 1, 2021 to January 5, 2022, with comparative information for year ended June 30, 2021

	Period from July 1, 2021 to January 5, 2022	Year ended June 30, 2021
Revenues	\$ 151	\$ -
Expenses	-	-
Net income and comprehensive income for the period	\$ 151	\$ -

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Statement of Changes in Equity

Period from July 1, 2021 to January 5, 2022, with comparative information for year ended June 30, 2021

	Share capital	Accumulated deficit	Total
Balance, June 30, 2020	\$ 1	\$ (151)	\$ (150)
Net income and comprehensive income for the year	-	-	-
Balance, June 30, 2021	1	(151)	(150)
Net income and comprehensive income for the period from July 1, 2021 to January 5, 2022	-	151	-
Balance, January 5, 2022	\$ 1	\$ -	\$ (150)

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Statement of Cash Flows

Period from July 1, 2021 to January 5, 2022, with comparative information for year ended June 30, 2021

	Period from July 1, 2021 to January 5, 2022	Year ended June 30, 2021
Operating activities:		
Net income for the period	\$ 151	\$ -
Due to Saanich International Distributed Learning Services Inc.	(200)	-
Due to School District No. 63 (Saanich)	49	-
Increase in cash	-	-
Cash, beginning of period	50	50
Cash, end of period	\$ 50	\$ 50

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Notes to Financial Statements

Period from July 1, 2021 to January 5, 2022, with comparative information for year ended June 30, 2021

1. Reporting entity:

Saanich International Student Recruiting Services Inc. (the “Company”) was incorporated on July 20, 2012 to provide start-up funding necessary to incorporate and start the operations of Saanich Distributed Learning Services Inc. Its address is 10640 McDonald Park Road, Sidney, BC.

2. Basis of presentation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of preparation:

On December 9, 2021 the Board of Directors resolved to dissolve the Company. The Company was dissolved under the School Act (British Columbia) on January 5, 2022.

These financial statements have been prepared on the liquidation basis of accounting for the period from July 1, 2021 to January 5, 2022.

Under the liquidation basis of accounting, the financial assets and liabilities reflected on the statement of financial position continue to be recognized under the applicable IFRSs. If the carrying value of the financial asset exceeds the net realizable value, an impairment charge is recognized in the statement of comprehensive income. As at January 5, 2022, the Company assets are comprised of cash. Any financial liabilities not expected to be repaid by the Company continue to be recognized at carrying value until legally discharged.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(d) Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Notes to Financial Statements

Period from July 1, 2021 to January 5, 2022, with comparative information for year ended June 30, 2021

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs less provision for impairment.

Cash are non-derivative financial assets with payments which are not quoted on an active market. Subsequent to initial recognition, non-derivative financial assets are measured at amortized cost. The provision established against non-derivative financial assets represents lifetime expected credit losses ("ECL") and is updated at each reporting date. Any increase in the provision is recognized in net income or loss for the year. Financial assets are derecognized when the contractual rights to the cash flows from those assets expire or when the risks and rewards of ownership are transferred to another party.

(ii) Non-derivative financial liabilities:

The Company initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or upon expiry.

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

The Company has the following non-derivative financial liabilities: due to Saanich International Distributed Learning Services Inc.

(iii) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Notes to Financial Statements

Period from July 1, 2021 to January 5, 2022, with comparative information for year ended June 30, 2021

4. Due to Saanich International Distributed Learning Services Inc. and School District No. 63 (Saanich):

Amounts due to Saanich International Distributed Learning Services Inc. arose from expenses recoverable in the normal course of business, are unsecured, and are usually settled within 30 days of occurrence.

Amounts due to School District No. 63 (Saanich) are payable on dissolution of the Company.

5. Share capital:

	2022	2021
Authorized:		
Unlimited Class A common shares with no par value		
Issued:		
100 Class A common shares issued at \$0.01 per share	\$ 1	\$ 1

6. Financial instruments - risk exposure and management:

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is exposed to liquidity risk from the use of its financial instruments.

Liquidity risk:

The Company is exposed to liquidity risk if it encounters difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Risk is managed by holding sufficient cash to meet regular obligations.

7. Capital management:

The Company is not subject to externally imposed capital requirements. Its capital needs and use of capital are determined by its Board of Directors.

8. Date of issue:

These financial statements were approved and authorized for issue by the Board of Education of School District No. 63 (Saanich) on September 21, 2022.

To: Finance, Facilities & Technology Committee

Prepared By: Jason Reid
Secretary Treasurer

Subject: Student & Family Affordability Fund

Date: September 7, 2022

Purpose and Background

The purpose of this briefing note is to recommend approval of the proposed allocation method and spending parameters, including the consultation approach, for the Student and Family Affordability Fund.

On August 29, 2022, the Ministry of Education and Childcare announced the [Student and Family Affordability Fund](#) for the 2022/23 school year. The allocation to the Saanich School District is \$737,162.

This one-time targeted funding is intended to:

1. Improve students' access to nutritional food / meals, before, during and after the school day.
2. Directly offset costs to parents, guardians, and students, such as school supplies or other cost pressures they are facing using existing mechanisms such as hardship policies.

In developing this briefing, the District had preliminary consultation discussions with COPACS and representatives of the WSÁNEĆ School Board. Further consultation will occur at the school level to determine the greatest needs in each school.

Allocation Method

The administrators who have the greatest knowledge of the needs are best positioned to make decisions regarding the allocation of funds at the school/program level. Therefore, I recommend that the majority of funds be allocated directly to schools/programs with parameters for how the funds should be used.

In attachment 1, I propose a basic allocation of \$85 per student FTE that is adjusted for some schools based on incidence of low income (Census data). This allocation is reduced for SIDES to 40% of \$85 reflecting the lower occurrence of meals programs and program fees. There are separate allocations of \$50 for each Indigenous program student and \$20,000 for ILC Career Programs reflecting the diversity of ILC programs serving families with greater need. \$47,906 is held back by the school district to be allocated for any enrolment growth relative to forecast and for additional needs that emerge through the year.

Spending Parameters

The draft spending parameters for schools/departments is included as attachment 2. These parameters include an expectation that spending plans be developed in consultation with school PACs and the broader school community as appropriate.

To ensure that the funding is used during the school year, any funding that has not been used by April 30, 2023 will be reallocated.

Staff Recommendation

That the Board approve the proposed allocation method and spending parameters for the Student and Family Affordability Fund.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jason Reid".

Jason Reid
Secretary-Treasurer

JR/klg

Attachments: 1 – Proposed Funding Allocations
2 – Proposed Spending Parameters
3 – Ministry of Education and Childcare Instructions



Student and Family Affordability Fund

Spending Parameters

The recently announced Student and Family Affordability Fund will help Saanich School District ensure our students are fed and have the supplies necessary to be successful this year.

Funding can be used to:

1. Improve students' access to nutritional food / meals, before, during and after the school day.
2. Directly offset costs to parents, guardians, and students, such as school supplies or other cost pressures they are facing using existing mechanisms such as hardship policies.

This fund is intended to be additional to any planned or budgeted spending for food, meals programs, hardship or family supports.

Spending must be consistent with Ministry of Education and Child Care instructions (attached).

In our District, we plan to allocate available funds to schools so that spending decisions are made at school level – by those closest to our students. In developing the approach, the District has consulted with COPACS and representatives of the *WSÁNEĆ* School Board. School spending plans should be developed in consultation with school PACs and the broader school community as appropriate.

In general, school spending plans should follow this guidance:

- Funding should be distributed to benefit the greatest number of students in need.
- Funding used for fee waivers should allay costs of core educational programs.
- Spending should be in addition to any planned or budgeted spending on food and meals programs.
- Spending by the district must directly offset costs for parents, guardians and students and be additional to any planned or budgeted spending that would normally occur under our hardship policies/procedures.
- Direct payments or reimbursements to individual students or families will not be issued.
- Any plan to buy and use gift cards is subject to approval of the Finance Department prior to implementation.
- Group purchasing arrangements or direct billing by vendors to the Saanich School District are preferred.
- School meal spending plans should consider ways to support local Parent Advisory Councils or school cafeterias where possible.

Principals are responsible to ensure that all spending meets funding restrictions. Where there are questions, please discuss with the Director of Finance.

For the purposes of reporting, all fees waived must be tracked in Rycor with notation "Student and Family Affordability Fund".

Regular reporting (spending plan, estimated time of completion of spending) to the District Finance Department will be required to facilitate completion of required District provincial reporting.

All funding allocated must be spent by school prior to April 30, 2023. Unspent funds at that time will be utilized by the District to benefit maximum number of students and families.

Student and Family Affordability Fund – Instructions to School Districts

August 29, 2022

The Ministry is allocating \$60 million in one-time funding to school districts to increase food security for students and their families, and to support students, parents, and guardians with affordability concerns.

[District by district allocations](#) have been announced. This one-time funding is being disbursed under section 115(1)(a) of the *School Act*, should be treated as a Special Purpose Fund on the school district financial statements, and should be fully spent by June 30, 2023.

The funding can be used to:

1. Improve students' access to nutritional food / meals, before, during and after the school day
2. Directly offset costs to parents, guardians, and students, such as school supplies or other cost pressures they are facing using existing mechanisms such as hardship policies

Spending on Food Security

- Spending by the district on Food Security should be **in addition** to any planned or budgeted spending on food and meals programs.
- Districts are encouraged to use healthy, local and/or B.C. food where possible and to utilize existing processes and providers (including not-for-profits).
- Funding can be spent to:
 - Increase nutritional opportunities for students throughout the day
 - Provide nutritional food and meal support to additional students
 - Provide additional food and meal supports to students with dependent children where appropriate

Spending on Family Assistance

- Spending by the district must directly offset costs for parents, guardians, and students and be **additional** to any planned or budgeted spending for hardship or family supports
- Funding use includes, but is not limited to:
 - Providing basic school supplies that might otherwise be purchased by parents, guardians, and students (e.g., pens, paper)
 - Waiving education-related fees (e.g., additional supplies for shop, culinary and craft classes, workbooks, camps, field trips, relevant cultural events, other student society meetings including those related to equity, diversity, and inclusion, and instrument and equipment fees or other fees charged by school districts)
 - Supporting with clothing/footwear required for school sports and other school activities

Local Processes

- School districts must engage with Indigenous rightsholders (e.g., through their Indigenous Education Council) to determine any unique needs of Indigenous students.
- School districts must use the funding in as flexible, private and stigma free manner as possible, utilizing existing hardship fund processes with additional flexibility. Boards should use this opportunity to review their hardship policies to include stigma- and barrier-free access to supports.

- District Parent Advisory Councils should be included in the process, and information on the support available should be communicated to all school staff (specifically counsellors) as they interact daily with students.
- Boards should also engage with equity-deserving communities to ensure that the unique needs of all diverse student populations are met.

Reporting

- Reporting will be required at the end of the school year, in addition to the reporting in the Amended Annual Budget and audited Financial Statements for 2022/23. Spending plans are not required.
- An interim, high-level report will be required in January 2023.
- A more detailed report will be required at the end of the school year. A draft reporting template will be distributed shortly and will ask for:
 - **Spending on Food Security**
 - Total amount spent by the district on food supplies and staffing, and spending with third-party providers, in addition to what was budgeted
 - Number of students supported by existing budgeting receiving increased or additional nutritional food/meals supports
 - Number of additional students accessing nutritional food/meals programs in addition to those already budgeted for
 - Examples of types of spending, including any examples where the quality of food/meals provided has improved
 - There should be no administration or overhead spending (e.g., equipment, non-food supplies) in this category
 - **Spending on Family Assistance**
 - Total amount of parental costs offset by category
 - Number of students helped
 - Examples of the type of supports supplied
 - There should be no staffing, administration, or overhead spending in this category
- School districts will also be asked to report on how students accessed the funding:
 - What processes were used to identify parents, guardians, and students who could benefit from this funding, including those from diverse communities where equity is a consideration?
 - Did you engage with your Indigenous Education Council (IEC or local equivalent) to identify the needs of Indigenous students?
 - If so, who did you engage with and how?
 - If not, what other engagement with Indigenous peoples did you undertake?
 - How did you support First Nations students living on reserve / other First Nations students and other Indigenous students attending your schools with this funding?
 - Number of students
 - Amount of funding
 - Types of support

To: Finance, Facilities & Technology Committee**Prepared By:** Rob Lumb
Director of Facilities**Subject:** Revision to 2022/23 Five Year Capital Plan
Submission**Date:** September 6, 2022**Purpose:**

The purpose of this briefing note is to inform the Board of an addition to our Minor Capital Plan (a component of the 5-year capital plan) due to be submitted to the Ministry of Education by September 30th, 2022. The overall capital plan, including the minor capital submission, was approved by the Board at the June 2022 regular Board meeting (refer to attached briefing note).

I recommend adding a new project for Stelly's Secondary that will involve a full conversion of the existing natural gas boiler plant to an electric heat pump and electric boilers. If approved this project would result in the removal of virtually all Greenhouse Gas (GHG) from the District's largest producer. The heating plant at Stelly's currently emits 85 tonnes of GHG's annually.

Background:

In January 2022, the District finalized its Energy Sustainability Plan (ESP) providing a road map to achieve the Clean BC 2030 emissions targets and meet the following objectives:

- To position SD63 as a provincial leader in Sustainability Management;
- To enhance the SD63 culture of environmental practices for a strong and sustainable future; and,
- To maximize the savings through the SD63 Energy Management Model.

The ESP plan shows there is a significant funding gap that the District needs to bridge in order to meet the 2030 GHG reduction targets.

This new project is recommended because it meets the criteria of a new federal government program that matches project costs on carbon reduction projects by up to 50% and \$10M. As the district is not permitted to borrow our best opportunity to access federal funding under this program is to seek the other 50% of the funding through the province's capital funding program. We feel confident this project will qualify under the federal program and are hopeful the province will see the value in supporting a project that will qualify for a 50% federal funding cost share.

Going Forward:

The District has applied to the Federal Low Carbon Fund to fund 50% of the \$5 million cost to replace the heating plant at Stelly's, and will need to secure the remaining \$2.5 million through the Provincial Capital Funding Program.

It is our intention to add this project to the Minor Capital Submission as a priority 1 project. If this project proceeds, we would likely need to delay other projects in the capital plan (such as Deep Cove Heating plant phase 2 and roofing at Parkland Phase 2), and/or consider reallocation from next years' annual facilities grant (AFG). However, delaying these projects would allow the district to capitalize on this federal funding that is currently available.

There is a risk that either the federal government and/or the provincial government will not approve their requested 50% share of the project cost. If this occurs we will continue as previously planned with existing priority projects.

Staff Recommendation

That the Five Year Capital Plan Submission 2023/24 be amended to include replacement of the heating plant at Stelly's Secondary.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Rob Lumb', written in a cursive style.

Rob Lumb
Director of Facilities

Attachment: Briefing Note – Five Year Capital Plan Submission 2023/24

To: Finance, Facilities & Technology Committee

Prepared by: Rob Lumb

Director of Facilities

Subject: Five Year Capital Plan Submission 2023/2024

Date: May 5, 2022

Purpose

The purpose of this briefing note is to provide information relevant for the committee’s review and the Board’s approval of the Capital Plan Submission for 2023/2024. If these projects are subsequently approved by the Ministry, funding will be announced in March of 2023.

Our submission deadline is June 30, 2022 for Major Capital projects (Addition, Seismic, Building Envelope and Demolition). The submission deadline for Minor Capital projects (School Enhancement, Carbon Neutral, Playgrounds and Bus Replacement) is September 30, 2022. Included in the plan are some ‘carry forward’ projects that appeared in last year’s submission as well as the addition of some newer projects more recently identified.

A summary table of the proposed 2023/24 Capital Plan Submission with further explanation is below:

Addition Program		
Cordova Bay Elementary	\$6,000,000	Addition of a four Class Classroom expansion
Seismic Mitigation Program (SMP)		
Sidney Elementary	\$13,000,000	Previously submitted project. Risk Assessment is an H1 (P2 and P4)
Brentwood Elementary	\$600,000	Previously submitted project. Risk Assessment is an H1 (P2)
Building Envelope Program (BEP)		
Bayside Middle School	\$6,909,999	Result of Building Envelope Condition Assessment - 2009
Brentwood Elementary	\$731,000	Result of Building Envelope Condition Assessment - 2009
Prospect Lake Elementary	\$670,000	Result of Building Envelope Condition Assessment - 2009
School Enhancement Program (SEP)		
Deep Cove Heating Plant	\$650,000	Phase 2 of heating system replacement
Roofing	\$500,000	Parkland
Accessible Lift Replacements	\$95,000	Parkland
Carbon Neutral Capital Program (CNCP)		
Deep Cove	\$350,000	Phase 2 of heating system replacement
Playground Equipment Program (PEP)		
Deep Cove Elementary	N/A	Universally accessible playground equipment
Sidney Elementary	N/A	Universally accessible playground equipment
Bus Replacement (BUS)		
Bus Replacement dictated by Age and Mileage. We are expecting 2 more buses to qualify for replacement this year, and we plan to replace any approved bus with an electric model.		
Demolition Program		
Sansbury	\$225,000	Demolition of gym and covered area

Additions

Cordova Bay addition is being resubmitted as it has not yet been approved.

The implementation of new catchment boundaries in 2021/22 are shifting future enrolment from Prospect Lake to Brentwood, Lochside and Cordova Bay. Cordova Bay is most impacted in terms of future enrolment, as Lochside will have less capacity in the future to accept out-of-catchment requests from Cordova Bay. As a result, the implemented boundary change reflects the need for a 2-classroom at Cordova Bay to accommodate future enrolment. Further information on the rationale for this project is found in the Long Range Facilities Plan.

The catchment boundary study did not reflect the impact of additional housing from potential densification of land use as indicated in the draft Cordova Bay Local Area Plan. Therefore, it is prudent to plan for a 4-classroom addition as we continue to monitor the implementation of the local area plan.

With the implementation of new catchment boundaries, last year's submission for an expansion at Prospect Lake has been removed.

SMP Projects

Both Sidney and Brentwood SMP projects are being resubmitted.

Revised building codes have identified Sidney and Brentwood Elementary as H1 risk which resulted in their submissions. Further classification from Ministry has added an additional layer of rating. This rating system is attached to the Briefing Note. Sidney has 2 blocks that are H1 – P2 and 2 blocks that are H1 – P4. Brentwood has 1 block that is rated H1 – P2.

Note that both Sidney and Brentwood were submitted last year as seismic upgrades, as the H1 rating drives the rationale for approval.

BEP projects

Bayside is being submitted again for a major building envelope project to repair the sustained damage from the lengthy roof leak. Note that we have conducted thorough air quality tests at the school and there are no concerns regarding air quality. Brentwood and Prospect Lake have also been included in the submission. This is under instruction from the Ministry as they continue to fund related projects across the Province based on studies completed in 2009 related to the leaky condo issues in British Columbia.

SEP Projects

The HVAC system at Deep Cove consists of 3 separate inefficient heating plants that are all nearing end of life. Our goal is to combine the heating plant into 1 system that provides heat to the school in conjunction with an air sourced heat pump which is listed below in the CNCP funding. Phase 1 was approved last year and will be built over the summer of 2022. This submission is for Phase 2

Roofing continues to be a focus in replacement schedules, thus the allocation of another \$500K for Parkland School. We received approval of \$500K in our last years submission. Replacement of the entire roof at Parkland is a lengthy process that will see subsequent years of submissions for the Parkland roof. Parkland consists of over 100,000 sq. ft of roofing that is now at its life expectancy. Total estimated to replace all of the roof is \$4 million which we will do over the span of multiple years.

Parkland has many lifts inside the school to accommodate accessibly through the building. We are replacing one this summer under operation funding, this submission represents the other three remaining lifts in need of replacement.

Carbon Neutral Capital Program

The proposed heating plant at Deep Cove will include an air sourced heat pump. This will allow us to greatly reduce Green House Gas Emissions from the site by moving the main source of heat from natural gas to electricity. Phase 1 was approved last year and will be built over the summer of 2022. This submission is for Phase 2.

PEP projects

Deep Cove and Sidney remain our two highest priorities for playground replacements and are being resubmitted this year.

BUS Projects

Bus replacement is dictated by age and mileage. Based on the formula we expect two more buses to be approved for replacement with this submission. Our plan is for all future bus replacements to be electric models, funding permitting.

Demolition Program

Sansbury is being re-submitted as we were not successful in obtaining approvals last year. This submission is to demolish the gymnasium and covered area at Sansbury, as these components are at end of life and were not included in the renewed lease with Allegro Dance.

Recommendation:

That the Board of Education approve the Capital Plan Submission for the 2023 / 2024 school year.

Respectfully submitted,



Rob Lumb
Director of Facilities