



**Financial Statement
Discussion and Analysis**

For the Year Ended June 30, 2018

School District No. 63 (Saanich)
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2018

The following is a discussion and analysis of the Saanich School District's financial performance for the fiscal year ended June 30, 2018. 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 more than 7,400 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.

Strategic Plan 2020 guides the Board of Education and its employees and partners in delivering educational programs through the period 2017/18 to 2020/21. The Strategic Plan is organized around the following four themes under which detailed goals with measurable objectives have been developed:

- Student Success;
- Diversity and Inclusion;
- Relationships and Partnerships; and
- Operational Excellence.

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.

| | |
|--|--|
| <p>Operating Fund</p> <p>2018 Revenues: \$76.6 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 expenditures.</p> |
| <p>Special Purpose Fund</p> <p>2018 Revenues: \$11.1 million</p> | <p>The special purpose fund includes grants and school generated funds 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>2018 Capital Funding Received or Receivable: \$3.1 million</p> <p>2018 Capital Assets Purchased: \$4.7 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 capital funding revenue is spread out over the life of the related capital assets to match with the 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. Also, capital revenues only offset amortization expense in the capital fund to the extent assets were funded by provincial capital grants. As many capital investments are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund), the capital fund normally reports an annual deficit.</p> <p>In short, capital fund revenues, expenses and annual deficit are not a meaningful indicator of annual financial performance.</p> |

FINANCIAL HIGHLIGHTS

As reported in the Statement of Operations, for the year ended June 30, 2018 the district’s revenues exceeded its expenses resulting in an annual surplus of \$1,537,792 (2017 result was a deficit was \$916,408). This was comprised of the combined financial results of the operating fund and the capital fund as follows:

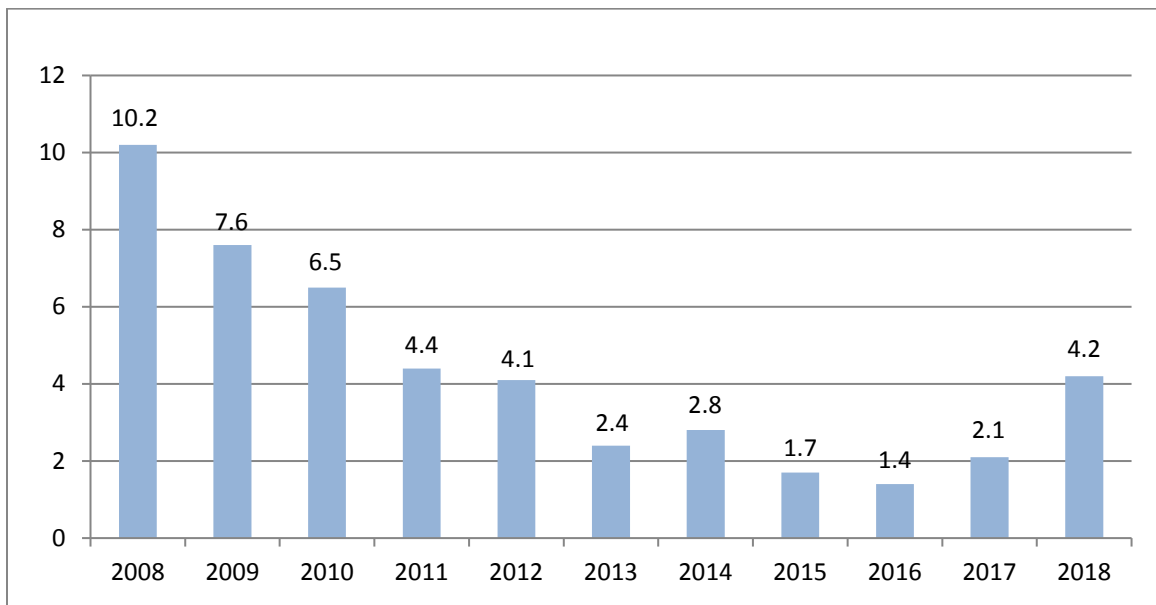
| Annual Surplus (Deficit) | June 30, 2018 | June 30, 2017 |
|--------------------------|------------------|----------------|
| Operating Fund | 2,101,783 | 667,643 |
| Capital Fund | (563,991) | (1,584,051) |
| Combined | 1,537,792 | (916,408) |

Looking at the operating fund, the annual surplus of \$2,101,783 resulted in an increase to accumulated operating surplus from \$2,096,208 at the beginning of the year to \$4,197,991 as at June 30, 2018. This overall growth in accumulated operating surplus resulted because: overall

revenues exceeded budget by approximately \$1 million; salary and benefits were below budget by approximately \$0.9 million; and service and supply expenditures were lower relative to budget than in previous years.

Depletion of accumulated operating surplus relative to historical levels had been the cause of heightened budget pressure in recent fiscal years. As shown in Exhibit 1, accumulated operating surplus decreased from \$10.2 million at the end of fiscal year 2008 to as low as \$1.4 million at the end of fiscal year 2016.

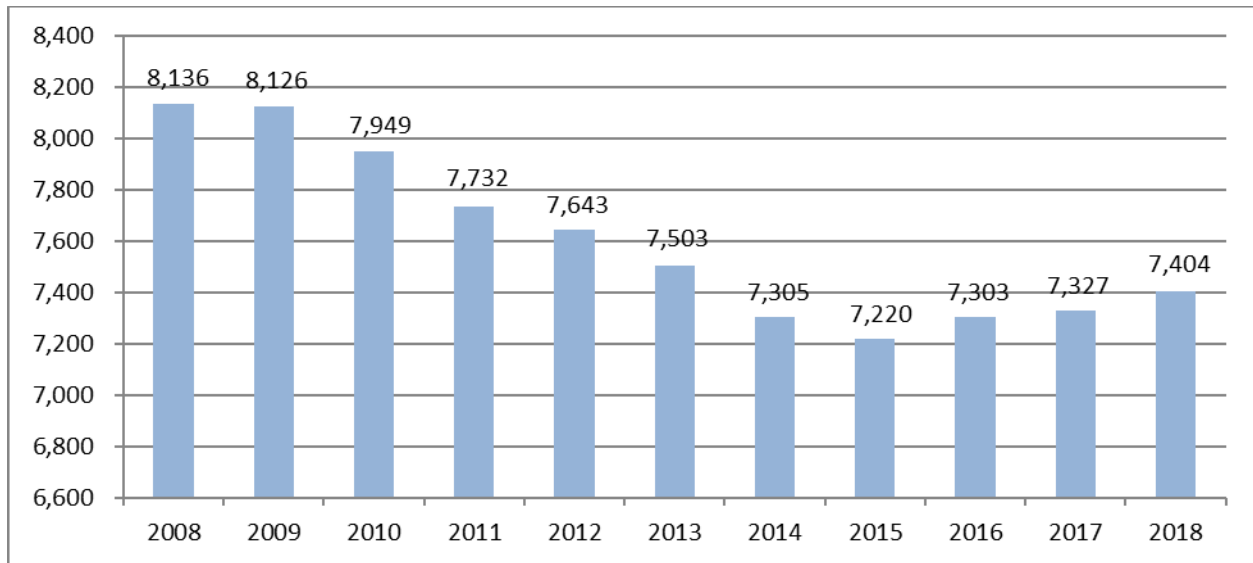
Exhibit 1: Accumulated Operating Surplus (\$ millions) by Fiscal Year



This historical depletion in accumulated operating surplus was largely the result of the combined effect of declining student enrolment and funding rates that did not pace inflation. Provincial operating grants, which comprise approximately 85% of total operating fund revenues, are determined largely based on student enrolment. As enrolment and funding declines, financial pressure results because many program expenditures such as facility and administration costs do not vary directly with student enrolment.

The trend in student enrolment is important for understanding both historical financial performance and the risk related to future budgetary balance. Under the per pupil funding formula, when enrolment increases a district is better able to fund overall program costs increasing financial flexibility. As shown in Exhibit 2, the school district experienced a significant decline in student enrolment that stabilized and then started to grow modestly in recent years. Stable enrolment and modest growth forecasted in the years ahead means that risk to program and financial stability is expected to improve.

Exhibit 2: Funded FTE Enrolment by Fiscal Year



Capital Investment

During the year ended June 30, 2018, the district invested \$4.7 million in capital additions that were funded by: Provincial capital funding (\$2.9 million); ministry restricted capital² (\$0.6 million); local capital reserve (\$0.3 million); and the operating fund (\$0.9 million). Included within capital investment were the following projects:

| Project | Total Cost | Invested in 2017/18 | Completion Date |
|--|------------|---------------------|-----------------|
| Bayside Middle School Roof Replacement | 6,831,675 | 1,371,855 | Winter 2017 |
| Portable Classrooms | 621,433 | 539,959 | Fall 2017 |
| Keating Elementary Seismic Mitigation and 4 Classroom Addition | 6,195,112 | 453,394 | Fall 2020 |

Significant Events

- Class Size and Composition Language** - Following a ruling by the Supreme Court of Canada, in the fall of 2017 all school districts in the Province restored class size and composition language that had been previously removed from the teachers' contract in 2002. This restoration was a significant undertaking in the Saanich School District and involved hiring more than 50 teachers, developing new administrative processes and the creation of additional classroom space through reconfiguration of internal space and the purchase of portable classrooms. The district received \$6.1 million in additional funding

² Ministry restricted capital is the ministry's share of the proceeds resulting from property sales.

through the Classroom Enhancement Fund (CEF) for teaching positions and for other overhead costs related to the restoration. Funding for restoration (CEF) and the related costs were reported in the special purpose fund.

- **Classroom Expansion** - Over the summer of 2017, the district added 11 classroom spaces through renovation and reconfiguration of existing spaces within schools. The district also purchased 4 portable classrooms that were delivered and installed in the fall of 2017. The ministry funded part of the cost of expansion (furniture, equipment and two of the portable classrooms) and the district funded the remaining costs using local capital reserve and annual facilities funding.
- **Bayside Roof Replacement** - the replacement of the Bayside Roof was successfully completed in December 2017. The project took almost 2 years to complete with a total cost of \$6,831,675.
- **Keating Seismic and Expansion** - In January 2018, the Ministry of Education approved seismic mitigation of a high risk block and a 4 classroom addition for Keating Elementary. The project commenced in the spring of 2018 and has an estimated project cost of \$6.1 million plus contingencies of up to a further \$1.8 million.
- **Funding Model Review** – during the year government initiated a review of the funding model for K-12 public education. In May 2018, the independent review panel concluded its stakeholder engagement and will next present a final report with recommendations to the Minister of Education. The new funding model is anticipated to be in place for the 2019/2020 school year, with information provided to Boards of Education early enough to support their 2019/20 budget process.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

In this section, actual results are compared to the prior year and budget (where applicable). 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 statement of financial position relative to the prior year.

| | 2018 | 2017 | Analysis of Variance |
|------------------------------|-------------|-------------|---|
| Cash | 19,411,629 | 15,663,252 | Increased by \$3.7 million due to timing of cash receipts for capital projects and the Local Education Agreement (LEA) and improved operating surplus. |
| Due from Province - Ministry | 494,338 | 2,321,954 | Decreased by \$1.8 million due to lower capital project costs incurred in June than in past years. This decreased the capital funding receivable from the Ministry. |
| Due from LEA /Direct Funding | 1,180,420 | 1,696,149 | Decreased by \$0.5 million due to timing of receipt of payments for LEA. |
| Deferred Capital Revenue | 117,438,282 | 118,589,836 | Increased by \$3.1 million from capital funding received and reduced by \$4.5 million for amortization of capital funding revenue. |

| | | | |
|-------------------------|-------------|-------------|--|
| Tangible Capital Assets | 144,773,288 | 145,796,266 | Increased by \$4.7 million from capital investment and reduced by \$5.8 million from amortization of capital assets. |
|-------------------------|-------------|-------------|--|

Statement of Operations by Fund – Operating Fund

The 2017/18 Amended Budget included, as a source of funding, appropriation of \$1,685,378 of accumulated operating surplus comprised of: \$1,032,608 for school carry-forwards; \$282,332 for district program carry-forwards and Student Learning Grant funding of \$370,438. This appropriation of accumulated surplus is reflected as an annual deficit in the budget because accumulated surplus is consumed through excess of expenditures over revenues (see below).

| | Amended Budget 2017/18 | Actual 2017/18 | Actual 2016/17 | Actual 2015/16 |
|-----------------------------|------------------------|-------------------|-------------------|-------------------|
| Revenues | 75,562,302 | 76,601,225 | 74,641,513 | 73,108,465 |
| Expenses and fund transfers | <u>77,158,510</u> | <u>74,449,442</u> | <u>73,973,870</u> | <u>73,346,431</u> |
| Annual Surplus (Deficit) | (1,596,208) | 2,101,783 | 667,643 | (237,966) |
| Opening Accumulated Surplus | <u>2,096,208</u> | <u>2,096,208</u> | <u>1,428,565</u> | <u>1,666,531</u> |
| Closing Accumulated Surplus | 500,000 | 4,197,991 | 2,096,208 | 1,428,565 |

In the 2017/18 Amended Budget, \$500,000 of the 2016/17 accumulated operating surplus balance remained unappropriated to reduce budgetary risk.

When comparing actual results to budget it is important to understand that while carry-forwards are recorded as expenditures in the budget (to provide the authority to spend), it is not expected that appropriated surplus balances will be fully consumed. Carry-forwards, through appropriation of accumulated surplus, are a mechanism of funding initiatives and programs that span more than one fiscal year, and expenditures that decrease the carry-forward balances are offset by allocation of new funds for future initiatives and programs. It is expected that the overall annual and accumulated surplus will be greater than budgeted by the amount of carry-forward balances preserved or generated.

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 below.

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 2017/18 | Actual 2017/18 | Actual 2016/17 |
|---|---------------------------|-------------------|-------------------|
| Grant Revenue | 64,144,268 | 64,739,969 | 62,983,194 |
| Tuition Revenue (International Program) | 4,537,500 | 4,513,142 | 4,450,008 |
| Other Revenue | 6,408,784 | 6,800,260 | 6,694,773 |
| Rentals and Leases | 291,750 | 303,662 | 309,041 |
| Investment Income | 180,000 | 244,192 | 204,497 |
| | | | |
| Total Revenues | 75,562,302 | 76,601,225 | 74,641,513 |

Grant Revenues:

Budgeted grant revenues in the 2017/18 amended budget exceeded 2016/17 actual revenues by \$1.2 million due primarily to a 77 FTE increase in student enrolment and increases to funded unique needs designations.

Actual grant revenues in 2017/18 exceeded the 2017/18 amended budget by \$0.6 million. This increase largely resulted from an increase in enrolment based funding (February and May enrolment counts) relative to budget and increased funding for graduated adults (with government's removal of fees for Adult Basic Education).

Other Revenues:

Budgeted other revenues in the 2017/18 amended budget were lower than 2016/17 actual revenues by \$0.3 million. This decrease in budgeted revenues was the net result of:

- conservative budgeting of various other revenue sources where risk of fluctuation exists (\$0.5 million decrease); and
- increase to LEA/Direct Funding from First Nations (\$0.2 million increase) due mainly to increased funding rate (from \$9,508 per student to \$10,267 per student) (reclassification from grant revenue line).

Actual other revenues in 2017/18 exceeded the 2017/18 amended budget by \$0.4 million. This increase was the net result of:

- increase in Miscellaneous revenue (\$0.5 million increase) due to conservative budgeting and unanticipated receipt of various ad hoc small community grants; and

- decrease in Distance Education Fees (\$0.1) due to August 2017 government decision to remove Adult Basic Education tuition fees (note that this was offset by an increase in funding for graduated adults appearing in grant revenue above).

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 2017/18 | Actual 2017/18 | Actual 2016/17 |
|--|---------------------------|-------------------|-------------------|
| Salaries | | | |
| Teachers | 30,269,763 | 29,979,151 | 30,005,607 |
| Principals and Vice Principals | 4,331,844 | 4,260,487 | 3,988,987 |
| Education Assistants | 4,646,468 | 4,528,519 | 4,438,859 |
| Support Staff | 7,673,001 | 7,690,052 | 7,142,090 |
| Other Professionals | 2,307,208 | 2,260,808 | 2,234,296 |
| Substitutes | 2,684,534 | 2,560,914 | 3,220,349 |
| Total Salaries | 51,912,818 | 51,279,931 | 51,030,188 |
| Employee Benefits | 13,215,292 | 12,912,834 | 13,145,300 |
| Total Salaries and Benefits | 65,128,110 | 64,192,765 | 64,175,488 |
| Service and Supplies expense | 11,668,404 | 9,560,971 | 9,634,419 |
| Fund transfers | 361,996 | 745,706 | 163,963 |
| Total Service and Supplies and fund transfers | 12,030,400 | 10,306,677 | 9,798,382 |
| Total Operating Expenditure | 77,158,510 | 74,499,442 | 73,973,870 |

Salaries – Teachers

Budgeted teacher salary expense in the 2017/18 amended budget exceeded 2016/17 actual expense by about \$0.3 million and was the result of expected salary increases. Actual expense in 2017/18 was lower than budget by \$0.3 million as the actual average teacher cost in the operating fund was below budget.

In order to restore class size and composition language in 2017/18, the district hired more than 50 teacher FTE. The funding and related costs for these positions 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 the 2017/18 amended budget exceeded 2016/17 actual expense by about \$0.3 million due to wage increases and increased administrator FTE. Actual expense in 2017/18 did not vary significantly from budget.

Salaries – Education Assistants (EA)

Budgeted EA salary expense in the 2017/18 amended budget exceeded 2016/17 actual expense by about \$0.2 million due to wage increases and increased staff FTE funded by growth in designated students. Actual expense in 2017/18 did not vary significantly from budget.

Salaries – Support Staff

Budgeted support staff salary expense in the 2017/18 amended budget exceeded 2016/17 actual expense by about \$0.5 million due to wage increases and the addition of 0.8 FTE additional Youth and Family Counsellors. Actual expense in 2017/18 did not vary significantly from budget.

Salaries – Other Professionals

Budgeted other professional salary expense in the 2017/18 amended budget did not vary significantly from the prior year. Actual expense in 2017/18 did not vary significantly from budget.

Salaries –Substitutes

Actual substitute expenditures can exceed budget for two reasons: (1) another budget is used to fund additional substitute expenditure; or (2) replacement cost for illness exceeds budget.

Other budgets are commonly used to fund additional substitute cost. For example, a school or department may use a service and supplies budget to fund additional substitute cost so that teachers can work on curriculum implementation or other projects. Another example is use of support staff salary and benefit budget to fund substitute salaries when a position is vacant. In either of these scenarios, the overage in substitute costs (relative to budget) is offset by an underage in another budget line. However, this is not the case when substitute costs for illness exceeds budget. When actual replacement cost for illness exceeds budget it reduces the overall annual surplus of the school district.

Budgeted cost for substitute expenditures in the 2017/18 amended budget decreased by \$0.5 million due to an expectation that future replacement costs would be lower. 2016/17 costs were historically high due to an unusually bad cold and flu year. Actual expense for substitute staff in 2017/18 did not vary significantly from budget. Illness was lower than in previous years and there was less release time at school and department level, due in part to lack of availability of TTOCs.

Employee Benefits

Employee benefits expense budgeted in the 2017/18 amended budget did not vary significantly from 2016/17 actual expense. Actual expense in 2017/18 was lower than budget by \$0.3 million due to lower than expected average teacher salary and due to lower than anticipated health and dental benefit cost escalation.

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 using service and supply budgets. Budgeted fund transfers are an estimate of what portion of service and supply expenditures will meet the accounting criteria for capitalization.

It is expected that actual service and supply expenditures will be less than budget as most surplus carry-forward balances are presented 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. In 2017/18 expenditures were about \$1.7 million below budget and in 2016/17 expenditures were about \$1.0 million below budget.

Analysis of Variances by Function

| Operating Fund Expenditure by Function | Amended Budget 2017/18 | Actual 2017/18 | Actual 2016/17 |
|---|---------------------------|-------------------|-------------------|
| Instruction | 64,741,414 | 62,337,082 | 62,269,007 |
| District Administration | 2,874,172 | 2,590,627 | 2,738,142 |
| Operations and Maintenance | 7,868,700 | 7,518,168 | 7,447,348 |
| Transportation | 1,312,228 | 1,307,859 | 1,355,410 |
| Fund transfer | 361,996 | 745,706 | 163,963 |
| Total | 77,158,510 | 74,499,442 | 73,973,870 |

Instruction – instruction expense is lower than budget by \$2.4 million due to the effect of schools not spending their full carry-forward balances (which are budgeted as expenditures), and teacher salary costs being below budget.

District Administration – district administration expense is lower than budgeted by \$0.3 million due to unfilled support staff positions for a portion of the year and delays to planned and budgeted for projects.

Operations and Maintenance and Fund Transfer – fund transfers are not allocated to a function within the budget and financial statements, but largely represent budget for the purchase

of capital assets within the operations and maintenance function. The proportion of operations and maintenance expenditures that met the criteria for capitalization was higher than budget. As a result, the lower operations and maintenance expense was offset by a higher fund transfer relative to budget for the purchase of capital assets.

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:

| | June 30, 2018 | June 30, 2017 | June 30, 2016 |
|-------------------------------------|--------------------|--------------------|--------------------|
| School Activities | \$964,907 | \$1,032,608 | \$711,831 |
| District Activities | \$1,056,775 | \$282,332 | \$321,517 |
| Appropriated for the 2018/19 Budget | \$969,869 | - | - |
| Student Learning Grant | - | \$370,438 | - |
| Total Appropriated | \$2,906,051 | \$1,685,378 | \$1,033,348 |
| District Accumulated Surplus | \$1,291,940 | \$410,830 | \$395,217 |
| Total Accumulated Surplus | \$4,197,991 | \$2,096,208 | \$1,428,565 |

Excess of revenues over expenditures resulted in a growth of total accumulated surplus (operating fund) from \$2,096,208 to \$4,197,991 (increased by \$2,101,783). This was due in part to growth of about \$0.3 million in surplus balances for school and district activities.

Accumulated operating surplus (excluding carry forwards for school and district activities) grew from \$410,830 to \$2,261,809. Last May and June the Board appropriated \$969,869 in anticipated accumulated surplus to fund expenditures in the 2018/19 budget. With this budget appropriation, the residual unrestricted accumulated surplus balance at June 30, 2018 is \$1,291,940.

Statement of Operations by Fund – Special Purpose Fund

| | Amended Budget 2017/18 | Actual 2017/18 | Actual 2016/17 |
|--|---------------------------|----------------|----------------|
| Provincial Grants | 7,731,124 | 7,176,139 | 3,105,606 |
| Other Revenues | 3,423,198 | 3,949,413 | 3,421,487 |
| Expenditures | (10,964,975) | (10,965,965) | (6,545,401) |
| Fund transfers (charge to operating fund) | (189,347) | (159,587) | 18,308 |
| Annual Surplus (Deficit) | - | - | - |

In the special purpose fund, Provincial grants and related expenditures were higher in 2017/18 compared to 2016/17 because of funding changes related to the restoration of class size and composition language. In 2017/18, the Classroom Enhancement Fund (CEF) was introduced and the district received \$6.1 million in funding. In 2016/17 (previous year) the district received priority measures of \$0.7 million to hire teachers in advance of full restoration and received the Teacher Learning Improvement Fund (LIF) of \$1.1 million. Both priority measures and the Teacher LIF were discontinued in 2017/18 and replaced by the CEF.

Detailed information on the special purpose fund is presented in schedules 3 to 3A following the notes to the financial statements.

Statement of Operations by Fund – Capital Fund

| | Amended Budget 2017/18 | Actual 2017/18 | Actual 2016/17 |
|---|---------------------------|-------------------|-------------------|
| Revenues | 4,287,410 | 4,287,483 | 3,821,199 |
| Expenses | (5,756,767) | (5,756,767) | (5,550,905) |
| Fund Transfers (capital assets purchased by the operating fund) | <u>551,343</u> | <u>905,293</u> | 145,655 |
| Change in Accumulated Surplus | (918,014) | (563,991) | (1,584,051) |
| Opening Accumulated Surplus | <u>28,942,844</u> | <u>28,942,844</u> | <u>30,526,895</u> |
| Closing Accumulated Surplus | 28,024,830 | 28,378,853 | 28,942,844 |

Revenues increased by \$0.5 million due to amortization commencing on some significant ministry funded projects (Parkland and Cordova Bay seismic). Expenses increased by \$0.2 million due to amortization commencing on the above mentioned projects, offset by deemed disposals of district funded computer hardware and software.

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). Fund transfers from the operating fund and special purpose fund were greater than budget and the prior year as there were more expenditures that met the criteria for capitalization as an asset.

During the year ended June 30, 2018, the district invested \$4,733,789 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 investment in capital assets at the discretion of the Board of Education. These funds are generated primarily from proceeds of disposition of assets that are allocated to the School Board.
- 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 proceeds of disposition of assets that are allocated to the Minister of Education pursuant to the *School Act*.

The table below presents the 2017/18 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, 2018 | <u>9,991</u> | <u>646,000</u> |
| Committed for future investment | 9,991 | 646,000 |
| Uncommitted Balance | - | - |

The remaining local capital balance is committed to music program equipment upgrades. The MEd Restricted Capital balance is restricted for investment in the Keating Seismic Upgrade and Classroom Expansion, Bayside Dust Collectors and the Sidney Seismic Upgrade.

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.