



Presentation to Board on 2009/10 Financial Statements

**Prepared by Joan Axford, Secretary-Treasurer
for Board Meeting of September 15, 2010**

These statements are prepared under the Generally Accepted Accounting Principles for school districts and are primarily those set out in the not for profit model, using the deferral method as defined by the Canadian Institute of Chartered Accountants (CICA Handbook, sections 4400 to 4460). The notes to the Financial Statements outline the accounting principles used.

These statements are being audited by KPMG who have to date found that they present fairly the financial position of the school district.

STATEMENT 1: Statement of Financial Position

The overall Fund Balance position has decreased due to reduction in cash balances as the school district uses up reserves, the sale of the surplus Royal Oak Lands, demolition of the old Royal Oak Middle School offset by capital upgrades at SIDES and the purchase of equipment for the Technology Plan.

Operating Fund	<p>The overall Cash balance has decreased by \$5 million due to the retirement of the capital debt for the KELSET, Prospect Lake and Royal Oak School Projects. The cash balance includes balances that are retained for future expenditures:</p> <ul style="list-style-type: none"> • Accounts Payable \$8.6 million • Tuition Fees and Grants for the 2010/11 year 1.7 million • School Non-Public .9 million • Ministry Restricted Capital 2.4 million • Local Capital 4.2 million <p>The operating fund balance has decreased to \$6.5 million after the utilization of \$1.1 million from reserves to cover the operating expenditures.</p>
Special Purpose Funds	<p>The special purpose fund balances are outlined in Schedules B1, B2 and B3 of the financial statements total \$1,931 million that includes \$913,846 from Annual Facility Grant funds for projects in progress, \$47,979 for special education equipment and \$936,041 for school's non-public funds.</p>
Capital Fund	<p>Capital Asset additions were \$8.245 million that included improvements to buildings of \$1.8 million from annual capital grants for HVAC improvements, painting, roofing and flooring. Included in the equipment improvements is \$812,000 for Technology Education from the Technology Legacy fund. Also included are capital work in progress additions of \$2.883 million for completion of North Saanich Middle School and additions of \$1.2 million to complete Stelly's and Claremont Seismic projects, upgrade to SIDES Beaver Lake of \$759,000. The statements include a write down of \$1.373 million in the value of computer technology, furniture and equipment, and vehicles which have completed their useful life and the value of the old Royal Oak Middle School which was demolished.</p>

STATEMENT 2: Statement of Revenue and Expense

The change in revenues is attributable primarily to local revenues of international and investment income. Regular provincial revenues did not increase although the cost of the labour settlements was significant. On this statement it appears that the **Operating Fund** had a current year operating surplus of \$42,338 but this does not account for capital assets purchased from operating and reduction in employee liabilities to net a current year **deficit of \$1,106,911**. The district planned to allocate \$2.281 million to balance the 2009/10 year so has available reserves for 2010/11 needs. The areas where revenues and expenditures differed from budget were:

<u>Area</u>	<u>Amount</u>	<u>Rationale for Change from Budget</u>
Utilities	\$ 46,665	Warmer Winter
Replacement staff	(79,558)	Difficult to budget
Benefits	965,655	Budget allocation for GAAP not needed--budget reduced in 2010/11
Enrolment Audit	60,000	Enrolment audit results
International	227,079	More students
Equipment	(108,012)	Schools Supporting Tech Plan
Other Salaries	(37,650)	Speech and Language Costs
Supplies	73,203	1.8% Savings--most to school reserves
Interest Revenue	97,811	Paying off KELSET debt
Bus Fees	45,131	Work to collect
Cafeteria	(35,500)	Transferred to Stelly's Program
Support Salaries	132,363	Working on Capital Work by Maintenance Dept
PVP Sick Leave	(34,291)	Unanticipated sick leave
Education Assistant Time	(178,341)	Support of Students

Schedule A1 reflects the district unrestricted operating surplus position for the year of 379,113 (Schedule A1).

<p>Schedule A1 outlines the Surplus Position of the School District</p>	<p>As indicated in Note 7 to the Financial Statements, the district operates on a decentralized budget system. Designated funds for schools and district programs may be accumulated over a period of two or three years, reflecting planning and a commitment by these schools and district program coordinators to realize long term goals.</p>														
<p>Internally restricted surplus</p>	<p>The internally restricted surplus totals \$6,156,440 and is made up as follows:</p> <table border="0"> <tr> <td>School Funds</td> <td>\$903,325</td> </tr> <tr> <td>Capital Programs</td> <td>\$792,169</td> </tr> <tr> <td>Avid, etc</td> <td>\$712,575</td> </tr> <tr> <td>District Programs</td> <td>\$ 444,483</td> </tr> <tr> <td>SIDES</td> <td>\$1,800,423</td> </tr> <tr> <td>2010/11 Budget</td> <td><u>\$1,503,465</u></td> </tr> <tr> <td>Total</td> <td>\$6,156,440</td> </tr> </table>	School Funds	\$903,325	Capital Programs	\$792,169	Avid, etc	\$712,575	District Programs	\$ 444,483	SIDES	\$1,800,423	2010/11 Budget	<u>\$1,503,465</u>	Total	\$6,156,440
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<p>Unrestricted surplus</p>	<p>The unrestricted surplus of \$379,113 can be utilized for future budget plans. It is a result of savings in primarily in employee benefits.</p>														
<p>Schedule A4 – Expense by Function and Program</p>	<p>The final expenditures indicate district spending of 85% on Instruction which is level with last year. This exceeds the provincial average by 2.0%. District administration spending is at the provincial average at 3.22%. The district spends 12% on supplies and services.</p>														
<p>Schedule B1,B2, B3 – Special Purpose Funds</p>	<p>Special Purpose funds are funded for specific purposes and must be used for those purposes. The district has the following funds available in these funds:</p> <table border="0"> <tr> <td>Annual Capital Grant</td> <td>\$913,846</td> </tr> <tr> <td>Special Education Equipment</td> <td>\$47,979</td> </tr> <tr> <td>School Generated Funds</td> <td>\$936,041</td> </tr> <tr> <td>Regional Implementation</td> <td>\$ 6,804</td> </tr> <tr> <td>Community Mobilization</td> <td>\$12,529</td> </tr> <tr> <td>Community Access</td> <td><u>\$13,801</u></td> </tr> </table> <p>Total funds available for Special Purposes \$1,931,000</p>	Annual Capital Grant	\$913,846	Special Education Equipment	\$47,979	School Generated Funds	\$936,041	Regional Implementation	\$ 6,804	Community Mobilization	\$12,529	Community Access	<u>\$13,801</u>		
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<p>Schedule C1 – Capital Additions</p>	<p>The district added \$9.618 million in new and upgraded assets in 2009/10. Included are upgrades from annual capital grants of painting, roofing, flooring and HVAC at a number of schools. In addition, capital projects of the North Saanich Middle School Replacement, Claremont Seismic Upgrade, Technology Plan, SIDES renovation at Beaver Lake School.</p> <p>Fully depreciated assets were written off of \$1.2 million of computer hardware and furniture and equipment as deemed disposals, write off of the old Royal Oak Middle School and sale of assets valued at \$98,480 and accumulated amortization of assets of \$3.884 million also reduced the value of the capital assets.</p> <p>Capital expenditures are funded by Government through debt financing which is shown as deferred capital contributions on our statements and the sale of surplus properties.</p>														
