

Audited Financial Statements of

School District No. 35 (Langley)

And Independent Auditors' Report thereon

June 30, 2020

School District No. 35 (Langley)

June 30, 2020

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School District No. 35 (Langley)

MANAGEMENT REPORT

Version: 9923-9177-7195

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 35 (Langley) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

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

The Board of Education of School District No. 35 (Langley) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, KPMG, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 35 (Langley) and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.

On behalf of School District No. 35 (Langley)

<u>Megan Dykeman</u>	<u>September 24, 2020</u>
Signature of the Chairperson of Board of Education	Date signed
<u>Gordon Stewart</u>	<u>September 24, 2020</u>
Signature of the Superintendent	Date signed
<u>Brian Iseli</u>	<u>September 24, 2020</u>
Signature of the Secretary-Treasurer	Date signed



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To the Board of Education of School District No. 35 (Langley), and
To the Minister of Education, Province of British Columbia

Opinion

We have audited the financial statements of School District No. 35 (Langley) (the “Entity”), which comprise:

- the statement of financial position as at June 30, 2020
- the statement of operations for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- 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 of the Entity as at and for the year ended June 30, 2020 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***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 – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between the financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.



Other Information

Management is responsible for the other information. Other information comprises:

- Information, other than the financial statements and the auditors' report thereon, included in the Financial Statement Discussion and Analysis document.
- Unaudited Schedules 1-4 attached to the audited financial statements

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Information, other than the financial statements and the auditors' report thereon, included in the Financial Statement Discussion and Analysis document and the Unaudited Schedule 1-4 attached to the audited financial statements as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Langley, Canada

September 23, 2020

School District No. 35 (Langley)

Statement of Financial Position

As at June 30, 2020

Statement 1

	2020 Actual	2019 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	68,927,115	61,073,047
Accounts Receivable		
Due from Province - Ministry of Education	4,376,520	9,091,350
Other (Note 3)	1,289,807	2,142,037
Total Financial Assets	74,593,442	72,306,434
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	32,246,839	33,661,634
Unearned Revenue (Note 6)	12,175,509	13,332,856
Deferred Revenue (Note 7)	3,282,723	2,556,524
Deferred Capital Revenue (Note 8)	226,835,269	214,217,191
Employee Future Benefits (Note 9)	5,960,764	5,621,309
Total Liabilities	280,501,104	269,389,514
Net Debt	(205,907,662)	(197,083,080)
Non-Financial Assets		
Tangible Capital Assets (Note 5)	321,030,898	310,447,630
Prepaid Expenses	2,187,470	908,095
Total Non-Financial Assets	323,218,368	311,355,725
Accumulated Surplus (Deficit) (Note 12)	117,310,706	114,272,645

Contractual Obligations (Note 15,19)

Contingent Liabilities (Note 15)

Approved by the Board

<u>Megan Dykeman</u>	<u>September 24, 2020</u>
Signature of the Chairperson of Board of Education	Date signed
<u>Gordon Stewart</u>	<u>September 24, 2020</u>
Signature of the Superintendent	Date signed
<u>Brian Iseli</u>	<u>September 24, 2020</u>
Signature of the Secretary-Treasurer	Date signed

School District No. 35 (Langley)

Statement 2

Statement of Operations
Year Ended June 30, 2020

	2020 Budget (Note 16) \$	2020 Actual \$	2019 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	221,404,227	223,341,711	220,396,158
Other	491,826	541,824	684,718
Municipal Grants Spent on Sites		43,979	1,295,694
Tuition	15,406,125	15,303,450	14,650,229
Other Revenue	9,374,571	6,402,667	8,201,937
Rentals and Leases	922,681	744,430	935,387
Investment Income	1,126,053	994,256	1,195,582
Amortization of Deferred Capital Revenue (Note 8)	8,968,636	9,315,572	7,687,489
Total Revenue	<u>257,694,119</u>	<u>256,687,889</u>	<u>255,047,194</u>
Expenses (Note 11)			
Instruction	214,178,964	206,355,233	202,391,713
District Administration	9,074,789	8,554,651	8,970,452
Operations and Maintenance	35,795,003	35,993,537	34,332,264
Transportation and Housing	2,861,504	2,746,407	3,034,173
Total Expense	<u>261,910,260</u>	<u>253,649,828</u>	<u>248,728,602</u>
Surplus (Deficit) for the year	<u>(4,216,141)</u>	<u>3,038,061</u>	<u>6,318,592</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		114,272,645	107,954,053
Accumulated Surplus (Deficit) from Operations, end of year		<u>117,310,706</u>	<u>114,272,645</u>

School District No. 35 (Langley)

Statement 4

Statement of Changes in Net Debt

Year Ended June 30, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>(4,216,141)</u>	<u>3,038,061</u>	<u>6,318,592</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets (Note 5)	(22,031,582)	(22,518,803)	(63,720,711)
Amortization of Tangible Capital Assets (Note 5)	11,586,182	11,935,535	10,081,269
Total Effect of change in Tangible Capital Assets	<u>(10,445,400)</u>	<u>(10,583,268)</u>	<u>(53,639,442)</u>
Acquisition of Prepaid Expenses		(2,187,470)	(908,095)
Use of Prepaid Expenses		908,095	1,022,533
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(1,279,375)</u>	<u>114,438</u>
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(14,661,541)</u>	<u>(8,824,582)</u>	<u>(47,206,412)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		<u>(8,824,582)</u>	<u>(47,206,412)</u>
Net Debt, beginning of year		<u>(197,083,080)</u>	<u>(149,876,668)</u>
Net Debt, end of year		<u><u>(205,907,662)</u></u>	<u><u>(197,083,080)</u></u>

School District No. 35 (Langley)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2020

	2020 Actual	2019 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	3,038,061	6,318,592
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	5,567,060	(5,982,575)
Prepaid Expenses	(1,279,375)	114,438
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(1,414,795)	7,032,776
Unearned Revenue	(1,157,347)	528,818
Deferred Revenue	726,199	(1,698,648)
Employee Future Benefits	339,455	72,480
Amortization of Tangible Capital Assets (Note 5)	11,935,535	10,081,269
Amortization of Deferred Capital Revenue (Note 8)	(9,315,572)	(7,687,489)
Recognition of Deferred Capital Revenue Spent on Sites (Note 8)	(43,979)	(9,559,956)
Total Operating Transactions	8,395,242	(780,295)
Capital Transactions		
Tangible Capital Assets Purchased	(2,045,354)	(14,779,199)
Tangible Capital Assets -WIP Purchased	(20,473,449)	(48,941,512)
Total Capital Transactions	(22,518,803)	(63,720,711)
Financing Transactions		
Capital Revenue Received	21,977,629	57,039,608
Total Financing Transactions	21,977,629	57,039,608
Net Increase (Decrease) in Cash and Cash Equivalents	7,854,068	(7,461,398)
Cash and Cash Equivalents, beginning of year	61,073,047	68,534,445
Cash and Cash Equivalents, end of year	68,927,115	61,073,047
Cash and Cash Equivalents, end of year, is made up of:		
Cash	34,209,326	38,946,205
Cash Equivalents	34,717,789	22,126,842
	68,927,115	61,073,047

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2020

1. Authority and Purpose

The School District, established on April 12, 1946, 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. 35 (Langley)" and operates as "School District No. 35 (Langley)". 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. School District No. 35 (Langley) is exempt from federal and provincial 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 the direction of the Provincial Health Officer, all schools suspended in-class instruction in March 2020 and the District remained open to continue to support students and families in a variety of ways. Parents were given the choice to send their children back to school on a gradual and part-time basis beginning June 1 with new health and safety guidelines. The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the District is not practicable at this time.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the schools, universities, colleges and hospital sectors to adopt Canadian public sector accounting standards without any PS4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires 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

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

- 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.

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) Cash and Cash Equivalents

Cash and cash equivalents include cash in the bank and deposits in the Provincial Ministry of Finance Central Deposit Program which are readily convertible to cash and that are not subject to a significant risk of change in value. The deposits with the Ministry of Finance can be withdrawn from the program with three days of notice.

c) Accounts Receivable

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

d) Prepaid Expenses

Prepaid expenses include costs prepaid for insurance, equipment and software maintenance, and other fees. These prepaid expenses are stated at acquisition cost and are charged to expense over the future periods expected to benefit from them.

e) Unearned Revenue

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

f) Deferred Revenue and Deferred Capital Revenue

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

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations. This accounting treatment is not consistent with the requirements of Canadian Public Sector Accounting Standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met; unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished.

g) Tangible Capital Assets

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

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

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, if available. Otherwise a nominal value is used.

Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.

Tangible capital assets that no longer contribute to the ability of the School District to provide services are written down to residual value and accounted for as expenses in the Statement of Operations.

Buildings that are demolished or destroyed are written-off.

The cost, less any residual value, of tangible capital assets (excluding sites) is amortized on a straight-line basis over the estimated useful life of the asset. Estimated useful lives for the School District's tangible capital assets, as determined by management, are as follows:

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

Amortization of tangible capital assets are taken at one-half the normal annual rate in the year of acquisition and in the year of disposal. Amortization of equipment under capital leases is taken monthly over the term of the leases.

g) Internally Restricted 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 and Note 13 – Interfund Transfers).

h) Revenue Recognition

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

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

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

i) Revenue Recognition

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, if available, and amortized over the useful life of the assets. Donated sites are recorded as revenue at fair market value when received or receivable.

The accounting treatment for restricted contributions is not consistent with the requirements of the 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.

j) Expenses

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

Allocation of Costs

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

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

k) Financial Instruments

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

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and other current 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.

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

Unrealized gains and losses from changes in the fair value of financial instruments measured at fair value are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. There are no measurement gains or losses during the periods presented; therefore no statement of remeasurement gains or losses is included in these financial statements.

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

l) 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. Benefits include vested sick leave, accumulating non-vested sick leave, retirement allowances, vacation pay and life insurance.

The School District accrues its obligations and related costs under employee future benefit plans. The future benefits cost is actuarially determined using the projected unit credit method pro-rata on service and using management's best estimate of expected salary escalation, termination and retirement rates, and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

The cumulative unrecognized actuarial gains (losses) are amortized over the expected average remaining service lifetime (EARS�) of active employees covered under the plan. The EARS� for employees of the School District is 10.7 years.

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

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

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

m) Measurement Uncertainty

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

n) Liability for Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard;
- The School District is directly responsible or accepts responsibility for the contamination;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

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

o) PS 3280 Asset Retirement Obligations

Issued August 2018, it 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 pending approval in the Fall of 2020. Management is in the process of assessing the impact of adopting this standard on the School District's financial results.

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2020

3. Accounts Receivable – Other Receivables

	June 30, 2020	June 30, 2019
Due from Federal Government	\$ 216,835	\$ 556,543
Other Accounts Receivable	1,064,728	1,575,248
Due from Langley School District Foundation	8,244	10,246
	<u>\$ 1,289,807</u>	<u>\$ 2,142,037</u>

4. Accounts Payable and Accrued Liabilities - Other

	June 30, 2020	June 30, 2019
Trade Payables	\$ 6,223,777	\$ 12,709,149
Salaries and Benefits Payable	20,801,424	15,837,140
Accrued Vacation Pay	4,145,024	3,944,836
Other	1,076,614	1,170,509
	<u>\$32,246,839</u>	<u>\$33,661,634</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2020

5. Tangible Capital Assets

June 30, 2020	Balance July 1, 2019	Additions	Disposals	Transfers (WIP)	Balance Jun 30, 2020
Cost:					
Sites	\$ 56,663,276	\$ 43,979	\$ -	\$ -	\$ 56,707,255
Buildings	328,392,553	(369,081)	-	82,375,196	410,398,668
Building - work in progress	73,112,829	14,813,180	-	(82,375,196)	5,550,813
Furniture & equipment	23,166,491	6,744,762	183,974	-	29,727,279
Vehicles	4,390,458	264,571	-	-	4,655,029
Computer software	434,580	2,208	-	-	436,788
Computer hardware	2,267,707	1,019,184	591,756	-	2,695,135
Equipment under capital lease	-	-	-	-	-
	<u>\$ 488,427,894</u>	<u>\$ 22,518,803</u>	<u>\$ 775,730</u>	<u>\$ -</u>	<u>\$ 510,170,967</u>
Accumulated Amortization:					
Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	168,556,268	8,313,663	-	-	176,869,931
Furniture & equipment	6,860,147	2,586,177	183,974	-	9,262,350
Vehicles	1,098,504	452,274	-	-	1,550,778
Computer software	247,409	87,137	-	-	334,546
Computer hardware	1,217,936	496,284	591,756	-	1,122,464
Equipment under capital lease	-	-	-	-	-
	<u>\$ 177,980,264</u>	<u>\$ 11,935,535</u>	<u>\$ 775,730</u>	<u>\$ -</u>	<u>\$ 189,140,069</u>
June 30, 2019	Balance July 1, 2018	Additions	Disposals	Transfers (WIP)	Balance Jun 30, 2019
Cost:					
Sites	\$ 47,103,320	\$ 9,559,956	\$ -	\$ -	\$ 56,663,276
Buildings	320,402,809	825,763	-	7,163,981	328,392,553
Building - work in progress	34,174,252	46,102,558	-	(7,163,981)	73,112,829
Furniture & equipment	18,396,626	5,296,173	526,308	-	23,166,491
Vehicles	3,737,507	1,197,088	544,137	-	4,390,458
Computer software	617,934	8,420	191,774	-	434,580
Computer hardware	1,664,662	730,753	127,708	-	2,267,707
Equipment under capital lease	-	-	-	-	-
	<u>\$ 426,097,110</u>	<u>\$ 63,720,711</u>	<u>\$ 1,389,927</u>	<u>\$ -</u>	<u>\$ 488,427,894</u>
Accumulated Amortization:					
Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	161,340,315	7,215,953	-	-	168,556,268
Furniture & equipment	5,425,967	1,960,488	526,308	-	6,860,147
Vehicles	1,236,243	406,398	544,137	-	1,098,504
Computer software	333,932	105,251	191,774	-	247,409
Computer hardware	952,465	393,179	127,708	-	1,217,936
Equipment under capital lease	-	-	-	-	-
	<u>\$ 169,288,922</u>	<u>\$ 10,081,269</u>	<u>\$ 1,389,927</u>	<u>\$ -</u>	<u>\$ 177,980,264</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2020

5. Tangible Capital Assets (continued)

Net Book Value	June 30, 2020	June 30, 2019
Sites	\$ 56,707,255	\$ 56,663,276
Buildings	233,528,737	159,836,285
Building - work in progress	5,550,813	73,112,829
Furniture & equipment	20,464,929	16,306,344
Vehicles	3,104,251	3,291,954
Computer software	102,242	187,171
Computer hardware	1,572,671	1,049,771
	<u>\$ 321,030,898</u>	<u>\$ 310,447,630</u>

Buildings – work in progress have not been amortized. Amortization of these assets will commence when the asset is put into service.

6. Unearned Revenue

	June 30, 2020	June 30, 2019
Balance, Beginning of Year	\$ 13,332,856	\$ 12,804,038
Changes for the Year		
Increase:		
Tuition fees	12,144,710	13,313,773
Rentals	2,799	10,417
Transportation	-	8,666
Grants	28,000	-
Other	-	-
	<u>12,175,509</u>	<u>13,332,856</u>
Decrease:		
Tuition fees	13,313,773	12,796,465
Rentals	10,417	6,010
Transportation	8,666	-
Grants	-	-
Other	-	1,563
	<u>13,332,856</u>	<u>12,804,038</u>
Balance, End of Year	<u>\$ 12,175,509</u>	<u>\$ 13,332,856</u>

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2020

7. Deferred Revenue

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

	June 30, 2020	June 30, 2019
Balance, Beginning of Year	\$ 2,556,524	\$ 4,255,172
Changes for the year:		
Increase:		
Provincial Grants - MOE	27,347,226	25,743,925
Provincial Grants - Other	437,003	457,075
Other revenue	5,338,095	8,774,458
	33,122,324	34,975,458
Decrease:		
Transferred to revenue	(31,423,453)	(33,923,659)
Recovered	(972,672)	(2,750,447)
	(32,396,125)	(36,674,106)
Balance, End of Year	\$ 3,282,723	\$ 2,556,524

8. Deferred Capital Revenue

	June 30, 2020	June 30, 2019
Balance, Beginning of Year	\$ 214,217,191	\$ 174,425,028
Increase:		
Provincial Grants - MOE	19,890,444	55,711,734
Provincial Grants - Other	-	170,407
Other revenue	2,978,234	1,781,515
Investment income	35,047	43,991
Transfer to income statement for AFG	(926,096)	(668,039)
	21,977,629	57,039,608
Decrease:		
Amortization	(9,315,572)	(7,687,489)
Site purchase	(43,979)	(9,559,956)
	(9,359,551)	(17,247,445)
Balance, End of Year	\$ 226,835,269	\$ 214,217,191

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.

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2020

9. Employee Future Benefits

Benefits include vested sick leave, accumulating non-vested sick leave, retirement allowances, vacation pay and life insurance. The accrued benefit obligation for employee future benefits is not funded as funding is provided when the benefits are paid. Accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits.

	2020	2019
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation, April 1	\$ 6,199,732	\$ 5,830,026
Service cost	546,260	521,612
Interest cost	156,694	165,756
Benefit payments – April 1 to March 31	(504,892)	(696,714)
Actuarial gain (loss)	339,510	(379,052)
Accrued benefit obligation, March 31	\$ 6,058,284	\$ 6,199,732
Reconciliation of Funded Status at End of Fiscal Year		
Accrued benefit obligation – March 31	\$ 6,058,284	\$ 6,199,732
Market value of plan assets – March 31	-	-
Funded status – surplus (deficit)	(6,058,284)	(6,199,732)
Employer contributions after measurement date	67,775	78,915
Benefits expense after measurement date	(179,676)	(175,739)
Unamortized net actuarial (gain) loss	209,422	675,247
Accrued benefit liability - June 30	\$ (5,960,764)	\$ (5,621,309)
Reconciliation of Change in Accrued Benefit Liability		
Accrued benefit liability – July 1	\$ 5,621,310	\$ 5,533,978
Net expense for fiscal year	833,206	782,154
Employers contributions	(493,752)	(694,823)
Accrued benefit liability - June 30	\$ 5,960,764	\$ 5,621,309
Components of Net Benefit Expense		
Service cost	\$ 553,931	\$ 527,774
Interest cost	152,961	163,491
Amortization of actuarial (gain) loss	126,314	90,889
Net Benefit Expense	\$ 833,206	\$ 782,154

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2020

9. Employee Future Benefits (continued)

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

	<u>2020</u>	<u>2019</u>
Discount rate - April 1	2.50%	2.75%
Discount rate - March 31	2.25%	2.50%
Long term salary growth - April 1	2.50% + seniority	2.50% + seniority
Long term salary growth - March 31	2.50% + seniority	2.50% + seniority
EARSL - March 31	10.7 years	10.7 years

10. Employee Pension Plans

a) Teachers' Pension Plan and Municipal Pension Plan

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 represent plan members and employers and are responsible for managing the pension plans including investing assets and administering benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at December 31, 2018, the Teachers' Pension Plan has about 48,000 active members and approximately 38,000 retired members. As at December 31, 2018 the Municipal Pension Plan has about 205,000 active members, of which approximately 26,000 are from school districts.

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

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

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

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

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plans accounting). This is

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2020

10. Employee Pension Plans (continued)

a) Teachers' Pension Plan and Municipal Pension Plan (continued)

because the plans record accrued liabilities and accrued assets for the plans in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The School District's employer contributions to these plans in the fiscal year ended June 30, 2020 were \$17,765,434 (2019: \$17,648,416).

11. Expense by Object

	June 30, 2020	June 30, 2019
Salaries and Benefits	\$215,115,262	\$203,897,692
Services and Supplies	20,093,206	27,803,556
Interest	28,056	14,676
Amortization	11,935,535	10,081,269
Other	6,477,769	6,931,409
	<u>\$253,649,828</u>	<u>\$248,728,602</u>

School District No. 35 (Langley)
Notes to the Financial Statements**Year Ended June 30, 2020**

12. Accumulated Surplus

The School District's accumulated surplus consists of balances in its internal capital and internal operating funds. The balance in the internal capital fund consists of amounts invested in tangible capital assets and local capital. The balance in the internal operating fund consists of amounts restricted for various specific purposes and an unrestricted amount.

	June 30, 2020	June 30, 2019
Total Capital Fund Surplus	\$ 101,263,327	\$ 101,588,818
Restricted Operating Surplus		
Internally restricted (appropriated) by the Board	3,388,260	3,388,260
Internally restricted to balance 2019/2020 budget	-	2,184,978
Internally restricted to balance 2020/2021 budget	2,382,381	-
Internally restricted to balance future budgets	812,602	2,382,381
Internally restricted for infrastructure replacement	1,007,004	1,150,000
Internally restricted for student capacity needs	500,000	500,000
Internally restricted for capacity issues at LSS/LEC	-	300,000
Internally restricted for admin development	-	125,000
School Generated Funds	2,220,943	2,179,381
School surpluses	488,628	323,827
Internally restricted for Indigenous Education 2019/2020	37,561	-
Internally restricted for commitments 2019/2020	210,000	-
Internally restricted for COVID-19 contingency	5,000,000	-
District initiative in support of schools	-	150,000
Internally restricted surplus	16,047,379	12,683,827
Unrestricted Operating Surplus	-	-
Total Operating Surplus	16,047,379	12,683,827
Accumulated Surplus	\$ 117,310,706	\$ 114,272,645

13. Interfund Transfers

The School District manages its accounts using three different funds – Operating, Special Purpose and Capital. Transfers between these funds during the year ended June 30, 2019, were as follows:

- No transfer (2019: \$41,319) was made from the special purpose fund to the capital fund for payment of capital assets purchased.
- A transfer in the amount of \$2,178,139 (2019: \$2,533,962) was made from the operating fund to the capital fund for payment of capital assets purchased.

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2020

14. Related Party Transactions

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

The School District has an economic interest in the Langley School District Foundation (Foundation) which acts as a fundraising agency for the School District. The Foundation is a separate legal entity and is a registered charity under the provisions of the *Income Tax Act* of Canada. The Foundation has its own board of directors who approve grants to support various initiatives of the School District.

During the year, the School District received \$757,572 (2019: \$630,838) in contributions from the Foundation to support and promote programs not funded by the Ministry of Education. The School District made contributions to the Foundation to support its operations of \$4,500 (2019: \$4,500). The School District also has an amount receivable from the Foundation of \$8,244 (2019: \$10,246) – see Note 3.

15. Contractual Obligations and Contingent Liabilities

- a) In the normal course of business, lawsuits and claims have been brought against the School District. The School District contests these lawsuits and claims. Management believes that the results of any pending legal proceedings will not have a material effect on the financial position of the School District.
- b) The School District has entered into a number of multiple-year contracts for the delivery of services and the construction of tangible capital assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	2021	2022	2023
Various AFG projects	\$ 292,916	-	-
Computer leases	586,433	135,260	-
	<u>\$879,349</u>	<u>\$135,260</u>	<u>-</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2020

16. Budget Figures

Budget figures were approved by the Board of Education through the adoption of an annual amended budget bylaw on February 25, 2020.

Budget figures included in the financial statements reflect the amended planned budget approved by the Board. The School District has elected to present the amended budget as it reflects a budget based on funding as a result of final enrollment numbers versus estimated enrollment projections.

Revenues	Annual Budget	Amended Budget	Change
Ministry of Education	\$ 211,381,279	\$ 221,404,227	\$ 10,022,948
Other - Provincial Grants	651,817	491,826	(159,991)
Tuition	15,674,298	15,406,125	(268,173)
Other revenue	8,172,968	9,374,571	1,201,603
Rentals and leases	922,681	922,681	-
Investment income	1,145,382	1,126,053	(19,329)
Amort. of deferred capital revenue	9,060,794	8,968,636	(92,158)
	<u>247,009,219</u>	<u>257,694,119</u>	<u>10,684,900</u>
Expenses			
Instruction	203,687,907	214,178,964	10,491,057
District administration	9,167,455	9,074,789	(92,666)
Operations and maintenance	35,731,966	35,795,003	63,037
Transportation and housing	2,765,254	2,861,504	96,250
	<u>251,352,582</u>	<u>261,910,260</u>	<u>10,557,678</u>
Net Expense	<u>(4,343,363)</u>	<u>(4,216,141)</u>	<u>127,222</u>
Budgeted Allocation of Surplus	<u>2,184,978</u>	<u>3,740,591</u>	<u>1,555,613</u>
Deficit for the Year	<u>(\$ 2,158,385)</u>	<u>(\$ 475,550)</u>	<u>\$ 1,682,835</u>

Significant changes between the original and amended budgets are as follows:

- Ministry grants – Reflects increased student enrolment and funding for Classroom Enhancement Fund.
 - Instruction expenses – Reflects the impact of higher student enrolment, increase in supplies and initiatives for schools and higher teacher and support salaries. Also, there is the impact of additional teachers due to the Classroom Enhancement Fund.
-

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2020

17. Risk Management

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:

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

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

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

- i. 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.
- ii. 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 term deposits and guaranteed investment certificates that have a maturity date of no more than 3 years.

c) Liquidity risk

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

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

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

School District No. 35 (Langley)
Notes to the Financial Statements**Year Ended June 30, 2020**

18. Economic Dependence

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

19. Future Capital Transactions

On June 24, 2016, the Ministry of Education announced provincial funding for the seismic upgrading and partial replacement of Langley Secondary School. The total value of the project was originally \$26.2 million, and the current forecasted final project cost is \$27.4 million dollars. The School District will need to fund the additional \$1.2 million dollars. Work commenced in 2017 with completion expected in August of 2020. The School District has estimated costs remaining of \$2.1 million as at June 30, 2020 relating to this project.

On September 16, 2016, the Ministry of Education announced provincial funding for the construction of a 1,700-student secondary school on the Willoughby Slope. The total value of the project is \$58.9 million. Construction of the school commenced in the fall of 2017 and the school opened on schedule in September 2019. The School District contributed the first \$21.4 million of the capital cost of the project from proceeds on the disposal of tangible capital assets from 2016-17. The project is currently in the warranty period phase. The School District has estimated costs remaining of \$0.200 million as at June 30, 2020 relating to this project.

In May of 2019 the Ministry of Education announced provincial funding for the construction of a 555 student Kindergarten to Grade 5 school on the Willoughby Slope. The total value of the project is \$27.6 million. Construction of the school commenced in February of 2020 and the school is scheduled to open in September 2021. The School District will be contributing \$2.5 million of the capital cost from Local Capital and \$1.0 million from Restricted Capital. The School District has estimated costs remaining of \$23.1 million as at June 30, 2020 relating to this project.

School District No. 35 (Langley)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2020

	Operating Fund	Special Purpose Fund	Capital Fund	2020 Actual	2019 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	12,683,827		101,588,818	114,272,645	107,954,053
Changes for the year					
Surplus (Deficit) for the year	5,541,691		(2,503,630)	3,038,061	6,318,592
Interfund Transfers	(2,178,139)		2,178,139	-	
Local Capital	3,363,552	-	(325,491)	3,038,061	6,318,592
Net Changes for the year	16,047,379	-	101,263,327	117,310,706	114,272,645
Accumulated Surplus (Deficit), end of year - Statement 2					

School District No. 35 (Langley)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2020

	2020 Budget (Note 16) \$	2020 Actual \$	2019 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	193,969,310	196,913,365	185,986,878
Other	43,451	78,632	196,794
Tuition	15,406,125	15,303,450	14,650,229
Other Revenue	851,471	944,655	243,181
Rentals and Leases	922,681	744,430	935,387
Investment Income	1,050,000	921,902	1,085,399
Total Revenue	212,243,038	214,906,434	203,097,868
Expenses			
Instruction	179,297,502	176,161,846	170,186,167
District Administration	8,760,663	8,155,324	8,493,097
Operations and Maintenance	23,492,692	22,753,440	22,789,915
Transportation and Housing	2,410,808	2,294,133	2,627,775
Total Expense	213,961,665	209,364,743	204,096,954
Operating Surplus (Deficit) for the year	(1,718,627)	5,541,691	(999,086)
Budgeted Appropriation (Retirement) of Surplus (Deficit)	3,740,591		
Net Transfers (to) from other funds			
Local Capital	(2,021,964)	(2,178,139)	(2,533,962)
Total Net Transfers	(2,021,964)	(2,178,139)	(2,533,962)
Total Operating Surplus (Deficit), for the year	-	3,363,552	(3,533,048)
Operating Surplus (Deficit), beginning of year		12,683,827	16,216,875
Operating Surplus (Deficit), end of year		16,047,379	12,683,827
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 12)		16,047,379	12,683,827
Total Operating Surplus (Deficit), end of year		16,047,379	12,683,827

School District No. 35 (Langley)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	189,758,040	190,050,296	183,623,361
ISC/LEA Recovery	(122,120)	(104,250)	(183,180)
Other Ministry of Education Grants			
Pay Equity	551,875	551,875	551,875
Funding for Graduated Adults	425,000	707,857	436,289
Transportation Supplement	260,000	260,000	260,000
Economic Stability Dividend			235,598
Carbon Tax Grant	197,000	179,274	179,274
Employer Health Tax Grant	1,657,138	1,657,138	503,571
Strategic Priorities - Mental Health Grant			30,300
Support Staff Benefits Grant	325,200	325,200	325,200
BCTEA - LEA Capacity Building Grant			6,850
Support Staff Wage Increase Funding	843,197	843,197	
Teachers' Labour Settlement Funding		2,369,898	
FSA	15,600	14,500	14,500
Provincial Exam Marking	3,240	3,240	3,240
Support Staff Funding for EHB	50,554	50,554	
ELF Implementation Grant	4,586	4,586	
Total Provincial Grants - Ministry of Education	193,969,310	196,913,365	185,986,878
Provincial Grants - Other	43,451	78,632	196,794
Tuition			
Summer School Fees	170,000	172,260	177,193
Continuing Education	99,500	93,318	65,960
International and Out of Province Students	15,136,625	15,037,872	14,407,076
Total Tuition	15,406,125	15,303,450	14,650,229
Other Revenues			
Funding from First Nations	122,120	104,250	183,180
Miscellaneous			
Other Revenue	242,351	286,791	442,226
Transportation	20,000	21,939	30,098
BC Hydro Grant	47,000	50,000	50,000
Salary Recoveries	420,000	440,113	497,738
School Generated Funds		41,562	(960,061)
Total Other Revenue	851,471	944,655	243,181
Rentals and Leases	922,681	744,430	935,387
Investment Income	1,050,000	921,902	1,085,399
Total Operating Revenue	212,243,038	214,906,434	203,097,868

School District No. 35 (Langley)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
	\$	\$	\$
Salaries			
Teachers	93,982,080	94,501,758	89,424,568
Principals and Vice Principals	11,480,004	11,552,405	10,889,984
Educational Assistants	20,114,952	19,506,389	18,456,091
Support Staff	17,324,983	16,410,493	16,081,259
Other Professionals	4,901,217	4,936,527	4,614,935
Substitutes	7,865,951	7,091,680	8,913,979
Total Salaries	155,669,187	153,999,252	148,380,816
Employee Benefits	37,795,553	36,746,654	34,896,776
Total Salaries and Benefits	193,464,740	190,745,906	183,277,592
Services and Supplies			
Services	5,911,463	5,573,549	5,914,306
Student Transportation	196,588	120,043	194,426
Professional Development and Travel	1,304,850	1,055,595	1,236,424
Rentals and Leases	42,100	28,167	14,342
Dues and Fees	1,287,284	1,201,953	1,115,033
Insurance	450,600	472,488	400,135
Interest		28,056	14,676
Supplies	8,017,040	7,465,560	8,627,010
Utilities	3,285,000	2,673,426	3,303,010
Bad Debts	2,000	-	
Total Services and Supplies	20,496,925	18,618,837	20,819,362
Total Operating Expense	213,961,665	209,364,743	204,096,954

School District No. 35 (Langley)

Operating Expense by Function, Program and Object

Year Ended June 30, 2020

Schedule 2C (Unaudited)

	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	73,521,760	1,585,336	296,462	1,028,723	51,179	4,395,813	80,879,273
1.03 Career Programs	400,182		286,532	66,369		9,736	762,819
1.07 Library Services	1,023,408		595,472	14,790		4,356	1,638,026
1.08 Counselling	3,225,714	139,556		42,172		28,751	3,436,193
1.10 Special Education	11,938,751	548,295	16,264,895	47,543	158,835	1,369,254	30,327,573
1.30 English Language Learning	1,608,598	82,528	98,653			13,903	1,803,682
1.31 Indigenous Education	452,179	133,225	1,130,216	56,182		23,692	1,795,494
1.41 School Administration		8,318,965		2,614,704	85,465	156,192	11,175,326
1.60 Summer School	669,151	122,829	208,968	6,006		281	1,007,235
1.62 International and Out of Province Students	1,662,015	258,947	510,281	147,044	391,425	60,617	3,030,329
1.64 Other							-
Total Function 1	94,501,758	11,189,681	19,391,479	4,023,533	686,904	6,062,595	135,855,950
4 District Administration							
4.11 Educational Administration		362,724		49,215	869,034		1,280,973
4.40 School District Governance					204,018		204,018
4.41 Business Administration				1,122,912	1,932,988	50,964	3,106,864
Total Function 4	-	362,724	-	1,172,127	3,006,040	50,964	4,591,855
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				97,536	932,484	4,602	1,034,622
5.50 Maintenance Operations			61	9,676,735	264,382	723,216	10,664,394
5.52 Maintenance of Grounds				437,446		78,010	515,456
5.56 Utilities							-
Total Function 5	-	-	61	10,211,717	1,196,866	805,828	12,214,472
7 Transportation and Housing							
7.41 Transportation and Housing Administration				93,646	46,717	34,139	174,502
7.70 Student Transportation			114,849	909,470		138,154	1,162,473
Total Function 7	-	-	114,849	1,003,116	46,717	172,293	1,336,975
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	94,501,758	11,552,405	19,506,389	16,410,493	4,936,527	7,091,680	153,999,252

School District No. 35 (Langley)
Operating Expense by Function, Program and Object
Year Ended June 30, 2020

Schedule 2C (Unaudited)

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2020 Actual	2020 Budget (Note 16)	2019 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	80,879,273	19,667,807	100,547,080	3,923,735	104,470,815	107,000,491	102,486,481
1.03 Career Programs	762,819	192,237	955,056	169,052	1,124,108	1,183,695	1,165,102
1.07 Library Services	1,638,026	376,853	2,014,879	116,426	2,131,305	2,150,034	1,896,510
1.08 Counselling	3,436,193	738,234	4,174,427	69,842	4,244,269	4,122,928	4,177,112
1.10 Special Education	30,327,573	7,545,729	37,873,302	346,089	38,219,391	38,240,135	35,301,489
1.30 English Language Learning	1,803,682	409,642	2,213,324	29,329	2,242,653	2,212,579	2,261,884
1.31 Indigenous Education	1,795,494	408,347	2,203,841	528,098	2,731,939	2,749,384	2,475,494
1.41 School Administration	11,175,326	2,259,464	13,434,790	467,408	13,902,198	14,133,215	13,406,028
1.60 Summer School	1,007,235	182,838	1,190,073	26,143	1,216,216	1,169,831	1,154,812
1.62 International and Out of Province Students	3,030,329	695,502	3,725,831	2,153,121	5,878,952	6,330,710	5,861,255
1.64 Other	-	-	-	-	-	4,500	-
Total Function 1	135,855,950	32,476,653	168,332,603	7,829,243	176,161,846	179,297,502	170,186,167
4 District Administration							
4.11 Educational Administration	1,280,973	237,010	1,517,983	238,697	1,756,680	1,956,879	1,566,201
4.40 School District Governance	204,018	13,261	217,279	149,284	366,563	394,362	347,658
4.41 Business Administration	3,106,864	685,718	3,792,582	2,239,499	6,032,081	6,409,422	6,579,238
Total Function 4	4,591,855	935,989	5,527,844	2,627,480	8,155,324	8,760,663	8,493,097
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	1,034,622	205,830	1,240,452	844,480	2,084,932	2,192,100	2,230,813
5.50 Maintenance Operations	10,664,394	2,698,377	13,362,771	3,658,564	17,021,335	16,992,359	16,432,406
5.52 Maintenance of Grounds	515,456	122,429	637,885	347,362	985,247	1,031,233	826,943
5.56 Utilities	-	-	-	2,661,926	2,661,926	3,277,000	3,299,753
Total Function 5	12,214,472	3,026,636	15,241,108	7,512,332	22,753,440	23,492,692	22,789,915
7 Transportation and Housing							
7.41 Transportation and Housing Administration	174,502	39,445	213,947	3,081	217,028	195,562	216,076
7.70 Student Transportation	1,162,473	267,931	1,430,404	646,701	2,077,105	2,215,246	2,411,699
Total Function 7	1,336,975	307,376	1,644,351	649,782	2,294,133	2,410,808	2,627,775
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	153,999,252	36,746,654	190,745,906	18,618,837	209,364,743	213,961,665	204,096,954

School District No. 35 (Langley)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	27,060,524	25,502,249	25,476,979
Other	448,375	463,192	487,924
Other Revenue	8,523,100	5,458,012	7,958,756
Total Revenue	36,031,999	31,423,453	33,923,659
Expenses			
Instruction	34,881,462	30,193,387	32,205,546
District Administration	314,126	399,327	477,355
Operations and Maintenance	836,411	830,739	1,199,439
Total Expense	36,031,999	31,423,453	33,882,340
Special Purpose Surplus (Deficit) for the year	-	-	41,319
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased			(41,319)
Total Net Transfers	-	-	(41,319)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

School District No. 35 (Langley)
Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2020

Schedule 3A (Unaudited)

	Annual Facility Grant	Learning Improvement Fund	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year		7,016	1,543,314			12,389			964,239
Add: Restricted Grants									
Provincial Grants - Ministry of Education	680,178	706,586		289,422	76,825	210,848	2,010,193	1,016,444	20,946,410
Provincial Grants - Other			5,338,095						
Less: Allocated to Revenue	680,178	706,586	5,338,095	289,422	76,825	210,848	2,010,193	1,016,444	20,946,410
Recovered		701,497	5,458,012	287,338	76,457	215,465	1,999,729	1,008,011	19,170,901
Deferred Revenue, end of year	-	12,105	1,423,397	2,084	368	7,772	10,464	8,433	964,239
									1,775,509
Revenues									
Provincial Grants - Ministry of Education	680,178	701,497		287,338	76,457	215,465	1,999,729	1,008,011	19,170,901
Provincial Grants - Other			5,458,012						
Other Revenue		701,497	5,458,012	287,338	76,457	215,465	1,999,729	1,008,011	19,170,901
Expenses									
Salaries									
Teachers									
Principals and Vice Principals				2,538	53,039	50,014	269,754		15,400,772
Educational Assistants	433,859	583,023		195,126			1,293,190	274,373	
Support Staff				6,063			407	60,283	
Other Professionals									
Substitutes		5,498		8,227	8,000	4,350	29,156	437,491	112,185
Employee Benefits	433,859	588,521	-	211,954	61,039	54,364	1,592,507	772,147	15,512,957
Services and Supplies	103,165	112,976		55,835	12,713	8,865	407,222	235,864	3,657,944
	143,154		5,458,012	19,549	2,705	152,236			
	680,178	701,497	5,458,012	287,338	76,457	215,465	1,999,729	1,008,011	19,170,901
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	SWIS	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year					29,566	2,556,524
Add: Restricted Grants						
Provincial Grants - Ministry of Education	1,350,394	21,575	24,500	13,851	437,003	27,347,226
Provincial Grants - Other						437,003
Other						5,338,095
Less: Allocated to Revenue Recovered	1,350,394	21,575	24,500	13,851	437,003	33,122,324
	1,332,332	7,772	19,013	3,556	463,192	31,423,453
Deferred Revenue, end of year	18,062	13,803	5,487	10,295	3,377	3,282,723
Revenues						
Provincial Grants - Ministry of Education	1,332,332	7,772	19,013	3,556	463,192	25,502,249
Provincial Grants - Other						463,192
Other Revenue						5,458,012
Expenses	1,332,332	7,772	19,013	3,556	463,192	31,423,453
Salaries						15,726,103
Teachers						50,014
Principals and Vice Principals					276,826	2,348,165
Educational Assistants					1,379	716,081
Support Staff					65,350	125,633
Other Professionals				2,915	9,151	720,711
Substitutes	103,738					
	103,738	-	-	2,915	352,706	19,686,707
Employee Benefits				641	87,424	4,682,649
Services and Supplies	1,228,594	7,772	19,013		23,062	7,054,097
	1,332,332	7,772	19,013	3,556	463,192	31,423,453
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-
Interfund Transfers						
	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-

School District No. 35 (Langley)

Schedule of Capital Operations

Year Ended June 30, 2020

Schedule 4 (Unaudited)

	2020 Budget (Note 16)	2020 Actual			2019 Actual
	\$	Invested in Tangible Capital Assets	Local Capital	Fund Balance	\$
Revenues					
Provincial Grants					
Ministry of Education	374,393	926,097		926,097	8,932,301
Municipal Grants Spent on Sites		43,979		43,979	1,295,694
Investment Income	76,053		72,354	72,354	110,183
Amortization of Deferred Capital Revenue	8,968,636	9,315,572		9,315,572	7,687,489
Total Revenue	9,419,082	10,285,648	72,354	10,358,002	18,025,667
Expenses					
Operations and Maintenance	330,414	926,097		926,097	668,039
Amortization of Tangible Capital Assets					
Operations and Maintenance	11,135,486	11,483,261		11,483,261	9,674,871
Transportation and Housing	450,696	452,274		452,274	406,398
Total Expense	11,916,596	12,861,632	-	12,861,632	10,749,308
Capital Surplus (Deficit) for the year	(2,497,514)	(2,575,984)	72,354	(2,503,630)	7,276,359
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased				-	41,319
Local Capital	2,021,964		2,178,139	2,178,139	2,533,962
Total Net Transfers	2,021,964	-	2,178,139	2,178,139	2,575,281
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		1,482,226	(1,482,226)	-	
Tangible Capital Assets WIP Purchased from Local Capital		292,042	(292,042)	-	
Total Other Adjustments to Fund Balances		1,774,268	(1,774,268)	-	
Total Capital Surplus (Deficit) for the year	(475,550)	(801,716)	476,225	(325,491)	9,851,640
Capital Surplus (Deficit), beginning of year		98,528,743	3,060,075	101,588,818	91,737,178
Capital Surplus (Deficit), end of year		97,727,027	3,536,300	101,263,327	101,588,818

School District No. 35 (Langley)

Tangible Capital Assets
Year Ended June 30, 2020

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	56,663,276	328,392,553	22,104,605	4,390,458	434,580	2,267,707	414,253,179
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Other	43,979		519,149				563,128
Local Capital		(369,081)	565,344	264,571	2,208	1,019,184	1,482,226
Transferred from Work in Progress		82,375,196	6,613,817				88,989,013
	43,979	82,006,115	7,698,310	264,571	2,208	1,019,184	91,034,367
Decrease:							
Deemed Disposals			183,974			591,756	775,730
	-	-	183,974	-	-	591,756	775,730
Cost, end of year	56,707,255	410,398,668	29,618,941	4,655,029	436,788	2,695,135	504,511,816
Work in Progress, end of year		5,550,813	108,338				5,659,151
Cost and Work in Progress, end of year	56,707,255	415,949,481	29,727,279	4,655,029	436,788	2,695,135	510,170,967
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		168,556,268	6,860,147	1,098,504	247,409	1,217,936	177,980,264
Decrease:							
Deemed Disposals		8,313,663	2,586,177	452,274	87,137	496,284	11,935,535
			183,974			591,756	775,730
			183,974			591,756	775,730
Accumulated Amortization, end of year		176,869,931	9,262,350	1,550,778	334,546	1,122,464	189,140,069
Tangible Capital Assets - Net	56,707,255	239,079,550	20,464,929	3,104,251	102,242	1,572,671	321,030,898

School District No. 35 (Langley)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2020

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	73,112,829	1,061,886			74,174,715
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	13,315,776	5,660,269			18,976,045
Deferred Capital Revenue - Other	1,205,362				1,205,362
Local Capital	292,042				292,042
	14,813,180	5,660,269	-	-	20,473,449
Decrease:					
Transferred to Tangible Capital Assets	82,375,196	6,613,817			88,989,013
	82,375,196	6,613,817	-	-	88,989,013
Net Changes for the Year	(67,562,016)	(953,548)	-	-	(68,515,564)
Work in Progress, end of year	5,550,813	108,338	-	-	5,659,151

School District No. 35 (Langley)

Deferred Capital Revenue
Year Ended June 30, 2020

Schedule 4C (Unaudited)

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	135,785,490	987,019	2,128,721	138,901,230
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions		31,442	487,707	519,149
Transferred from Work in Progress	64,977,694	21,862,043	1,205,362	88,045,099
	64,977,694	21,893,485	1,693,069	88,564,248
Decrease:				
Amortization of Deferred Capital Revenue	8,638,494	348,914	328,164	9,315,572
	8,638,494	348,914	328,164	9,315,572
Net Changes for the Year	56,339,200	21,544,571	1,364,905	79,248,676
Deferred Capital Revenue, end of year	192,124,690	22,531,590	3,493,626	218,149,906
Work in Progress, beginning of year	51,399,246	21,862,043		73,261,289
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Work in Progress	18,976,045		1,205,362	20,181,407
	18,976,045	-	1,205,362	20,181,407
Decrease:				
Transferred to Deferred Capital Revenue	64,977,694	21,862,043	1,205,362	88,045,099
	64,977,694	21,862,043	1,205,362	88,045,099
Net Changes for the Year	(46,001,649)	(21,862,043)	-	(67,863,692)
Work in Progress, end of year	5,397,597	-	-	5,397,597
Total Deferred Capital Revenue, end of year	197,522,287	22,531,590	3,493,626	223,547,503

School District No. 35 (Langley)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2020

	Bylaw Capital	MED Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year		1,101,642	31,910	921,120		2,054,672
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	19,890,444					19,890,444
Other				1,285,165	1,693,069	2,978,234
Investment Income		17,155		17,892		35,047
Transfer project surplus to MED Restricted (from) Bylaw	(2,745)	2,745				-
Reclassify revenue for AFG projects	(926,096)					(926,096)
Transfer prior year surplus in MED Restricted back to Bylaw	14,442	(14,442)				-
	18,976,045	5,458	-	1,303,057	1,693,069	21,977,629
Decrease:						
Transferred to DCR - Capital Additions			31,442		487,707	519,149
Transferred to DCR - Work in Progress	18,976,045				1,205,362	20,181,407
Transferred to Revenue - Site Purchases	18,976,045	-	31,442	43,979	1,693,069	43,979
				43,979		20,744,535
Net Changes for the Year	-	5,458	(31,442)	1,259,078	-	1,233,094
Balance, end of year	-	1,107,100	468	2,180,198	-	3,287,766