

Meeting Place:

Education Services Centre
 2121 Lonsdale Avenue
 Mountain View Room – Fifth Floor
 North Vancouver, British Columbia

Format and Date:

PUBLIC BOARD MEETING
 Tuesday, September 24, 2019,
 at 6:30 pm

			Estimated Completion Time
A.	Call to Order		
A.1.	Chair Sacré's opening remarks	(no schedule)	6:30 pm
A.2.	Approval of Agenda (that the agenda, as recommended in the Administrative Memorandum, be adopted.)	(no schedule)	6:30 pm
A.3.	Public Comment Period *		7:00 pm
A.4.	Approval of Minutes (that the minutes of the Public Meeting of June 18, 2019 be approved as circulated)	(no schedule)	7:05 pm
A.5.	Student Presentation – Carson Graham Secondary		7:20 pm
B.	Action Items		
B.1.	2018/19 Surplus Utilization		7:35 pm
B.2.	Audited Financial Statements for the Year Ended June 30, 2019		7:50 pm
B.3.	Notice of Motion – Climate Change		8:05 pm
B.4.	Committee of the Whole		8:20 pm
C.	Information and Proposals		
C.1.	2019 Sustainability Update		8:35 pm
C.2.	Board of Education Support for CNV Traffic Pilot: Ridgeway Elementary		8:45 pm

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 6:30 pm

(continued)		Estimated Completion Time
C.3.	Land Management Update	8:50 pm
C.4.	Tuesday, September 17, 2019 Standing Committee Meeting	8:55 pm
C.5.	Out of Country Field Trips - Secondary	9:00 pm
C.6.	Superintendent's Report	9:05 pm
C.7.	Report Out - BC School Trustees Association (BCSTA) and BC Public Schools Employers' Association (BCPSEA)	9:10 pm
C.8.	Trustees' Reports	9:15 pm
D.	Future Meetings	9:15 pm
E.	Public Question & Comment Period	9:35 pm
F.	Adjournment	(no schedule) 9:35 pm

Note: The completion times on this agenda are estimates intended to assist the Board in its pacing.

Schedule A.3
of the
Administrative Memorandum

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

Topic (as per the Memorandum): **Public Comment Period**

Narration:

As per the motion passed on June 21, 2016 the Board will provide a twenty (20) minute public comment period relevant to the Board's mandate on a trial basis. Speakers will be allocated a maximum of two (2) minutes each. An additional ten (10) minutes will be provided for Trustee questions of clarification.

Speakers are requested to place their name on a signup sheet in order to speak during the Public Comment Period. The signup sheet will be available in the Board Room from 6:20 – 6:30 pm prior to the meeting's commencement. The Chair will invite those wishing to speak in the order that their name appears on the signup sheet.

When appearing before the Board, speakers are requested to state their name and address for the record.

During the Public Comment Period, as well as the Public Question and Comment Period at the end of the meeting, speakers may not speak disrespectfully of any Board Member, staff member, or any other person and must not use offensive words or gestures.

Speakers may speak only once at the Public Comment Period.

School District No. 44 (North Vancouver)

Minutes of the Public Meeting of the Board of Education, School District No. 44 (North Vancouver) held in the Mountain View Room of the Education Services Centre at 2121 Lonsdale Avenue in North Vancouver, British Columbia, on Tuesday, June 18, 2019.

PRESENT: C. Sacré, Chair
G. Tsiakos, Vice Chair
D. Bruce
C. Gerlach
M. Higgins
K. Mann
M. Tasi Baker

A. Call to Order

Chair Sacré called the meeting to order at 7:00 pm and welcomed those in attendance. The traditional territorial lands of the Squamish Nation and Tsleil-Waututh Nation were acknowledged.

A.2. Approval of Agenda

Moved by M. Tasi Baker

that the agenda, as recommended in the Administrative Memorandum, be adopted.

Seconded by D. Bruce

Carried

A.3. Public Comment Period

The twenty minute comment period is intended to be relevant to the Board's mandate. The Chair requested that those wishing to speak should sign on the Public Comment Sign-Up Sheet.

Michelle and Amelia Beatch, Joe Giustino, Prisca Reynolds, Gord Wylie and Sherri Koop, all residents of North Vancouver, spoke to the Performance Learning Program (PLP) at Seycove Secondary, urging the Board of Education to reconsider their decision on this program for next year.

Martin Stuible, Shiqi Xu and Nik Montecalvo, residents of North Vancouver, spoke regarding the climate change and mentioned that on May 24th, they participated in a climate strike to bring awareness of this crisis.

Patricia Fleming, resident of North Vancouver, spoke on the Capilano Norgate catchment change.

A.4. Approval of Minutes

Moved by M. Tasi Baker

that the minutes of the public meeting of May 21, 2019 be approved as circulated.

Seconded by K. Mann

Carried

A.5. Student Presentation – Mountainside Secondary School

Students from Mountainside Secondary shared their visit to Guatemala in May of this year. They set their goal to raise enough money to travel to the country and build two classrooms. In order to achieve their goal, the students applied for grants, wrote letters to businesses and participated in fundraising activities. Their valuable learning experiences in achieving their goal included applying for a passport, getting the necessary immunizations and learning Spanish.

A.5. Student Presentation – Mountainside Secondary School (continued)

Some of the highlights from their trip included making sock monkeys with the children and learning about the Guatemalan culture.

On behalf of the Board, Chair Sacré and Superintendent Mark Pearmain thanked the students and Vice Principal Lucas King for coming to share their experience with the Board.

B.1. Five-Year Capital Plan 2020/2021

Each year, boards of education are required to submit a five-year Capital Plan providing details on high priority projects needed for their school districts. The deadline for the North Vancouver Board of Education adopting the Five-Year Capital Plan is June 30, 2019.

Jim Mackenzie, Director of the Facilities and Planning Department, began his presentation by providing an overview of the Long Range Facilities Plan (LRFP) to the Board. Mr. Mackenzie noted that the School District's process of updating its LRFP and forecasts by using local demographics from community planners.

There are two major categories in the Capital Plan: Major Capital Funding Programs which are a five-year duration and secondly, Minor Capital Funding Programs, which are annual programs.

Mr. Mackenzie reported on the seismic mitigation project; that we currently have project agreements in place for all the high-risk schools that existed which are currently being mitigated in the School District and that there are no more schools to advance in this years request. Also highlighted, a new school on the existing Cloverley site is an immediate priority within the first three years of the plan.

An overview of the 2020/21 Capital Plan was provided on the expansion and replacement projects for multiple schools, and school enhancement programs. The carbon neutral capital program, the bus replacement program, and the playground equipment program were also discussed.

Responding to Trustees' questions, Mr. Mackenzie clarified the priority of school replacement was based on the enrollment growth in a catchment area. He also provided an explanation on the carbon neutral capital program and its primary focus was on lighting projects and sustainable heating plants in order to have more energy efficient buildings.

Moved by C. Gerlach

that the Board approve the Draft 2020/2021 Five-Year Capital Plan as presented in Schedule B.1. of June 18, 2019.

Seconded by D. Bruce

Carried

B.2. Proposed New Policy 214: Student Choice

Assistant Superintendent, Pius Ryan, was invited to the table to introduce the Proposed New Policy 214: Student Choice – Animal Dissection in the Classroom.

In 2018/19, Mark Pearmain, Superintendent of Schools, established the Student Choice Policy Review Sub-Committee chaired by Pius Ryan, Assistant Superintendent. The Sub-Committee included representatives from the North Vancouver Administrators, North Vancouver Teachers' Association, and the District Student Leadership Council (DSLCL). The Sub-Committee met numerous times throughout 2018/19.

Dr. Pius Ryan provided clarification on the proposed policy and that teachers will provide an alternative instructional activity for students who do not want to participate in the dissection of animals. Alternative instructional materials and resources will be provided to those students. This alternative instructional activity will meet the same learning standards of the curriculum.

B.2. Proposed New Policy 214: Student Choice (continued)

Moved by M. Higgins

that the Board of Education approve Proposed New Policy 214: Student Choice – Animal Dissection in the Classroom, as attached to this Administrative Memorandum of June 18, 2019.

Seconded by D. Bruce

Carried

B.3. Proposed Revised Policy 304: Anaphylaxis

Chair Sacré invited District Principal, Brad Baker, to the table to introduce the Proposed Revised Policy 304: Anaphylaxis.

In 2017/18, Mark Pearmain, Superintendent of Schools, established the Anaphylaxis Policy Review Sub-Committee chaired by Brad Baker, Principal, Safe & Caring Schools. The Sub-Committee included representatives from the North Vancouver Administrators, North Vancouver Teachers' Association, and Vancouver Coastal Health (VCH). The Sub-Committee met throughout 2017/18 and 2018/19.

Brad Baker provided clarification on the revised policy and that it follows the Vancouver Coastal Health administrative procedures on monitoring anaphylaxis within schools and the public. Mr. Baker responded to Chair Sacré's question, that the School Administrators were aware of the revised policy procedures for anaphylaxis.

Moved by M. Higgins

that the Board of Education approve Proposed Revised Policy 304: Anaphylaxis, as attached to this Administrative Memorandum of June 18, 2019.

Seconded by M. Tasi Baker

Carried

B.4. Proposed Rowing Academy for 2020/21

Assistant Superintendent Chris Atkinson was invited to the table to provide an overview of the submitted rowing academy proposal and the discussions that have occurred to date in support of the proposal.

Assistant Superintendent Atkinson noted that one year ago, the North Vancouver School District (NVSD) was approached by the Deep Cove Rowing Club with a preliminary proposal to establish a partnership with the NVSD to introduce a new specialty academy focused on the sport of rowing.

Discussions with Deep Cove Rowing Club continued over the past year, and has now finalized and submitted a formal comprehensive proposal. The intent is to offer the Rowing Academy at Carson Graham Secondary School, in partnership with NVSD, beginning in the 2020/21 school year.

Responding to Trustees' questions, clarification was provided regarding the reason for the academy being located at Carson Graham. Currently, the potential teacher sponsor works at Carson Graham and is an experienced and qualified athlete in rowing. Mr. Atkinson responded to questions relating to the application process and that the applicants will need to meet the necessary safety requirements.

Moved by D. Bruce

that the Board of Education approve, in principle, the implementation of a Rowing Academy program in partnership with the Deep Cove Rowing Club as outlined in the Rowing Academy Proposal attached to the Administrative Memorandum of June 18, 2019 and, that the academy be offered beginning September 2020 subject to sufficient student enrollment.

Seconded by G. Tsiakos

Carried

B.5. School District Track & Field Student Use

Chair Sacré spoke on the topic of School District track & field student use and the need to obtain information specific to the students of North Vancouver. It was noted that the North Vancouver Sport Council has addressed the community's needs related to the track & field use.

Moved by C. Sacré

Direct staff to create a report depicting Track and Field usage by students in the North Vancouver School District and report back no later than the November 19, 2019 Public Board Meeting.

Seconded by K. Mann

Carried

B.6. Brockton Preparatory School at Westover Tenure Bylaw 2019

Introducing this agenda item, Secretary Treasurer Georgia Allison presented the proposed lease between the North Vancouver School District and Brockton Preparatory Westover School. The ten year lease starting August 1, 2019, allows for exclusive use of the building and lands from 7:00 a.m. to 5:00 p.m. on school days with shared use of the playgrounds, fields and parking areas during evenings and non-school days.

Moved by M. Tasi Baker

that School District No. 44 (North Vancouver) Brockton Preparatory School Tenure Bylaw 2019 be read a first time;

Seconded by G. Tsiakos

Carried

Moved by K. Mann

that School District No. 44 (North Vancouver) Brockton Preparatory School Tenure Bylaw 2019 be read a second time;

Seconded by C. Gerlach

Carried

The Board unanimously agreed to proceed to a third reading of the bylaw.

Moved by G. Tsiakos

that School District No. 44 (North Vancouver) Brockton Preparatory School Tenure Bylaw 2019 be read a third time, passed and adopted.

Seconded by M. Tasi Baker

Carried

C.1. Enhancing Student Learning Presentation

Directors of Instruction Adam Baumann, Arlene Martin and Vince White made a presentation on Enhancing Student Learning to the Board of Education. The presentation focussed on the six attributes of the learning culture; focus on student engagement and learning, a culture of teamwork and collaboration, respect for adult and student diversity, a strong sense of community and collective responsibility and learning, strong systemic structures including collaboration, meetings and PAC's, and lastly an ongoing and relevant communication of student learning.

Chair Sacré thanked the Directors of Instruction for their comprehensive approach to enhanced learning.

C.2. Catchment Review Update

Assistant Superintendent Chris Atkinson and Communications Manager Deneka Michaud were invited to the table to give an overview of the catchment review update. North Vancouver School District undertook two catchment reviews to determine the feasibility of changing the catchment areas to balance enrolment between schools. After receiving community feedback and analyzing suggestions and concerns, both proposed catchment changes will be implemented for the 2020-21 school year.

C.3. Student Trustee

Superintendent Mark Pearmain provided an update on Student Trustee that was originally brought forward last year by Trustee Forward. During the school year, the Superintendent had conversations with the District Leadership Student Council (DLSC) and discussed that there was an interest in having a student Trustee. Although further discussions need to take place, the DSLC would like to consider multiple students acting as student Trustees as opposed to one and exploring the student role, expectations and limitations of a student Trustee.

Trustees discussed this at length and shared their concerns regarding the process of having a student Trustee. Trustee Gerlach would like to have something in place by the fall when the new student leadership council is voted in.

C.4. Land Management Update

Superintendent Mark Pearmain updated the Board on the Argyle and Handsworth Secondary School Replacement Projects. Superintendent Pearmain shared that the District of North Vancouver approved the Handsworth Secondary School development permit and that the tender phase will begin in November 2019. During the summer, Mountainside Secondary School construction will commence and the first portable for Queen Mary will be placed on site.

C.5. Superintendent's Report

Superintendent Mark Pearmain shared that June has been a busy month visiting various schools and attending the annual Swangard Track & Field Meet. Superintendent Pearmain highlighted the North Vancouver School District hosted the Organization of Economic Development (OECD) Conference for lunch and tour of Argyle and Mountainside Secondary Schools.

C.6. Report Out - BC School Trustees Association (BCSTA) and BC Public Schools Employers' Association (BCPSEA)

Trustee Tasi Baker shared that School District 44 was one of eight school districts in the province chosen to assist with the Ministry of Education on the funding formula.

Trustee Gerlach reported that local bargaining with the North Vancouver Teachers' Association has concluded and that CUPE is still negotiating.

Motion to Extend

By unanimous vote, the Board agreed to extend the meeting past 10:00 pm.

C.7. Trustees' Reports

Trustees submitted their reports on their activities on behalf of the Board as follows:

1. Meetings attended by Trustees included:
 - French Immersion Meeting/Orientation
 - City of North Vancouver Advisory Planning Commission
 - Capital Planning Committee Meeting
 - Capilano Elementary Lines of Inquiry Presentations
 - Capilano Planning Committee Meeting
 - Meeting with Minister Chen & Mayor Buchanan on Child Care
 - District of North Vancouver Council Meeting Regarding Handsworth
 - Children & Youth Safe and Active Travel Working Group Meeting
 - Communications Committee Meeting
 - Meeting with District of North Vancouver Mayor Little
 - RAIC Metro Vancouver & City of North Vancouver Build City Speaker Series
 - Stigma Free Society Meeting

C.7. Trustees' Reports (continued)

- Meeting with North Shore Neighbourhood House with Lisa Hubbard
- Metro Meeting with BCPSEA
- Bargaining – CUPE & NVT
- Recreation Commission Meeting
- Inclusion Committee Meeting

2. Events attended by Trustees included:

- Mountainside Secondary Tour
- Squamish Nation Chiefs and Council Joint Dinner
- Tsleil Waututh Nation Presentation – People of the Inlet
- NVSD Environmental Initiatives Presentation
- Braemar Elementary Bike to School Week Kick Off Party
- Superintendents Luncheon
- Celebration of Metis
- Carson Choir Concert
- Argyle Senior Concert
- Cheakamus Centre Annual River Feast
- Carson Relay for Life
- Swangard Track & Field Meet
- NVSD Student Youth Committee – Protest at Civic Plaza
- NVSD Green Celebration
- Indigenous Graduation Celebration
- TWN Graduation Celebration
- Seycove Graduation Ceremony
- Argyle Graduation Ceremony
- Windsor Graduation Ceremony
- Sutherland Graduation Ceremony
- Handsworth Graduation Ceremony
- NVSD Resilience Film Screening at Argyle Secondary
- NVSD Retirement Dinner
- Gordon Smith Foundation Spring Luncheon
- Queensbury Elementary School Production of “The Lion King Jr”
- Queensbury Staff Appreciation Luncheon
- Queensbury Classroom Visit for Science Alive Presentation
- Artist for Kids Year End Social
- Royal Canadian Air Cadets 71st Annual Ceremonial Review
- District of North Vancouver Firefighters Charitable Society Time to Talk Event
- Boundary Pro-D Drum Making
- Brooksbank Elementary School Sports Day

D. Future Meetings

Date and Time	Event	Location
Tuesday, September 24 , 2019 at 6:30 pm	Public Board Meeting	Education Services Centre 2121 Lonsdale Ave, N Vancouver

E. Public Question & Comment Period

The Chair called for questions and/or comments from the public noting that in accordance with Board policy, questions relating to personnel, negotiations or litigation must not be dealt with in a public session.

Nicole Nielsen, District Student Leadership Council (DSLCL), spoke in respect to having a student Trustee. Nicole suggested that the student Trustee should be an active member on the DSLCL and she would like to volunteer to be on a selection committee in the fall.

E. Public Question & Comment Period (continued)

Henry Woo, resident of North Vancouver, spoke on the Capilano Norgate catchment change and that he purchased his house based on the school location and the International Baccalaureate Program at Capilano Elementary. Superintendent Pearmain clarified that any parent has the right to apply for cross boundary registration.

Lastly, Amanda Nichol, Co-Chair of North Vancouver Parent Advisory Council, spoke in support of having a student Trustee.

F. Adjournment

The established agenda being completed, the Chair adjourned the meeting at 10:21 pm and thanked those who attended.

Certified Correct:

Georgia Allison
Secretary Treasurer

Christie Sacré
Chair, Board of Education

Date

Date

Schedule A.5
of the
Administrative Memorandum

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

Topic (as per the Memorandum): **Student Presentation – Carson Graham Secondary**

Narration:

During the first week of the school year, Grade 11 International Baccalaureate (IB) Diploma Programme (DP) students from Carson Graham Secondary attended an annual 3-day retreat at the Cheakamus Centre near Squamish. The programme draws students locally, from secondary schools in our district and beyond, as well as globally. The goal of the retreat was to focus on community-building while at the same time, focusing on the IB Learner Profile and Approaches to Learning. Strategies relating to subject-specific learning skills, effective time management, and managing stress were also focal points for discussion. Students will reflect on their experience, materials covered and the value of this learning opportunity.

Schedule B.1...
of the
Administrative Memorandum

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

Topic (as per the Memorandum): 2018-19 Year-end Accumulated Operating Surplus and Proposed Utilization

Narration:

Policy 710 Accumulated Operating Surplus and the related Administrative Procedures state that the Board is to undertake an annual review of the Accumulated Operating Surplus balance and the specific year-end appropriations.

The Audit Committee received and reviewed the recommendations for the year-end appropriations on September 12, 2019. All Trustees were briefed on the recommended appropriations at the September 17, 2019 Trustee Seminar.

The Executive Committee is recommending appropriations that fall within Policy 710 and that are in keeping with past practice, such as the appropriation of Surplus to balance the Preliminary Budget, provide for a Staffing Contingency, and fund the outstanding Purchase Orders as at June 30, 2019. Additional recommended appropriations reflect current needs related to school capital projects.

The Executive Committee's recommendations are included in the Management Discussion & Analysis (MD&A) document to supplement the Audited Financial Statement, and in particular, "Note 13 – Accumulated Surplus" of the Audited Financial Statements.

Board approval for the specific application of appropriated surplus funds, to the recommended purposes identified in the attached report (Appendix A), is being sought through this discussion.

Attachment:

Appendix A: Executive Committee Recommendation on Proposed Accumulated Surplus Utilization

RECOMMENDED MOTION:

that the Board approve the appropriation of \$6,773,289 Accumulated Surplus as identified in the attached Appendix A: Executive Committee Recommendation on Proposed Accumulated Surplus Utilization.

APPENDIX A

EXECUTIVE COMMITTEE RECOMMENDATION ON PROPOSED ACCUMULATED SURPLUS UTILIZATION

Accumulated Surplus

The Preliminary and Amended Budgets draw upon Accumulated Surplus to balance the respective budget, as required under the School Act. It is acknowledged in Policy 710 that a surplus provides resiliency to address the annual fluctuations in funding and to address one-time costs or unforeseen expenditures, but cannot be relied upon to sustain on-going services.

The Accumulated Surplus is impacted positively or negatively by the year-end results. The Board has the responsibility to annually review the current balance of the Accumulated Surplus to ensure that it is within a reasonable range.

As outlined in the Policy 710's Administrative Procedures:

"The target Accumulated Operating Surplus balance, net of internal restrictions, should fall within the range of 2% - 4% of operating expenses."

2018-19 Fiscal Year End Accumulated Surplus

The Operating Fund balance as at June 30, 2019, was a surplus of \$5,936,259. This was a result of revenue being \$1.58M greater than budgeted and expenses being under budget by \$2.17M. Capital Asset acquisitions from the Operating Fund were \$514K over planned expenditures. Approximately \$4.46M of Accumulated Surplus was utilized as planned in 2018-19.

Table 1 summarizes the 2018-19 Year-end Surplus and the Accumulated Surplus totals.

Table 1
SURPLUS SUMMARY 2018-19 FISCAL YEAR END

	Variance to Budget		
	\$	%	
Revenue Actuals versus Budget: Incr (Decr)	\$1,585,990	1.02%	<i>Additional Revenue</i>
Expense Actuals versus Budget: (Incr) Decr	2,169,097	-1.42%	<i>Decreased Expenses</i>
Cap. Assets Actuals versus Budget (Incr) Decr	-513,519		<i>Additional Expenses</i>
Subtotal	\$3,241,568		
Planned Surplus Utilization: Incr (Decr)	-4,461,828		<i>Surplus not required</i>
Net Change in Surplus: Increase (Decrease)	<u>- \$1,220,260</u>		<i>Reduced Surplus at YE</i>
Accumulated Surplus at June 30, 2018	\$10,018,731		
Utilized Surplus at June 30, 2019	<u>-1,220,260</u>		
Total Accumulated Surplus at June 30, 2019	<u>\$8,798,471</u>		

Appropriations

Policy 710 Administrative Procedures outline the four **Eligible Uses** of the Accumulated Operating Surplus:

1. Establishment of an Operating Contingency
2. Capital Acquisitions
3. Elimination of an Annual Budget Deficit
4. Funding for ongoing activities or programs that span over the end of the fiscal year

The Board of Education directed Staff to focus the 2018-19 Annual Budget back to the School District's 10 year Strategic Plan. In keeping with that direction, all considerations for Surplus utilization (appropriations) have a link to the Strategic Plan, as well as the eligible use criteria identified in the Policy.

Each of the following Executive Committee proposed Appropriations fall within the eligible uses.

A. Salary & Benefit Expenses to Support 3 Year Staffing Plan: Eligible Use #1

Strategic Goal: Nurture an inspiring and healthy work environment.

Strategic Goal: Expand the availability of best instructional practices and enriched curriculum.

The School District has, since June 2011, set aside a staffing contingency to address unanticipated staffing costs and impacts. This funding has proven to be extremely important to ensure that the School District has the flexibility and resiliency to address unanticipated changes in Operating Grant Funding. For instance, in the 2016-17 fiscal year the School District's Student enrollment projection were too aggressive. This resulted in a loss of approximately \$2.1M in the Operating Grant funding and the School District was required to cover the costs. While this circumstance is unique, it illustrates the importance of having a contingency of this nature.

Providing a stable education and work environment for students and staff generates positive learning environments and healthy work places. It also allows the School District to attract, recruit and retain exceptional staff.

The proposed appropriation for staffing contingency is set at \$2,300,000 at June 30, 2019.

B. Support to School Capital Projects: Eligible Use #2 & #1

The Operating Surplus can be utilized to support capital acquisitions where capital funding is not otherwise provided.

(i) Argyle Secondary

Strategic Goal: Nurture an inspiring and healthy work environment.

Strategic Goal: Encourage the growth of collaborative, adaptive and personalized learning environments.

In May 2018, the Argyle Secondary capital project received an additional \$12.5 Million from the Ministry of Education to address price escalations that had occurred since the original contract was awarded in June 2016. Treasury Board approved this funding increase, acknowledging that the School District was

contributing \$11.5 Million to the construction project. At the same time, Treasury Board directed the School District to cover any subsequent overages that might occur in the capital project.

The recent economic climate for construction has generated significant cost pressures on all construction costs across the Province (schools, hospitals, universities, roads, infrastructure, etc.). Although some of these pressures are easing in other areas of the Metro Vancouver area, the North Shore region continues to experience significant challenges in attracting qualified Trades willing to drive to work on the North Shore. In some cases, Trades are charging a premium to perform work on the North Shore due to commute times. As a result, the School District continues to experience higher costs for construction.

One example is that large concrete providers, who are located off the North Shore, are declining to participate in bids as they cannot guarantee delivery within the required two hour window. Bridge traffic limits their ability to provide that guarantee and only local providers are able to provide bids.

The introduction of steel tariffs in mid-2018 has generated significant costs to capital projects requiring steel. Some steel tariffs have been removed, however, it is a complex area and not all tariffs have been removed. Staff continue to rigorously seek clarity on this issue with all capital projects.

The above noted two factors are outside of the School District's control and are common to other School Districts across the province.

As the construction for Argyle Secondary is still anticipated to be complete by Summer 2020, the School District is closely monitoring additional costs. In the 2018-19 Amended Budget the Board authorized the utilization of \$4 Million of accumulated operating surplus to address potential costs pressures for Argyle and Handsworth. On July 19, 2019, as a direct result of construction delays from geotechnical issues on the eastern portion of the Argyle site, the School District entered into an agreement with the General Contractor DGS to ensure construction was completed in time for the school to be opened in Fall 2020. The cost of escalating the speed of construction, as well as the cost of the geotechnical issue, drew down the \$4M.

In order to continue to manage the Argyle project financial situation, an additional \$1.5M is requested as a contingency. Any portion of the \$1.5M contingency not used for the Argyle project will be moved to support the Handsworth Secondary capital project.

The proposed appropriation for this purpose is set at \$1,500,000 at June 30, 2019.

(ii) Cheakamus Centre

Strategic Goal: Expand the availability of best instructional practices and enriched curriculum.

Strategic Goal: Develop and promote innovative and sustainable programs.

The Cheakamus Centre continues to lead and foster environmental education for students. An unplanned remedial project has been identified on site and the work is required to be undertaken in the 2019-20 fiscal year. To ensure the proper utilization of the site and the maintenance of the current programming, it will be completed in the 2019-20 fiscal year.

The proposed appropriation for this purpose is set at \$500,000 at June 30, 2019.

C. Additional Salary & Benefit Expenses to Support Next Year Staffing Plan: Eligible Use #3

The School Act requires that the Board of Education pass a balanced Budget by June 30th of each year. The amount of \$2,296,289 of Surplus was identified in the 2019-2020 Annual (Preliminary) Budget to balance the Operating Fund expenditures and was approved by resolution of the Board on May 21, 2019.

D. Outstanding Purchase Orders: Eligible Use #4

Purchase Orders are considered a contractual agreement when issued to a Supplier and the issuer has a legal obligation to fulfill the payment. As the identified Purchase Orders had been issued and receipt of the goods was fully anticipated, the funds have been set aside to settle the transactions upon receipt of the goods. At June 30, 2019, there were multiple outstanding Purchase Orders that had been issued for the total value of \$177,000.

Summary

As demonstrated in Table 2, below, the appropriations of \$6,773,289 from the \$8.8M Accumulated Surplus leaves an Unrestricted Surplus balance of \$2,025,182. This is equivalent to 1.28% of the 2018-19 Actual Operating Expenses and falls below the targeted 2% - 4%.

Table 2

ACCUMULATED SURPLUS PROJECTED FOR 2018-19 AMENDED BUDGET	\$	Eligible Use Number
Accumulated Surplus Balance	8,798,471	
<u>Less Appropriations:</u>		
Salary & Benefit Expenses to Support 3 Year Staffing Plan	2,300,000	1
Support to School Capital Projects, Technology & Fleet Vehicles		
Cheakamus Upgrades and Improvements	500,000	1 & 2
Argyle Secondary Capital Project	1,500,000	1 & 2
Additional Salary & Benefit Expenses to Support Next Year Staffing Plan	2,296,289	3
Outstanding Purchase Orders as at June 30th	177,000	4
Total Appropriations (Internal Restrictions)	6,773,289	
Unrestricted Surplus Balance	2,025,182	
Percentage of Operating Expenses	1.28%	

As the Accumulated Operating Surplus is currently below the 2% minimum, Senior Management will develop a replenishment strategy to be implemented over a period of time not to exceed three years. This strategy will be presented to the Board for consideration and approval.

Schedule B.2
of the
Administrative Memorandum

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

Topic (as per the Memorandum): **Audited Financial Statements for the Year Ended June 30, 2019**

Narration:

The Financial Statements, audited by KPMG, have been prepared consistent with the format prescribed by the Ministry of Education.

The attached Draft Financial Statements are presented for the review and approval by the Board of Education. The School District finished the 2018/19 fiscal year with a consolidated Accumulated Surplus of \$114,178,588 from all funds. The Accumulated Operating Surplus was \$8.8M at the end of the fiscal year, which is lower than Prior Year by (\$1.22M).

In April 2016, the Board of Education approved the Terms of Reference for an Audit Committee that consists of five voting members: three Trustees and two Independent Financial Experts. The three ex-officio, non-voting members consist of the Superintendent, Secretary Treasurer, and the Director of Financial Services.

The Audit Committee convened on September 12, 2019, attended by Audit Committee Chair, Mary Tasi Baker, Trustee George Tsiakos, Independent Financial Expert John Hetherington, and Mark Pearmain, Superintendent, Georgia Allison, Secretary Treasurer, and Kristen Watson, Director of Financial Services. Also in attendance was Lenora Lee, KPMG Audit Partner.

In accordance with the Terms of Reference, the Audit Committee:

- Reviewed the financial statements and Management Discussion and Analysis report with management and KPMG;
- Reviewed the Audit Findings Report and met In-Camera with the Auditor, without staff present to discuss the internal controls, audit approach, and provide an opportunity to discuss management performance;
- Provided a recommendation regarding the approval of the 2018/19 Audited Financial Statements.

The Audit Committee resolved to recommend the Board approve the 2018/19 Audited Financial Statements.

Kristen Watson, Director Financial Services, will introduce the 2018/19 Audited Financial Statements. The Board's Audit Partner, Ms. Lenora Lee of KPMG, is in attendance this evening to present the Auditor's Report to the Board and respond to questions.

Schedule B.2. (continued)

Narration (continued):

Attachments:

School District Audited Financial Statements Fiscal Year 2018/2019
Management Discussion & Analysis Report 2019

RECOMMENDED MOTION:

that the Board approve the Audited Financial Statements and the Auditors' Report to the Board of Education of School District No.44 (North Vancouver) for the Year Ended June 30, 2019 as presented in Schedule B.1.

Consolidated Audited Financial Statements of

School District No. 44 (North Vancouver)

June 30, 2019

School District No. 44 (North Vancouver)

June 30, 2019

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School District No. 44 (North Vancouver)

MANAGEMENT REPORT

Version: 6072-5326-3344

Management's Responsibility for the Financial Statements.

The accompanying consolidated financial statements of School District No. 44 (North Vancouver) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

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

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

The Board of Education of School District No. 44 (North Vancouver) (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 Audit Committee, on behalf of the Board, periodically reviews internal consolidated financial statements up to four times a year and provides recommendations. The Board reviews externally audited consolidated financial statements yearly.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of School District No. 44 (North Vancouver) 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. 44 (North Vancouver)

Signature of the Chairperson of the Board of Education

Date Signed

Signature of the Superintendent

Date Signed

Signature of the Secretary Treasurer

Date Signed

INDEPENDENT AUDITORS' REPORT

To the Board of Education of School District No. 44 (North Vancouver), and
To the Minister of Education, Province of British Columbia

Opinion

We have audited the financial statements of School District No. 44 (North Vancouver) (the Entity), which comprise:

- the statement of financial position as at June 30, 2019
- 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, 2019 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 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 unaudited schedules 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Victoria, Canada

September 24, 2019

School District No. 44 (North Vancouver)

Statement 1

Consolidated Statement of Financial Position

As at June 30, 2019

	2019 Actual \$	2018 Actual \$
Financial Assets		
Cash and Cash Equivalents	50,804,816	47,703,040
Accounts Receivable (Note 3)		
Due from Province - Ministry of Education	3,069,828	162,389
Other	1,512,721	1,259,633
Inventories for Resale (Note 4)	353,004	357,872
Total Financial Assets	55,740,369	49,482,934
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education	54,997	53,563
Other (Note 5)	15,770,934	9,076,780
Unearned Revenue (Note 6)	10,009,398	9,675,021
Deferred Revenue (Note 7)	4,678,968	4,725,858
Deferred Capital Revenue (Note 8)	194,580,740	182,273,101
Employee Future Benefits (Note 9)	7,516,625	7,231,899
Capital Lease Obligations (Note 10)	544,708	720,320
Total Liabilities	233,156,370	213,756,542
Net Financial Assets (Debt)	(177,416,001)	(164,273,608)
Non-Financial Assets		
Tangible Capital Assets (Note 11)	288,599,693	274,090,179
Prepaid Expenses	2,994,896	1,027,874
Total Non-Financial Assets	291,594,589	275,118,053
Accumulated Surplus (Deficit) (Note 13)	114,178,588	110,844,445

Approved by the Board

Signature of the Chairperson of the Board of Education

Date Signed

Signature of the Superintendent

Date Signed

Signature of the Secretary Treasurer

Date Signed

School District No. 44 (North Vancouver)

Statement 2

Consolidated Statement of Operations

Year Ended June 30, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	155,423,146	156,378,664	148,597,332
Other	62,000	126,384	17,385
Federal Grants	5,000	6,650	5,000
Tuition	10,545,625	10,859,534	11,012,146
Other Revenue	12,211,510	12,664,871	12,143,272
Rentals and Leases	2,094,323	2,266,635	2,132,489
Investment Income	701,300	1,031,194	815,375
Amortization of Deferred Capital Revenue	5,756,300	6,175,550	5,934,773
Total Revenue	186,799,204	189,509,482	180,657,772
Expenses			
Instruction	155,502,901	154,675,898	147,219,935
District Administration	5,584,730	5,808,671	5,657,610
Operations and Maintenance	25,933,225	25,480,974	25,189,030
Transportation and Housing	468,645	172,901	321,880
Debt Services		36,895	22,005
Total Expense	187,489,501	186,175,339	178,410,460
Surplus (Deficit) for the year	(690,297)	3,334,143	2,247,312
Accumulated Surplus (Deficit) from Operations, beginning of year		110,844,445	108,597,133
Accumulated Surplus (Deficit) from Operations, end of year		114,178,588	110,844,445

School District No. 44 (North Vancouver)

Statement 4

Consolidated Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Surplus (Deficit) for the year	(690,297)	3,334,143	2,247,312
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(5,937,066)	(24,574,532)	(10,707,579)
Amortization of Tangible Capital Assets	9,521,347	10,065,018	9,679,007
Total Effect of change in Tangible Capital Assets	3,584,281	(14,509,514)	(1,028,572)
Acquisition of Prepaid Expenses		(994,896)	(1,360,826)
Use of Prepaid Expenses		1,027,874	1,313,129
Prepaid Deposits		(2,000,000)	
Total Effect of change in Other Non-Financial Assets	-	(1,967,022)	(47,697)
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>2,893,984</u>	(13,142,393)	1,171,043
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		(13,142,393)	1,171,043
Net Financial Assets (Debt), beginning of year		(164,273,608)	(165,444,651)
Net Financial Assets (Debt), end of year		(177,416,001)	(164,273,608)

School District No. 44 (North Vancouver)

Statement 5

Consolidated Statement of Cash Flows

Year Ended June 30, 2019

	2019 Actual \$	2018 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	3,334,143	2,247,312
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(3,160,533)	867,929
Inventories for Resale	4,874	(4,509)
Prepaid Expenses	(1,967,022)	(47,697)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	6,695,587	1,688,089
Unearned Revenue	334,377	117,296
Deferred Revenue	(46,890)	328,926
Employee Future Benefits	284,726	121,934
Amortization of Tangible Capital Assets	10,065,018	9,679,007
Amortization of Deferred Capital Revenue	(6,175,550)	(5,934,773)
Total Operating Transactions	9,368,730	9,063,514
Capital Transactions		
Tangible Capital Assets Purchased	(5,211,230)	(8,007,233)
Tangible Capital Assets -WIP Purchased	(19,363,302)	(2,275,441)
Insurance Proceeds Expended and not Capitalized		(1,047,469)
Local Capital Transferred to Bylaw		379,663
Total Capital Transactions	(24,574,532)	(10,950,480)
Financing Transactions		
Capital Revenue Received	18,483,189	6,410,043
Capital Lease Payments	(175,611)	(84,248)
Total Financing Transactions	18,307,578	6,325,795
Net Increase (Decrease) in Cash and Cash Equivalents	3,101,776	4,438,829
Cash and Cash Equivalents, beginning of year	47,703,040	43,264,211
Cash and Cash Equivalents, end of year	50,804,816	47,703,040
Cash and Cash Equivalents, end of year, is made up of:		
Cash	48,317,484	45,263,283
Cash Equivalents	2,487,332	2,439,757
	50,804,816	47,703,040

NOTE 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. 44 (North Vancouver)", and operates as "School District No. 44 (North Vancouver)." A board of education ("Board") elected for a four-year term 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. 44 (North Vancouver) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Accounting

The 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 Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections effective their first fiscal year commencing after January 1, 2012.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

a) Basis of Accounting *(continued)*

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
- 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) Basis of Consolidation

These financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities, including the Cheakamus Foundation for Environmental Learning. Inter-departmental balances and organizational transactions have been eliminated.

The School District does not administer any trust activities on behalf of external parties.

c) Cash and Cash Equivalents

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

d) Accounts Receivable

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

e) Inventories for Resale

Publications for resale are recorded using the first-in-first-out method. Artists for Kids print inventory is recorded using the specific identification method.

f) Unearned Revenue

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

g) Deferred Revenue and Deferred Capital Revenue

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

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.

h) Employee Future Benefits

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

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

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

The most recent valuation of the obligation was performed at March 31, 2019 and projected to March 31, 2022. The next valuation will be performed 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

j) 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:

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

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

k) Tangible Capital Assets

The following criteria apply:

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

k) Tangible Capital Assets *(continued)*

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

Buildings	40 years
Furniture & Equipment	10 years
Vehicles	10 years
Computer Software	5 years
Computer Hardware	5 years
Assets Under Capital Lease	Term of the lease

l) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the School District are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executory costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the School District's rate for incremental borrowing or the interest rate implicit in the lease.

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

m) Prepaid Expenses

Payments for insurance, subscriptions, membership and maintenance contracts for use within the School District in a future period are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

n) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved.

o) 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

o) Revenue Recognition *(continued)*

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

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

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

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

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished.

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

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

p) Expenditures

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

p) Expenditures *(continued)*

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.

q) 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 liabilities.

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

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. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

r) Measurement Uncertainty

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

NOTE 3 ACCOUNTS RECEIVABLE

	2019	2018
Due from Province Includes:		
Miscellaneous Grants Receivable	\$147,739	\$162,389
COA Draws Receivable	2,922,089	-
	<u>\$3,069,828</u>	<u>\$162,389</u>
Other Receivables Include:		
GST/PST/HST Receivable	\$321,754	\$81,515
Recoverable Insurance Claims	20,226	50,221
Recoverable Payroll	15,261	42,865
Sundry Billings	416,678	553,784
Miscellaneous Receivables	717,843	504,630
Special Purpose	20,959	26,618
	<u>\$1,512,721</u>	<u>\$1,259,633</u>

NOTE 4 INVENTORIES FOR RESALE

Inventories for resale include:

	2019	2018
Publications	\$44,887	\$47,119
Artists for Kids – Prints	308,117	310,753
	<u>\$353,004</u>	<u>\$357,872</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	2019	2018
Trade payables	\$7,081,687	\$1,604,057
Salaries and benefits payable	8,068,098	6,902,883
Accrued vacation pay	621,149	569,840
	<u>\$15,770,934</u>	<u>\$9,076,780</u>

NOTE 6 UNEARNED REVENUE

	2019	2018
Balance, beginning of year	\$9,675,021	\$9,557,725
Changes for the year:		
Increase:		
Tuition fees collected	11,187,364	11,288,203
Other	1,892,399	2,656,032
	<u>13,079,763</u>	<u>13,944,235</u>
Decrease:		
Tuition fees recognized	(10,859,534)	(11,012,146)
Other	(1,885,852)	(2,814,793)
	<u>(12,745,386)</u>	<u>(13,826,939)</u>
Net changes for the year	<u>334,377</u>	<u>117,296</u>
Balance, end of year	<u>\$10,009,398</u>	<u>\$9,675,021</u>

NOTE 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.

	2019	2018
Balance, beginning of year	\$4,725,858	\$4,396,932
Changes for the year:		
Increase:		
Provincial grants	18,925,419	15,014,119
Other revenue	8,014,820	7,252,666
	<u>26,940,239</u>	<u>22,266,785</u>
Decrease:		
Allocated to revenue	(26,664,856)	(21,937,859)
Recoveries	(322,273)	
	<u>(26,987,129)</u>	<u>(21,937,859)</u>
Net changes for the year	<u>(46,890)</u>	<u>328,926</u>
Balance, end of year	<u>\$4,678,968</u>	<u>\$4,725,858</u>

NOTE 8 DEFERRED CAPITAL REVENUE

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

	2019	2018
Deferred capital revenue subject to amortization		
Balance, beginning of year	\$175,631,104	\$170,569,984
Increases:		
Capital additions	3,075,563	5,745,605
Transfer from deferred capital revenue – work in progress	138,534	5,250,288
Decreases:		
Amortization	(6,175,550)	(5,934,773)
Net change for the year	<u>(2,961,453)</u>	<u>5,061,120</u>
Balance, end of year	<u>172,669,651</u>	<u>175,631,104</u>

NOTE 8 DEFERRED CAPITAL REVENUE (Continued)

	<u>2019</u>	<u>2018</u>
Deferred capital revenue – work in progress		
Balance, beginning of year	2,554,427	5,591,185
Increases:		
Transfer from deferred capital revenue - unspent	18,063,830	2,213,530
Decreases:		
Transfer to deferred capital revenue subject to amortization	(138,534)	(5,250,288)
Net change for the year	<u>17,925,296</u>	<u>(3,036,758)</u>
Balance, end of year	<u>20,479,723</u>	<u>2,554,427</u>
Deferred capital revenue - unspent		
Balance, beginning of year	4,087,570	6,684,131
Increases:		
Provincial Grants – Ministry of Education	18,309,359	6,253,622
Provincial Grants – Other	50,876	53,648
Transfer Unspent (Bylaw) to MEd Restricted	(1,698,841)	-
MEd Restricted Capital	1,698,841	-
Playground - PAC	122,954	102,773
	<u>18,483,189</u>	<u>6,410,043</u>
Decreases:		
Transfer to deferred capital revenue subject to amortization	(3,075,563)	(5,745,605)
Transfer to deferred capital revenue – work in progress	(18,063,830)	(2,213,530)
Insurance proceeds netted with expenditures	-	(1,047,469)
	<u>21,139,393</u>	<u>(9,006,604)</u>
Net change for the year	<u>(2,656,204)</u>	<u>(2,596,561)</u>
Balance, end of year	<u>1,431,366</u>	<u>4,087,570</u>
Total deferred capital revenue balance, end of year	<u>\$194,580,740</u>	<u>\$182,273,101</u>

NOTE 9 EMPLOYEE FUTURE BENEFITS

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	7,219,056	7,429,266
Service Cost	577,554	556,656
Interest Cost	201,529	206,140
Benefit Payments	(688,126)	(583,092)
Actuarial (Gain) Loss	1,014,016	(389,914)
Accrued Benefit Obligation – March 31	<u>8,324,029</u>	<u>7,219,056</u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation - March 31	8,324,029	7,219,056
Market Value of Plan Assets - March 31	<u>0</u>	<u>0</u>
Funded Status - Surplus (Deficit)	(8,324,029)	(7,219,056)
Employer Contributions After Measurement Date	200,399	331,421
Benefits Expense After Measurement Date	(216,520)	(194,771)
Unamortized Net Actuarial (Gain) Loss	823,525	(149,493)
Accrued Benefit Asset (Liability) - June 30	<u>(7,516,625)</u>	<u>(7,231,899)</u>
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability (Asset) - July 1	7,231,899	7,109,965
Net Expense for Fiscal Year	841,830	854,844
Employer Contributions	(557,104)	(732,910)
Accrued Benefit Liability (Asset) - June 30	<u>7,516,625</u>	<u>7,231,899</u>
Components of Net Benefit Expense		
Service Cost	598,136	561,880
Interest Cost	202,696	204,988
Amortization of Net Actuarial (Gain)/Loss	40,998	87,976
Net Benefit Expense (Income)	<u>841,830</u>	<u>854,844</u>
Assumptions		
Discount Rate - April 1	2.75%	2.75%
Discount Rate - March 31	2.50%	2.75%
Long Term Salary Growth - April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth - March 31	2.50% + seniority	2.50% + seniority
EARSL - March 31	9.0	8.3

NOTE 10 CAPITAL LEASE OBLIGATION

The School District entered into an obligation for multi-function business devices under capital lease in 2018, which expires November 30, 2022.

Repayments are due as follows:

2020	182,149
2021	182,149
2022	182,149
2023	69,982
Total minimum lease payments	\$616,429
Less amounts representing interest at 5.38%	71,721
Present value of net minimum capital lease payments	<u>\$544,708</u>

Total interest on the capital lease obligation for the year ended June 30, 2019 was \$36,895 (2018: \$22,005).

NOTE 11 TANGIBLE CAPITAL ASSETS

Net Book Value:	Net Book Value 2019	Net Book Value 2018
Sites	\$12,472,243	\$12,472,243
Buildings	247,030,198	251,947,805
Buildings – work in progress	22,829,819	3,605,051
Furniture & Equipment	2,608,653	2,188,542
Vehicles	892,671	796,595
Computer Software	138,412	270,987
Computer Hardware	2,627,697	2,808,956
Total	\$288,599,693	\$274,090,179

NOTE 11 TANGIBLE CAPITAL ASSETS
(Continued)

June 30, 2019

Cost:	Opening Cost	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2019
Sites	\$12,472,243	\$ -	-	\$ -	\$12,472,243
Buildings	378,555,075	3,548,950	-	138,534	382,242,559
Buildings – work in progress	3,605,051	19,363,302	-	(138,534)	22,829,819
Furniture & Equipment	3,369,450	757,056	(213,759)	-	3,912,747
Vehicles	1,211,197	217,196	(116,988)	-	1,311,405
Computer Software	662,874	-	(341,941)	-	320,933
Computer Hardware	4,346,435	688,028	(872,995)	-	4,161,468
Total	\$404,222,325	\$24,574,532	(\$1,545,683)	\$ -	\$427,251,174

Accumulated Amortization:	Opening Accumulated Amortization	Additions	Disposals	Balance at June 30, 2019
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	126,607,270	8,605,091	-	135,212,361
Furniture & Equipment	1,180,908	336,945	(213,759)	1,304,094
Vehicles	414,602	121,120	(116,988)	418,734
Computer Software	391,887	132,575	(341,941)	182,521
Computer Hardware	1,537,479	869,287	(872,995)	1,533,771
Total	\$130,132,146	\$10,065,018	(\$1,545,683)	\$138,651,481

- Buildings – work in progress having a value of \$22,829,819 (2018: \$3,605,051) has not been amortized. Amortization of these assets will commence when the asset is put into service.
- Equipment under capital lease: Included in capital assets is equipment under capital lease with a cost of \$804,568 (2018: \$804,568) and accumulated amortization of \$160,914 (2018: \$0).

NOTE 11 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2018

Cost:	Opening Cost	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2018
Sites	\$12,472,243	\$ -	-	\$ -	\$12,472,243
Buildings	365,105,982	5,639,989	-	-	378,555,075
				7,809,104	
Buildings – work in progress	9,138,714	2,275,441	-	(7,809,104)	3,605,051
Furniture & Equipment	2,901,504	1,080,989	(613,043)	-	3,369,450
Vehicles	1,383,955	284,180	(456,938)	-	1,211,197
Computer Software	931,153	-	(268,279)	-	662,874
Computer Software – work in progress	-	-	-	-	-
Computer Hardware	3,842,449	1,426,980	(922,994)	-	4,346,435
Total	\$395,776,000	\$10,707,579	(\$2,261,254)	\$ -	\$404,222,325

Accumulated Amortization:	Opening Accumulated Amortization	Additions	Disposals	Balance at June 30, 2018
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	118,311,530	8,295,740	-	126,607,270
Furniture & Equipment	1,503,801	290,150	(613,043)	1,180,908
Vehicles	733,144	138,396	(456,938)	414,602
Computer Software	473,935	186,231	(268,279)	391,887
Computer Hardware	1,691,983	768,490	(922,994)	1,537,479
Total	\$122,714,393	\$9,679,007	(\$2,261,254)	\$130,132,146

NOTE 12 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The Boards of Trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2017, the Teachers' Pension Plan has about 46,000 active members and approximately 38,000 retired members. As of December 31, 2017, the Municipal Pension Plan has about 197,000 active members, including approximately 24,000 from school districts.

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

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

School District No. 44 paid \$13,466,248 for employer contributions to these plans for the year ended June 30, 2019 (2018: \$14,075,488).

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, 2018, with results available later in 2019.

NOTE 13 ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surpluses as follows:

	2019	2018
Invested in tangible capital assets	\$94,412,210	\$94,690,927
Operating surplus	8,798,471	10,018,731
Local capital surplus	10,967,907	6,134,787
	\$114,178,588	\$110,844,445

NOTE 13 ACCUMULATED SURPLUS (Continued)

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2019, were as follows:

- Tangible capital assets and work in progress purchased from operating fund: \$652,424
- Capital lease principal payments from operating fund: \$175,612
- Transfer from Operating Fund to Local Capital Fund for construction projects and future capital acquisitions: \$6,328,483
- Tangible capital assets purchased from special purpose fund: \$1,198,204

The operating surplus has been internally restricted (appropriated) by the Board for:

	<u>2019</u>	<u>2018</u>
Restricted Surplus		
Amounts for Three Year Staffing Plan	\$2,300,000	\$2,300,000
2019/20 Annual Budget Surplus Appropriation	2,296,289	-
School Capital Projects	2,000,000	-
Outstanding Purchase Orders as at June 30th	177,000	-
Operations Spanning the School Year		3,981,311
Subtotal Internally Restricted	<u>\$6,773,289</u>	<u>\$6,281,311</u>
 Unrestricted Surplus	 <u>2,025,182</u>	 <u>3,737,420</u>
Total Operating Surplus	<u><u>\$8,798,471</u></u>	<u><u>\$10,018,731</u></u>

NOTE 14 RELATED PARTY TRANSACTIONS

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

NOTE 15 UNRECOGNIZED ASSETS

The School District manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at the Educational Services Center and public display areas. These assets are not recognized in the financial statements. The cost of the permanent art collection is \$2,044,434 at June 30, 2019 (2018: \$2,046,037).

NOTE 16 CONTRACTUAL OBLIGATIONS

The School District has entered into contracts related to various capital construction projects totaling approximately \$62,768,648. These contracts relate primarily to the Argyle Secondary School replacement.

Additionally, the School District has commitments relating to a management contract expiring June 30, 2022 for the operations of the Cheakamus Centre:

2020	250,000
2021	250,000
2022	250,000
Total future obligation	<u><u>\$750,000</u></u>

NOTE 17 CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The School District's contractual rights arise because of lease contracts entered into for the rental of four locations as summarized below:

2020	\$1,531,512
2021	1,544,901
2022	1,215,026
2023	1,209,903
2024	1,238,299
Thereafter	3,934,702
Total future lease revenue	<u><u>\$10,674,343</u></u>

NOTE 18 BUDGET FIGURES

Budget figures included in the financial statements represent the amended annual budget approved by the Board on February 19, 2019. The Board approved the annual budget on June 27, 2018. The following table sets out the amended annual operating budget with a comparison to the annual budget.

NOTE 18 BUDGET FIGURES *(Continued)*

Annual Budget - Revenue and Expense

	2019 Amended Annual Budget	2019 Annual Budget	2019 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	155,423,146	149,428,658	156,378,664
Other	62,000	10,000	126,384
Federal Grants	5,000	5,000	6,650
Tuition	10,545,625	9,502,500	10,859,534
Other Revenue	12,211,510	12,178,566	12,664,871
Rentals and Leases	2,094,323	2,094,323	2,266,635
Investment Income	701,300	526,300	1,031,194
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	-
Amortization of Deferred Capital Revenue	5,756,300	5,756,300	6,175,550
Total Revenue	186,799,204	179,501,647	189,509,482
Expenses			
Instruction	155,502,901	152,810,219	154,675,898
District Administration	5,584,730	5,318,260	5,808,671
Operations and Maintenance	16,411,878	16,325,766	15,415,956
Transportation and Housing	468,645	465,950	172,901
Interest	-	-	36,895
Amortization of Tangible Capital Assets	9,521,347	9,521,347	10,065,018
Total Expense	187,489,501	184,441,542	186,175,339
Net Revenue (Expense)	(690,297)	(4,939,895)	3,334,143
Budgeted Allocation (Retirement) of Surplus (Deficit)	4,461,828	2,297,811	-
Budgeted Surplus (Deficit) for the year	3,771,531	(2,642,084)	3,334,143

NOTE 19 CONTINGENCIES

The School District has granted \$244,817 in irrevocable standby letters of credit in favour of the Corporation of the District of North Vancouver. Two letters of credit, for \$100,000 each, are in lieu of security deposits for general capital projects and the Argyle replacement, respectively. A third irrevocable standby letter of credit in the amount of \$44,817 in favour of the Corporation of the District of North Vancouver was issued in lieu of a security deposit for the Highlands School capital project.

The School District has not accrued the unpaid Teacher Remedy expense of \$381,686 related to the Classroom Enhancement Fund and restored language, pending the outcome of negotiations with North Vancouver Teachers' Association. The deferred Classroom Enhancement Fund grant revenue of \$155,227 relates to the funds received from the Province in respect of this unpaid Teacher Remedy. At June 30, 2019, a contingent liability of \$226,440 related to a portion of the Teacher Remedy exists.

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

The nature of the School District's activities are such there is usually litigation pending or in process at any time. With respect to unsettled claims at June 30, 2019, management believes the School District has valid defenses and appropriate insurance coverage in place. In the event that any claims are successful, management believes that such claims are not expected to have a material effect on the School District's financial position or operations.

NOTE 20 EXPENSE BY OBJECT

	<u>2019</u>	<u>2018</u>
Salaries and Benefits	\$ 152,321,152	\$ 145,227,306
Services and Supplies	23,752,274	23,482,142
Interest	36,895	22,005
Amortization	10,065,018	9,679,007
	<u><u>\$ 186,175,339</u></u>	<u><u>\$ 178,410,460</u></u>

NOTE 21 ECONOMIC DEPENDENCE

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

NOTE 22 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, cash equivalents and amounts receivable.

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 and cash equivalents as they are placed in recognized British Columbia institutions and the School District invests solely in placement of funds with institutions that have achieved the highest creditworthiness in the marketplace and earned a public reputation as a good credit risk.

b) Market risk:

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its cash. It is management's opinion that the School District is not exposed to significant interest rate risk as it invests solely in investments that are considered liquid (e.g. term deposits) 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. There have been no changes to risk exposure from 2018 related to credit, market or liquidity risks.

School District No. 44 (North Vancouver)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2019

	Operating Fund	Special Purpose Fund	Capital Fund	2019 Actual	2018 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	10,018,731		100,825,714	110,844,445	108,597,133
Changes for the year					
Surplus (Deficit) for the year	5,936,259	1,198,204	(3,800,320)	3,334,143	2,247,312
Interfund Transfers					
Tangible Capital Assets Purchased	(623,758)	(1,198,204)	1,821,962	-	
Tangible Capital Assets - Work in Progress	(28,666)		28,666	-	
Local Capital	(6,328,483)		6,328,483	-	
Other	(175,612)		175,612	-	
Net Changes for the year	(1,220,260)	-	4,554,403	3,334,143	2,247,312
Accumulated Surplus (Deficit), end of year - Statement 2	8,798,471	-	105,380,117	114,178,588	110,844,445

School District No. 44 (North Vancouver)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	136,528,426	137,301,031	133,682,731
Other	62,000	25,096	17,900
Federal Grants	5,000	6,650	5,000
Tuition	10,545,625	10,859,534	11,012,146
Other Revenue	5,020,369	5,178,936	5,129,946
Rentals and Leases	2,094,323	2,266,635	2,132,489
Investment Income	701,300	905,151	694,762
Total Revenue	154,957,043	156,543,033	152,674,974
Expenses			
Instruction	130,528,928	129,431,163	126,658,890
District Administration	5,419,730	5,640,064	5,618,687
Operations and Maintenance	16,358,568	15,362,646	15,428,609
Transportation and Housing	468,645	172,901	275,539
Total Expense	152,775,871	150,606,774	147,981,725
Operating Surplus (Deficit) for the year	2,181,172	5,936,259	4,693,249
Budgeted Appropriation (Retirement) of Surplus (Deficit)	4,461,828		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(1,168,000)	(623,758)	(752,597)
Tangible Capital Assets - Work in Progress		(28,666)	
Local Capital	(5,475,000)	(6,328,483)	
Other		(175,612)	(84,248)
Total Net Transfers	(6,643,000)	(7,156,519)	(836,845)
Total Operating Surplus (Deficit), for the year	-	(1,220,260)	3,856,404
Operating Surplus (Deficit), beginning of year		10,018,731	6,162,327
Operating Surplus (Deficit), end of year		8,798,471	10,018,731
Operating Surplus (Deficit), end of year			
Internally Restricted		6,773,289	6,281,311
Unrestricted		2,025,182	3,737,420
Total Operating Surplus (Deficit), end of year		8,798,471	10,018,731

School District No. 44 (North Vancouver)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	133,297,955	133,449,509	129,602,729
Other Ministry of Education Grants			
Pay Equity	2,966,047	2,966,047	2,966,047
Funding for Graduated Adults	12,000	13,503	16,452
Transportation Supplement	40,566	40,566	40,566
Economic Stability Dividend		173,377	92,203
Return of Administrative Savings			665,252
Carbon Tax Grant	90,000	97,355	113,861
Employer Health Tax Grant		367,966	
Strategic Priorities - Mental Health Grant		31,000	
Support Staff Benefits Grant	104,118	104,118	98,802
BCTEA - LEA Capacity Building Grant		6,850	
Inclusive Education		30,000	
Equity Scan		3,000	
FSA	17,740	17,740	17,740
Skills Training			17,079
Support Building Capacity			52,000
Total Provincial Grants - Ministry of Education	136,528,426	137,301,031	133,682,731
Provincial Grants - Other	62,000	25,096	17,900
Federal Grants	5,000	6,650	5,000
Tuition			
Summer School Fees	133,125	141,125	104,275
International and Out of Province Students	10,412,500	10,718,409	10,907,871
Total Tuition	10,545,625	10,859,534	11,012,146
Other Revenues			
Miscellaneous			
Cheakamus Centre	2,538,616	2,377,832	2,218,161
Other	367,000	501,576	244,343
Band & Strings	607,953	607,383	588,820
Recoveries and Donations	94,500	349,360	340,006
School Miscellaneous	75,000	86,756	334,559
Artists for Kids	353,300	251,704	283,851
Academy Fees	984,000	1,004,325	1,120,206
Total Other Revenue	5,020,369	5,178,936	5,129,946
Rentals and Leases	2,094,323	2,266,635	2,132,489
Investment Income	701,300	905,151	694,762
Total Operating Revenue	154,957,043	156,543,033	152,674,974

School District No. 44 (North Vancouver)

Schedule of Operating Expense by Object

Year Ended June 30, 2019

Schedule 2B (Unaudited)

	2019 Budget \$	2019 Actual \$	2018 Actual \$
Salaries			
Teachers	67,467,891	65,464,889	65,008,622
Principals and Vice Principals	9,911,417	9,863,456	9,519,308
Educational Assistants	12,902,461	12,674,667	12,779,955
Support Staff	11,918,264	11,121,985	11,123,371
Other Professionals	3,964,112	3,891,897	3,754,613
Substitutes	3,707,510	5,288,690	4,290,006
Total Salaries	109,871,655	108,305,584	106,475,875
Employee Benefits	26,398,306	26,386,900	25,369,082
Total Salaries and Benefits	136,269,961	134,692,484	131,844,957
Services and Supplies			
Services	8,524,283	8,861,147	8,493,831
Student Transportation	91,000	78,485	52,860
Professional Development and Travel	828,988	926,298	862,068
Rentals and Leases	31,000	34,485	31,632
Dues and Fees	58,100	57,669	56,648
Insurance	432,200	327,453	349,626
Supplies	3,665,118	3,086,163	3,677,097
Utilities	2,875,221	2,542,590	2,613,006
Total Services and Supplies	16,505,910	15,914,290	16,136,768
Total Operating Expense	152,775,871	150,606,774	147,981,725

School District No. 44 (North Vancouver)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2019

	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	49,851,332	2,571,776	1,730,750	1,698,325		4,191,687	60,043,870
1.03 Career Programs	96,256			260,908		3,604	360,768
1.07 Library Services	2,434,626	21,587	164,765	222,708		40,176	2,883,862
1.08 Counselling	3,107,918					9,345	3,117,263
1.10 Special Education	7,453,900	720,460	10,191,502	674,606		431,773	19,472,241
1.30 English Language Learning	1,486,247					11,198	1,497,445
1.31 Aboriginal Education	378,953	135,506	495,598			9,081	1,019,138
1.41 School Administration		6,290,207		858,339		81,480	7,230,026
1.60 Summer School	294,608			19,790			314,398
1.62 International and Out of Province Students	293,926			92,053	167,691	974	554,644
1.64 Other	67,123			15,007	167,881	6,947	256,958
Total Function 1	65,464,889	9,739,536	12,582,615	3,841,736	335,572	4,786,265	96,750,613
4 District Administration							
4.11 Educational Administration					694,960		694,960
4.40 School District Governance					186,350		186,350
4.41 Business Administration		123,920		1,070,653	1,431,028	2,055	2,627,656
Total Function 4	-	123,920	-	1,070,653	2,312,338	2,055	3,508,966
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				53,858	801,873		855,731
5.50 Maintenance Operations				5,909,959	442,114	500,074	6,852,147
5.52 Maintenance of Grounds				245,779			245,779
5.56 Utilities							-
Total Function 5	-	-	-	6,209,596	1,243,987	500,074	7,953,657
7 Transportation and Housing							
7.70 Student Transportation			92,052			296	92,348
Total Function 7	-	-	92,052	-	-	296	92,348
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	65,464,889	9,863,456	12,674,667	11,121,985	3,891,897	5,288,690	108,305,584

School District No. 44 (North Vancouver)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2019

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	60,043,870	15,065,571	75,109,441	4,148,845	79,258,286	83,180,326	80,048,834
1.03 Career Programs	360,768	88,605	449,373	32,379	481,752	478,416	501,925
1.07 Library Services	2,883,862	706,151	3,590,013	20,899	3,610,912	3,360,500	3,209,694
1.08 Counselling	3,117,263	738,123	3,855,386	13,905	3,869,291	2,800,335	3,967,043
1.10 Special Education	19,472,241	4,886,004	24,358,245	364,133	24,722,378	21,319,783	21,887,374
1.30 English Language Learning	1,497,445	397,820	1,895,265	9,770	1,905,035	1,646,803	1,725,788
1.31 Aboriginal Education	1,019,138	217,443	1,236,581	67,357	1,303,938	1,365,617	1,223,357
1.41 School Administration	7,230,026	1,434,120	8,664,146	253,436	8,917,582	8,071,092	8,900,744
1.60 Summer School	314,398	55,589	369,987	36,843	406,830	362,866	360,319
1.62 International and Out of Province Students	554,644	122,332	676,976	1,349,639	2,026,615	4,788,842	1,818,765
1.64 Other	256,958	55,579	312,537	2,616,007	2,928,544	3,154,348	3,015,047
Total Function 1	96,750,613	23,767,337	120,517,950	8,913,213	129,431,163	130,528,928	126,658,890
4 District Administration							
4.11 Educational Administration	694,960	142,508	837,468	327,130	1,164,598	1,069,852	1,169,612
4.40 School District Governance	186,350	17,288	203,638	113,230	316,868	308,666	308,790
4.41 Business Administration	2,627,656	565,784	3,193,440	965,158	4,158,598	4,041,212	4,140,285
Total Function 4	3,508,966	725,580	4,234,546	1,405,518	5,640,064	5,419,730	5,618,687
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	855,731	184,123	1,039,854	510,732	1,550,586	1,625,762	1,563,504
5.50 Maintenance Operations	6,852,147	1,638,280	8,490,427	2,069,145	10,559,572	11,041,901	10,533,747
5.52 Maintenance of Grounds	245,779	55,045	300,824	499,132	799,956	815,684	796,461
5.56 Utilities	-	-	-	2,452,532	2,452,532	2,875,221	2,534,897
Total Function 5	7,953,657	1,877,448	9,831,105	5,531,541	15,362,646	16,358,568	15,428,609
7 Transportation and Housing							
7.70 Student Transportation	92,348	16,535	108,883	64,018	172,901	468,645	275,539
Total Function 7	92,348	16,535	108,883	64,018	172,901	468,645	275,539
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	108,305,584	26,386,900	134,692,484	15,914,290	150,606,774	152,775,871	147,981,725

School District No. 44 (North Vancouver)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	18,894,720	19,077,633	14,914,601
Other		101,288	(515)
Other Revenue	7,191,141	7,485,935	7,013,326
Investment Income			10,447
Total Revenue	<u>26,085,861</u>	<u>26,664,856</u>	<u>21,937,859</u>
Expenses			
Instruction	24,973,973	25,244,735	20,561,045
District Administration	165,000	168,607	38,923
Operations and Maintenance	53,310	53,310	81,414
Transportation and Housing			46,341
Total Expense	<u>25,192,283</u>	<u>25,466,652</u>	<u>20,727,723</u>
Special Purpose Surplus (Deficit) for the year	<u>893,578</u>	<u>1,198,204</u>	<u>1,210,136</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(893,578)	(1,198,204)	(1,210,136)
Total Net Transfers	<u>(893,578)</u>	<u>(1,198,204)</u>	<u>(1,210,136)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 44 (North Vancouver)

Changes in Special Purpose Funds and Expense by Object

School District No. 44 (North Vancouver)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2019

	Annual Facility Grant	Learning Improvement Fund	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Coding and Curriculum Implementation	Classroom Enhancement Fund - Overhead
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year									
District Entered			3,452,889					83,287	
Deferred Revenue, beginning of year, as restated	-	-	3,452,889	-	-	-	-	83,287	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education	626,273	506,353		224,000	61,250	268,463	1,098,847		5,317,326
Other			7,772,316						
	626,273	506,353	7,772,316	224,000	61,250	268,463	1,098,847	-	5,317,326
Less: Allocated to Revenue	626,273	506,353	7,368,763	224,000	61,250	268,463	1,098,847	83,287	5,317,326
Recovered									
Deferred Revenue, end of year	-	-	3,856,442	-	-	-	-	-	-
Revenues									
Provincial Grants - Ministry of Education	626,273	506,353		224,000	61,250	268,463	1,098,847	83,287	5,317,326
Provincial Grants - Other									
Other Revenue			7,368,763						
	626,273	506,353	7,368,763	224,000	61,250	268,463	1,098,847	83,287	5,317,326
Expenses									
Salaries									
Teachers						76,015	252,749		
Principals and Vice Principals									46,840
Educational Assistants		417,039					385,868		3,842,101
Support Staff				163,078	5,685		38,221		112,495
Other Professionals									71,435
Substitutes					8,368	29,213		8,035	51,271
	-	417,039	-	163,078	14,053	105,228	676,838	8,035	4,124,142
Employee Benefits		89,314		34,866	1,907	22,518	154,212	1,465	872,569
Services and Supplies	53,310		7,136,901	26,056	45,290	111,029	267,797	30,711	
	53,310	506,353	7,136,901	224,000	61,250	238,775	1,098,847	40,211	4,996,711
Net Revenue (Expense) before Interfund Transfers	572,963	-	231,862	-	-	29,688	-	43,076	320,615
Interfund Transfers									
Tangible Capital Assets Purchased	(572,963)		(231,862)			(29,688)		(43,076)	(320,615)
	(572,963)	-	(231,862)	-	-	(29,688)	-	(43,076)	(320,615)
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 44 (North Vancouver)

Changes in Special Purpose Funds and Expense by Object

School District No. 44 (North Vancouver)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2019

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	Carlile Youth Inpatient Unit	Violence Prevention	ERAC Funding	Mental Health Hub	Cheakamus Special Projects	Metro Regional Implementation	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year									-
District Entered		322,273	330,786			225,515	6,141	304,967	4,725,858
Deferred Revenue, beginning of year, as restated	-	322,273	330,786	-	-	225,515	6,141	304,967	4,725,858
Add: Restricted Grants									
Provincial Grants - Ministry of Education	8,928,648	1,894,259							18,925,419
Other				20,000	170,903			51,601	8,014,820
	8,928,648	1,894,259	-	20,000	170,903	-	-	51,601	26,940,239
Less: Allocated to Revenue	8,928,648	1,739,032	224,154	20,000	-	101,288	-	97,172	26,664,856
Recovered		322,273							322,273
Deferred Revenue, end of year	-	155,227	106,632	-	170,903	124,227	6,141	259,396	4,678,968
Revenues									
Provincial Grants - Ministry of Education	8,928,648	1,739,032	224,154						19,077,633
Provincial Grants - Other						101,288			101,288
Other Revenue				20,000				97,172	7,485,935
	8,928,648	1,739,032	224,154	20,000	-	101,288	-	97,172	26,664,856
Expenses									
Salaries									
Teachers	6,890,143		141,537						7,360,444
Principals and Vice Principals			14,067			70,084			130,991
Educational Assistants									4,645,008
Support Staff									319,479
Other Professionals									71,435
Substitutes	203,388	1,389,668							1,689,943
	7,093,531	1,389,668	155,604	-	-	70,084	-	-	14,217,300
Employee Benefits	1,835,117	349,364	36,454			13,582			3,411,368
Services and Supplies			32,096	20,000		17,622		97,172	7,837,984
	8,928,648	1,739,032	224,154	20,000	-	101,288	-	97,172	25,466,652
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	1,198,204
Interfund Transfers									
Tangible Capital Assets Purchased									(1,198,204)
	-	-	-	-	-	-	-	-	(1,198,204)
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 44 (North Vancouver)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2019

	2019 Budget	2019 Actual			2018 Actual
	\$	Invested in Tangible Capital Assets	Local Capital	Fund Balance	\$
Revenues					
Investment Income			126,043	126,043	110,166
Amortization of Deferred Capital Revenue	5,756,300	6,175,550		6,175,550	5,934,773
Total Revenue	5,756,300	6,175,550	126,043	6,301,593	6,044,939
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	9,521,347	10,065,018		10,065,018	9,679,007
Debt Services					
Capital Lease Interest			36,895	36,895	22,005
Total Expense	9,521,347	10,065,018	36,895	10,101,913	9,701,012
Capital Surplus (Deficit) for the year	(3,765,047)	(3,889,468)	89,148	(3,800,320)	(3,656,073)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	2,061,578	1,821,962		1,821,962	1,962,733
Tangible Capital Assets - Work in Progress		28,666		28,666	
Local Capital	5,475,000		6,328,483	6,328,483	
Capital Lease Payment			175,612	175,612	84,248
Total Net Transfers	7,536,578	1,850,628	6,504,095	8,354,723	2,046,981
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		313,705	(313,705)	-	
Tangible Capital Assets WIP Purchased from Local Capital		1,270,806	(1,270,806)	-	
Principal Payment					
Capital Lease		175,612	(175,612)	-	
Total Other Adjustments to Fund Balances		1,760,123	(1,760,123)	-	
Total Capital Surplus (Deficit) for the year	3,771,531	(278,717)	4,833,120	4,554,403	(1,609,092)
Capital Surplus (Deficit), beginning of year		94,690,927	6,134,787	100,825,714	102,434,806
Capital Surplus (Deficit), end of year		94,412,210	10,967,907	105,380,117	100,825,714

School District No. 44 (North Vancouver)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2019

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	12,472,243	378,555,075	3,369,450	1,211,197	662,874	4,346,435	400,617,274
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,832,100	105,000				2,937,100
Deferred Capital Revenue - Other		108,505	29,958				138,463
Operating Fund		26,517	412,745	14,145		170,351	623,758
Special Purpose Funds		572,963	209,353	4,007		411,881	1,198,204
Local Capital		8,865		199,044		105,796	313,705
Transferred from Work in Progress		138,534					138,534
	-	3,687,484	757,056	217,196	-	688,028	5,349,764
Decrease:							
Deemed Disposals			213,759	116,988	341,941	872,995	1,545,683
	-	-	213,759	116,988	341,941	872,995	1,545,683
Cost, end of year	12,472,243	382,242,559	3,912,747	1,311,405	320,933	4,161,468	404,421,355
Work in Progress, end of year		22,829,819					22,829,819
Cost and Work in Progress, end of year	12,472,243	405,072,378	3,912,747	1,311,405	320,933	4,161,468	427,251,174
Accumulated Amortization, beginning of year		126,607,270	1,180,908	414,602	391,887	1,537,479	130,132,146
Changes for the Year							
Increase: Amortization for the Year		8,605,091	336,945	121,120	132,575	869,287	10,065,018
Decrease:							
Deemed Disposals			213,759	116,988	341,941	872,995	1,545,683
		-	213,759	116,988	341,941	872,995	1,545,683
Accumulated Amortization, end of year		135,212,361	1,304,094	418,734	182,521	1,533,771	138,651,481
Tangible Capital Assets - Net	12,472,243	269,860,017	2,608,653	892,671	138,412	2,627,697	288,599,693

School District No. 44 (North Vancouver)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress
Year Ended June 30, 2019

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	3,605,051				3,605,051
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	13,832,817				13,832,817
Deferred Capital Revenue - Other	4,231,013				4,231,013
Operating Fund	28,666				28,666
Local Capital	1,270,806				1,270,806
	19,363,302	-	-	-	19,363,302
Decrease:					
Transferred to Tangible Capital Assets	138,534				138,534
	138,534	-	-	-	138,534
Net Changes for the Year	19,224,768	-	-	-	19,224,768
Work in Progress, end of year	22,829,819	-	-	-	22,829,819

School District No. 44 (North Vancouver)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2019

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	168,250,219	2,877,338	4,503,547	175,631,104
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,937,100	108,505	29,958	3,075,563
Transferred from Work in Progress	138,534			138,534
	3,075,634	108,505	29,958	3,214,097
Decrease:				
Amortization of Deferred Capital Revenue	5,888,609	89,350	197,591	6,175,550
	5,888,609	89,350	197,591	6,175,550
Net Changes for the Year	(2,812,975)	19,155	(167,633)	(2,961,453)
Deferred Capital Revenue, end of year	165,437,244	2,896,493	4,335,914	172,669,651
Work in Progress, beginning of year	650,958	1,903,469		2,554,427
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	13,832,817	4,231,013		18,063,830
	13,832,817	4,231,013	-	18,063,830
Decrease				
Transferred to Deferred Capital Revenue	138,534			138,534
	138,534	-	-	138,534
Net Changes for the Year	13,694,283	4,231,013	-	17,925,296
Work in Progress, end of year	14,345,241	6,134,482	-	20,479,723
Total Deferred Capital Revenue, end of year	179,782,485	9,030,975	4,335,914	193,149,374

School District No. 44 (North Vancouver)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2019

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	173,864	3,875,488	57,629		(19,411)	4,087,570
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	18,309,359					18,309,359
Provincial Grants - Other			50,876			50,876
Transfer project surplus to MEd Restricted (from) Bylaw	(1,698,841)	1,698,841				-
					122,954	122,954
	16,610,518	1,698,841	50,876	-	122,954	18,483,189
Decrease:						
Transferred to DCR - Capital Additions	2,937,100		108,505		29,958	3,075,563
Transferred to DCR - Work in Progress	13,832,817	4,231,013				18,063,830
	16,769,917	4,231,013	108,505	-	29,958	21,139,393
Net Changes for the Year	(159,399)	(2,532,172)	(57,629)	-	92,996	(2,656,204)
Balance, end of year	14,465	1,343,316	-	-	73,585	1,431,366

YEAR END FINANCIAL STATEMENT MANAGEMENT DISCUSSION AND ANALYSIS



September
2019

Results of 2019 Fiscal Year

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School District Profile

District Snapshot

The North Vancouver School District (NVSD) is one of sixty BC Public School Districts responsible for the delivery of K-12 public education in the Province. NVSD maintains and operates seven secondary and twenty-five elementary schools located within the City and District of North Vancouver. We are a mid-sized School District, 11th largest in the Province. In 2019 we served over 15,000 students, their parents, and more than 2,000 staff. In addition to the thirty-two school facilities, the District maintains an operations maintenance facility at the Lucas site on Hamilton Avenue, the Education Services Centre located on Lonsdale Avenue and the Cheakamus Environmental Centre in Squamish. The School District prepares its financial statements in accordance with Canadian public sector accounting standards using guidelines developed by the Public Sector Accounting Board (PSAB). KPMG is the Board-appointed auditor.



Seven elected Trustees comprise the North Vancouver Board of Education. Four are elected from the District of North Vancouver, and three from the City. Collectively, the Board is responsible for the allocation of resources, hiring and assignment of teachers, administrators, support staff, and making the major policy decisions governing all aspects of education as mandated by the *School Act*.



We provide world-class instruction and a rich diversity of engaging programs to inspire success for every student and bring communities together to learn, share and grow.

Our Mandate

The Provincial Mandate governs our general policies, service delivery and accountability structures. The Mandate is broad, and flexible enough providing the Board the ability to develop policies and programs that meet the legislated requirements of the School Act and are responsive to the local needs of our community. The Statement of Education Policy Order emphasizes that in preparing students as future citizens, schools assist in developing “well-educated people who have the ability to think clearly and critically, and to adapt to change. Progress towards these goals also depends on educated citizens who accept the tolerant and multi-faceted nature of Canadian society.”

Our Values

Our shared values set the tone for how we relate to one another in pursuing common goals. Our Values assist us in demonstrating consistent and fair leadership and guide us in working collaboratively and productively together to realize our Vision.

Trust

We act with integrity. We are open and honest in our communication with one another.

Respect

We relate to each other with care and appreciation. We honour diversity and recognize the exceptional in everyone.

Responsibility

We are accountable for our actions. We support positive change, continuous improvement and the pursuit of excellence.

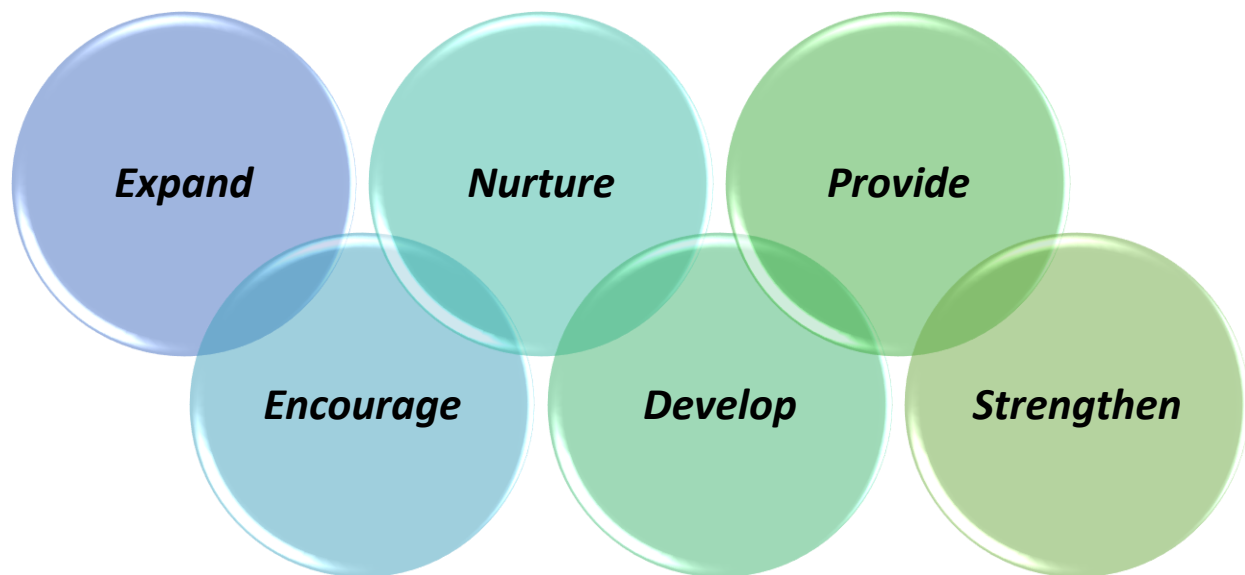
Collaboration

We develop relationships and affiliations to achieve shared goals and consider each other in our decisions and actions.



Ten Year Strategic Goals and Objectives

FY2019 is the first of three years encompassed within the Board's *Three-Year Operating Plan, 2019-2021*. This plan establishes interim objectives and strategies designed to meet the Board's six long-term goals identified in the School District's *Ten-Year Strategic Plan*. These six long-term goals, established through an extensive process of consultation, brought together our partner groups and community members, combined our strengths, and provided the framework to promote an integrated, organizational-wide approach to realize the Board's Vision. Our financial discussion and analysis is framed within the context of this Vision, aligning these objectives throughout all areas of the organization.



Expand	<i>the availability of best instructional practices and enriched curriculum</i>
Encourage	<i>collaborative, adaptive and personalized learning environments</i>
Nurture	<i>an inspiring and healthy work environment</i>
Develop	<i>and promote innovative and sustainable programs</i>
Provide	<i>leadership in environmental education and sustainability practices</i>
Strengthen	<i>and expand reciprocal community relations</i>

School District Funding



The School District is funded primarily through the Operating Grant received from the Provincial Ministry of Education. The Operating Grant is based on student enrolment, confirmed in a provincial process called 1701 in September, February, and July. The District receives a fixed amount per full-time enrolled student (FTE). For each identified student with unique needs, the District receives a supplementary grant on top of the basic per-pupil grant which provides additional financial resources required to ensure schools can respond to the needs of diverse learners.

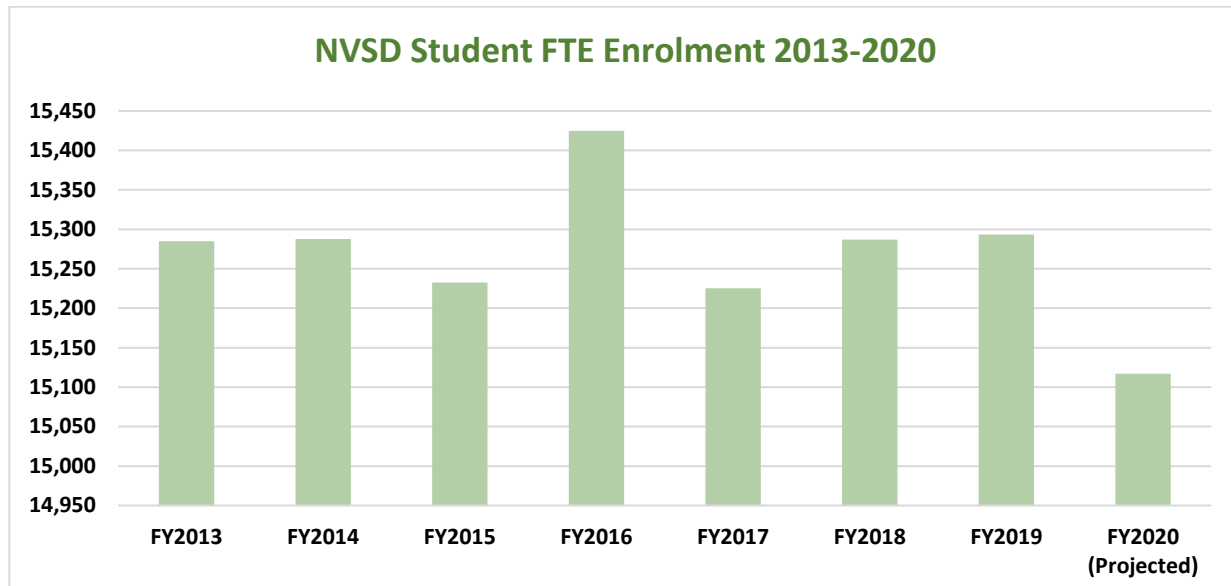
Fluctuations in Student Enrolment

In grades Kindergarten through nine, one student equates to one FTE. At the secondary level, in grades ten through twelve, students are funded based on the percentage of full time enrolment. As a result, there is variation in funding for secondary students, as often they will take less than a full course load or seek learning opportunities and experiences outside of school to meet their credit requirements. This funding model for secondary can pose a significant challenge for the School District, and management considers the impact throughout the financial planning process.

Each year, the impact of fluctuating student enrolment has the potential to influence decisions regarding course offerings, required staffing levels, and predictions of future capacity requirements of the District's seven secondary and twenty-five elementary schools. In order to minimize uncertainty that accompanies estimates of student enrolment numbers, the District undertakes a comprehensive process to predict future trends. This process includes an analysis of population data, consideration of municipal development approvals and incorporates local knowledge to estimate elementary and secondary student enrolment for the coming budget year. The number of students enrolled directly impacts the number of staff needed. Staff salaries and



benefits make up close to 90% of School District expenditures, thus, a reliable estimate of student enrolment is crucial to the integrity of the operating budget. Student enrolment has experienced some variability over the previous five years; a slight decline is expected for FY20:



Restored Language Provisions

FY2019 continued with the previously restored class size and composition language requirements of the teachers' collective agreement. In order to respond to the impacts of the restored contract language, in FY2019, the Province continued Classroom Enhancement Funding (CEF). North Vancouver School District received a total of \$15,592,116 in CEF funds during this fiscal year. The majority of the funding was used to pay additional teaching staff required by the teachers' collective agreement and additional support staff resulting from local contract provisions. The chart below illustrates the distribution of staffing costs between regular operating and CEF funds.

	Operating Fund	CEF Fund	FY2019 Total FTE
Teachers	855.28	87.22	942.50
Administrators	81.50	0.40	81.90
Support Staff	232.58	2.33	234.91
Educational Assistants	328.19	90.00	418.19
Other Professionals	44.75	1.00	45.75
Total FTE	1,542.30	180.95	1,723.25

Staff recruitment and retention continues to pose a challenge for the North Vancouver School District, with competition for qualified teachers, administrators and support staff high among school districts across the region.

The Financial Planning Process



Annual Budget Development: The annual budget cycle begins with the Board’s endorsement of a process and timeline for budget adoption in December of each year. By February 15th, Management must submit to the Ministry, the expected student enrolment for the upcoming school year. Provincial operating grant funding estimates will be based on these initial student enrolment projections, and are released each March. Throughout the spring, a public consultation process is undertaken to identify budget priorities. Management incorporates those priorities into the preliminary operating budget as directed by the Board. By June 30th each year, the Board must adopt a budget for the upcoming school year. One additional requirement of the Board is to submit in February, an Amended Budget based on actual confirmed enrolment counts and Operating Grant revenues to the Ministry of Education.

Consolidated Statement of Financial Position

	FY2019	FY2018	\$ Change	% Change
Financial Assets				
Cash and Cash Equivalents	50,804,816	47,703,040	3,101,776	6.5%
Accounts Receivable				
Due from Province - Ministry of Education	3,069,828	162,389	2,907,439	1790.4%
Other	1,512,721	1,259,633	253,088	20.1%
Inventories for Resale	353,004	357,872	(4,868)	-1.4%
Total Financial Assets	55,740,369	49,482,934	6,257,435	12.6%
Liabilities				
Accounts Payable and Accrued Liabilities				
Due to Province - Ministry of Education	54,997	53,563	1,434	2.7%
Other	15,770,934	9,076,780	6,694,154	73.8%
Unearned Revenue	10,009,398	9,675,021	334,377	3.5%
Deferred Revenue	4,678,968	4,725,858	(46,890)	-1.0%
Deferred Capital Revenue	194,580,740	182,273,101	12,307,639	6.7%
Employee Future Benefits	7,516,625	7,231,899	284,726	3.9%
Capital Lease Obligations	544,708	720,320	(175,612)	-24.4%
Total Liabilities	233,156,370	213,756,542	19,399,828	9.1%
Net Financial Assets (Debt)	(177,416,001)	(164,273,608)	(13,142,393)	8.1%
Non-Financial Assets				
Tangible Capital Assets	288,599,693	274,090,179	14,509,514	5.3%
Prepaid Expenses	2,994,896	1,027,874	1,967,022	191.4%
Total Non-Financial Assets	291,594,589	275,118,053	16,476,536	6.0%
Accumulated Surplus (Deficit)	\$114,178,588	\$110,844,445	\$ 3,334,143	2.9%

Cash Holdings: School District funds are held in the Operating bank account, the school bank accounts, in the Provincial CDS Program, and at Blueshore Credit Union in an Investment certificate at a rate of 2.05% (FY2018 - 1.95%). The change in cash balances from FY2018 to FY2019 is mainly attributable to the increase in Accumulated Operating Surplus. See discussion on Accumulated Operating Surplus for additional information on this fund balance.

Allocation of cash at June 30, 2019 was as follows:

Investment Type	FY2019	FY2018
TD Canada Trust-Operating Accounts	28,346,616	19,714,161
Provincial CDS Program	19,970,868	25,549,122
BlueShore Financial	2,487,332	2,439,757
Total	\$50,804,816	\$47,703,040

Accounts Receivable: The most significant change in Accounts Receivable year over year is represented by a \$2.9M increase in the amount due from Province at year end. This increase relates to the timing of funding received in respect of capital construction projects. Expenditures were made by the School District on capital projects, and the Ministry funding was received in July 2019, subsequent to the fiscal year end.

Accounts Payable: Accounts payable were significantly higher this year over last resulting from the increased construction activities related to the District's capital projects. Amounts owed to vendors was approximately \$6M higher than last year at June 30th. This includes invoices received but not paid, lien holdbacks, and management's estimate of additional invoices yet to be received by the School District that relate to FY2019. Amounts owed to staff in respect of accrued vacation, overtime and other payroll liabilities were in line with those owed at prior year end.

Unearned Revenues: Unearned revenues represent amounts that have been collected by the School District in advance of providing the related programming. For the most part, these unearned revenues represent prepaid International Student Tuition Fees and prepaid Academy Program fees. They will be recognized and recorded as revenue over the course of the next fiscal year. FY2019 balance was \$334,377 higher than previous year, and management attributes this increase to starting the collection of Academy fees earlier in the year.

Deferred Revenues: Deferred Revenues represent amounts advanced on grant awards and unspent school generated funds, or unspent funds held in trust for the schools. These amounts will be recognized as revenue and spent in future years as the expenses are incurred. In FY2019, the balance of deferred revenue was approximately \$4.7 million, a negligible change from FY2018 deferred revenue balance of \$4.68M.

Deferred Revenues were made up of the following amounts:

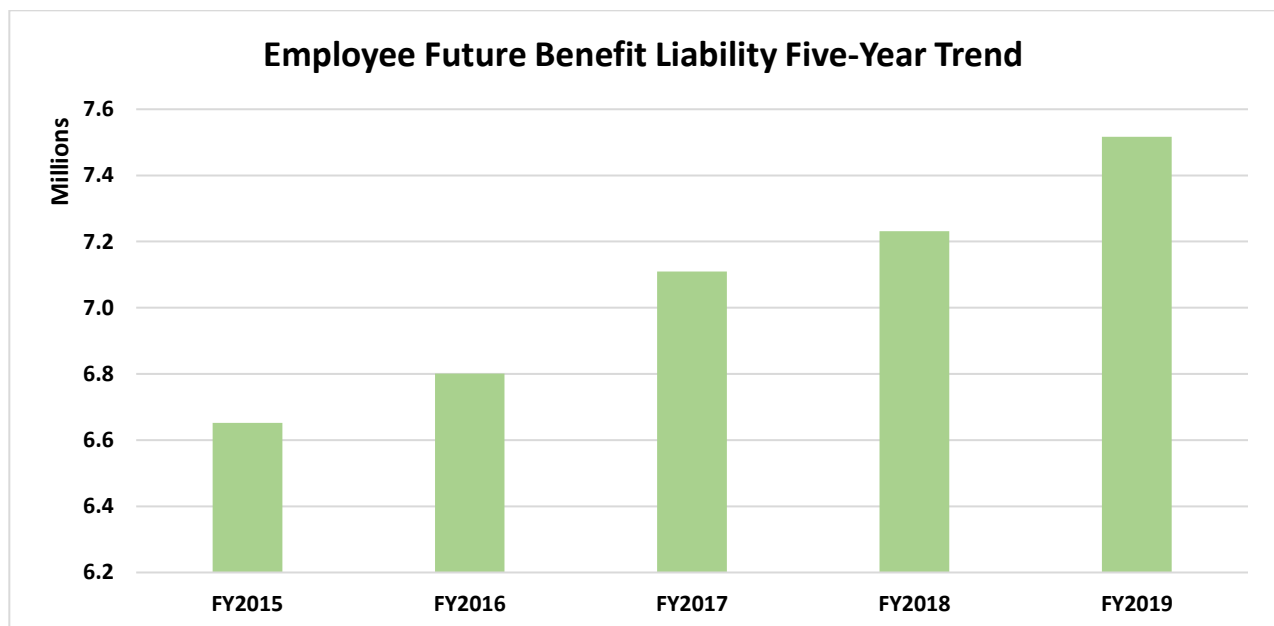
Description	FY2019	FY2018	Change
School Generated Funds	3,856,442	3,452,889	403,553
Coding and Curriculum Grant		83,287	(83,287)
Classroom Enhancement Funds	155,227	322,273	(167,046)
Carlisle Youth Inpatient Grant	106,633	330,786	(224,153)
Metro Regional Implementation	259,396	304,967	(45,571)
Mental Health Hub Grant	124,226	225,515	(101,289)
Other Miscellaneous Grants	177,044	6,141	170,903
Total Deferred Revenues	\$4,678,968	\$4,725,858	(\$46,890)

Deferred Capital Revenues: These revenues relate to grant funds received in prior years which have been spent on Capital Projects. As a requirement of Treasury Board Regulations, the grant revenue is not immediately recognized, instead, it is recorded as a deferred revenue liability. Over time, this liability is drawn down and converted to revenue over the expected life of the asset.

The balance in Deferred Capital Revenue increases each year by any new Provincial grant funding received, and is reduced each year by the annual recognition of capital grant revenue over the life of each capital project. The change in the Deferred Capital Revenue account balance is explained by the table below:

Deferred Capital Revenues	FY2019	FY2018	Change
Deferred Capital Revenue – Opening Balance	182,273,101	182,845,300	(572,199)
Additions – Funding Received in respect of Capital Projects	18,483,189	5,362,574	13,120,615
Current Year Recognition of Deferred Grant Revenue	(6,175,550)	(5,934,773)	(109,520)
Closing Deferred Revenue Balance	\$194,580,740	\$182,273,101	\$12,438,896

Employee Future Benefit Liability: This figure is provided annually to the School District by the Province using actuarial estimates. It measures the estimated future cost to the District to provide employee benefits such as retirement allowances, vacation and sick pay and maternity leave benefits. The annual increase is linear and predictable, suggesting that the cost of benefits increases over time as wages increase, and that the workforce is stable, accumulating additional seniority and benefit entitlements over time.



Capital Lease Obligation: During FY2018, the District entered into a long-term photocopier lease contract expiring November, 2023. The contract met the conditions of a capital lease. The amount owing on the lease at the end of FY2019 was \$544,708 (FY2018 \$720,320). Over the course of the year, the District made lease payments of \$212,507 which included \$36,895 in interest expense.

Tangible Capital Assets and Amortization Expense

Each year, the District undertakes capital work, either by way of upgrading and extending the useful life of its existing buildings, or the construction of new, replacement projects. The funds expended on these capital projects, as well as those spent on fleet and maintenance vehicles, furniture and equipment and computer hardware and software are capitalized as Tangible Capital Assets. The costs of these assets are recognized over their expected useful lives through a systematic recording of Amortization Expense. Furniture and equipment, fleet and maintenance vehicles, and computer hardware and software are all deemed to be disposed of at the end of their useful life, and the asset value, and its related accumulated amortization are removed from the asset register.

Estimated Useful Lives of Tangible Capital Assets:

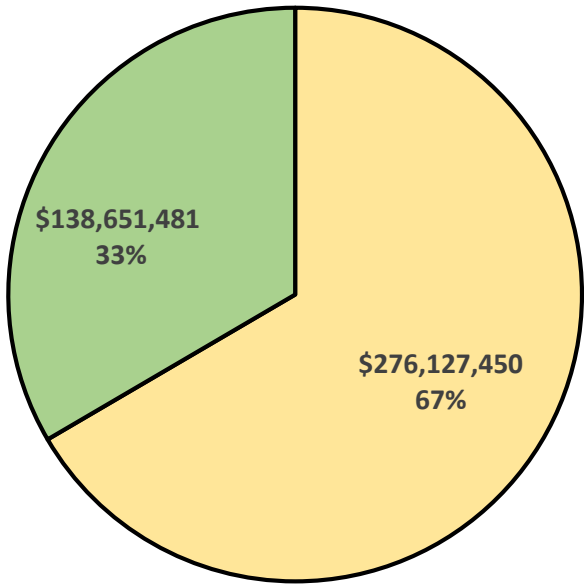
Buildings	• 40 years
Furniture and Equipment	• 10 years
Vehicles	• 10 years
Computer Hardware & Software	• 5 years
Assets under Capital Lease	• Term of the Lease

The School District's Tangible Capital Asset balances are recorded in the schedule below:

Tangible Capital Assets	Balance at June 30, 2018	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2019
Sites	12,472,243	\$ -	-	\$ -	12,472,243
Buildings	378,555,075	3,548,950	-	138,534	382,242,559
Buildings WIP	3,605,051	19,363,302	-	(138,534)	22,829,819
Furniture & Equipment	3,369,450	757,056	(213,759)	-	3,912,747
Vehicles	1,211,197	217,196	(116,988)	-	1,311,405
Computer Software	662,874	-	(341,941)	-	320,933
Computer Hardware	4,346,435	688,028	(872,995)	-	4,161,468
Total	\$ 404,222,325	\$ 24,574,532	\$ (1,545,683)	-	\$ 427,251,174

Accumulated Amortization:	June 30, 2018	Additions	Disposals	Balance at June 30, 2019
Sites	-	-	-	-
Buildings	126,607,270	8,605,091	-	135,212,361
Furniture & Equipment	1,180,908	336,945	(213,759)	1,304,094
Vehicles	414,602	121,120	(116,988)	418,734
Computer Software	391,887	132,575	(341,941)	182,521
Computer Hardware	1,537,479	869,287	(872,995)	1,533,771
Total	\$ 130,132,146	\$ 10,065,018	\$ (1,545,683)	\$ 138,651,481

NVSD-Amortized Tangible Capital Assets
(excludes land)



A high proportion of fully-amortized tangible capital assets may suggest an organization’s assets are nearing the end of their expected lives and additional investments in capital renewal and replacement should be considered.

■ Unamortized ■ Amortized



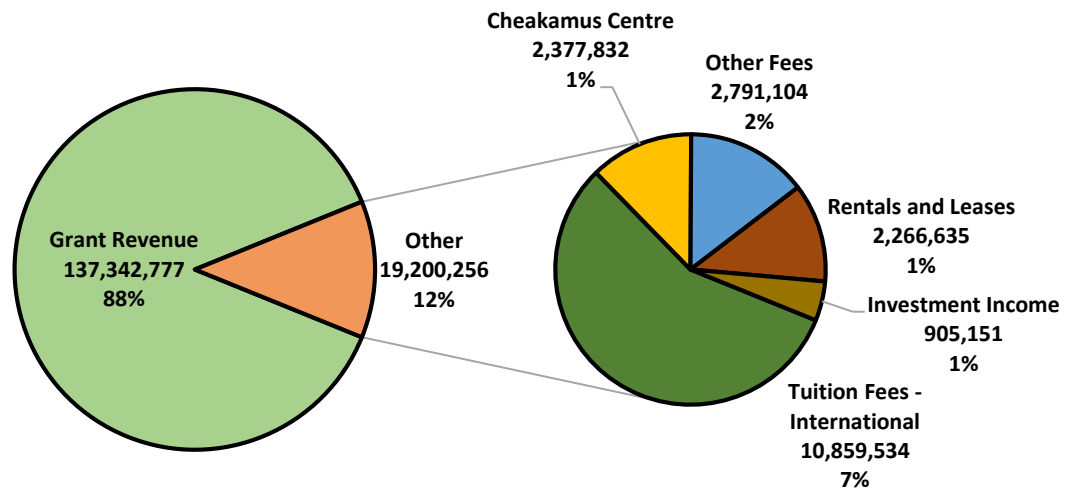
Prepaid Expenses: These include amounts paid in advance for services that will be delivered in a future period. Examples include insurance premiums and software licensing agreements. New in FY2019, prepaid expense items include \$2M of security deposits paid in cash to the District of North Vancouver in respect of the School District’s capital construction projects.

Statement of Operations (Operating Fund)

Revenue: The School District accounts for all general operating revenue and expenses in the Operating Fund. 88% of the School District's Operating revenue is received each year in the form of the per-pupil Operating Grant. Operating Revenues are summarized below:

	2019 BUDGET	2019 ACTUAL	Actual vs Budget		2018 ACTUAL
			Variance	%	
PROVINCIAL GRANTS - MINISTRY OF EDUCATION					
Operating Grant, Ministry of Education	\$133,297,955	\$133,449,509	\$ 151,554	0.11%	\$129,602,729
Other Ministry of Education Grants					
Pay Equity	2,966,047	2,966,047	-	0.00%	2,966,047
Funding for Graduated Adults	12,000	13,503	1,503	12.53%	16,452
Transportation Supplement	40,566	40,566	-	0.00%	40,566
Economic Stability Dividend		173,377	173,377		92,203
Return of Administrative Savings		0	-		665,252
Carbon Tax Grant	90,000	97,355	7,355	8.17%	113,861
Employer Health Tax		367,966			
Scorer / Marker	17,740	17,740	-	0.00%	17,740
Curriculum Implementation			-		
Skills Training Access & Support			-		17,079
Support Staff Benefits	104,118	104,118	-	0.00%	98,802
Support Building Capacity			-		52,000
Other Miscellaneous		70,850	70,850		
Total Provincial Grants - MOE	136,528,426	137,301,031	772,605	0.57%	133,682,731
PROVINCIAL GRANTS - OTHER	62,000	25,096	(36,904)	-59.52%	17,900
FEDERAL GRANTS	5,000	6,650	1,650	33.00%	5,000
TUITION					
Summer School Fees	133,125	141,125	8,000	6.01%	104,275
Offshore Tuition Fees	10,412,500	10,718,409	305,909	2.94%	10,907,871
Total Tuition	10,545,625	10,859,534	313,909	2.98%	11,012,146
OTHER REVENUE					
Miscellaneous					
Cheakamus Centre	2,538,616	2,377,832	(160,784)	-6.33%	2,218,161
District Miscellaneous	367,000	501,576	134,576	36.67%	244,343
Band & Strings	607,953	607,383	(570)	-0.09%	588,820
Recoveries and Donations	94,500	349,360	254,860	269.69%	340,006
School Miscellaneous	75,000	86,756	11,756	15.67%	334,559
Artists for Kids	353,300	251,704	(101,596)	-28.76%	283,851
Academy Fees	984,000	1,004,325	20,325	2.07%	1,120,206
Total Other Revenue	5,020,369	5,178,936	158,567	3.16%	5,129,946
RENTALS AND LEASES	2,094,323	2,266,635	172,312	8.23%	2,132,489
INVESTMENT INCOME	701,300	905,151	203,851	29.07%	694,762
TOTAL OPERATING REVENUE	\$154,957,043	\$156,543,033	\$ 1,585,990	1.02%	\$152,674,974

Sources of Revenue FY2019



The most significant source of School District Revenue, aside from Provincial Operating Grants, comes from International Tuition Fees which accounted for approximately 7% of operating revenue in FY2019. Cheakamus Centre, Rentals and Leases, Programs of Choice and Other Miscellaneous Revenues account for approximately 4% of Operating Revenue, and the remainder, less than 1% is earned through investment income.

Analysis of Changes in Operating Revenue:

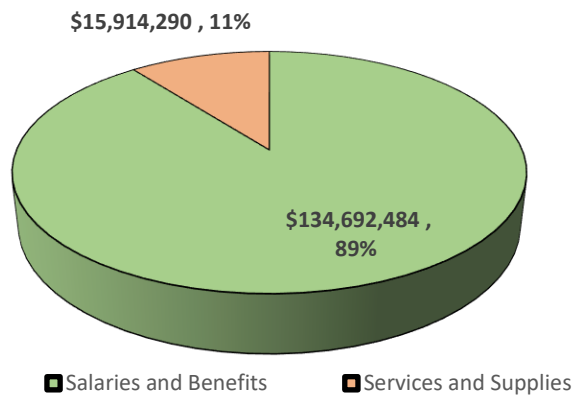
Revenue	Changes – Current year Budget to Actual	Changes FY2018 to FY2019
Provincial Grants (MOE)	Current year Operating Grant Revenue in line with expectations based on 1701 enrolment count. Small fluctuations result in February and May from changes to enrolment in Distributed Learning.	Year over year increase results from increase of \$122 per student to the per-pupil grant (\$7,301 FY2018 to \$7,423 in FY2019). Higher number of designated students in FY2019 resulted in approx. \$900K more to the supplemental grant.
International Tuition Fees	Exceeded current year expected revenues by approximately \$300K. North Vancouver School District experiencing continued strong demand as a preferred District for International Students. Higher than budgeted (\$8K) summer school fees received from International registrations.	Current year planned international student admissions were restored to 650 FTE after being reduced by 25 in prior year to create flexibility for restored contract language provisions.
Other Revenues	Cheakamus Centre revenues slightly lower than budget, (\$160K) Some private rentals did not materialize as was expected. Unbudgeted revenue approx. \$75,000 received from disposition of fleet vehicles.	Academy revenue year over year dropped by approximately \$100K. Attribute this reduction to the perceived high cost of programs. School Miscellaneous down by approximately \$248K as a result of

Revenue	Changes – Current year Budget to Actual	Changes FY2018 to FY2019
	Some anticipated AFK donations were not received.	Student Learning Grant Funds, one time grant spent in 2018, not available in 2019.
Investment Income	Investment Revenue exceeded budget estimate due to increasing interest rate environment, and slower than expected use of cash reserves for capital projects. As well, a conservative approach to estimating investment income has been maintained.	Additional investment revenues as increasing interest rate environment from FY 2018.

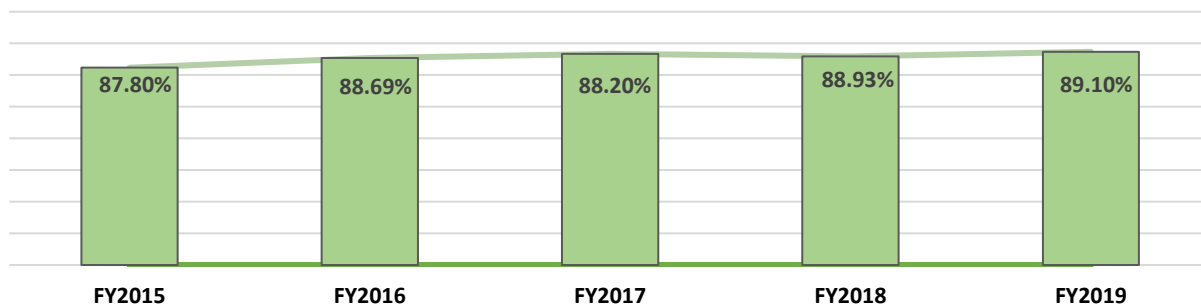
Salaries and Benefits Expenses

During FY2019, staff Salaries and Benefits made up 89.4% of the Operating Budget. In FY2018, this number was 89.1%. A review of the previous five years of expenditures on Salaries and Benefits shows consistent annual expenditures in the range of 87-89% of total operating expenses.

Salaries and Benefits as a Proportion of Total Operating Budget FY2019



Five Year Salaries & Benefits trend as a proportion of total Operating Expenses:



Average Teacher Salary for FY2019 was \$79,000 (FY2018 \$77,300) and benefit cost as a proportion of annual salary estimate was 25.14% (FY2018 26.31%).

Operating Fund Expenses	2019 BUDGET	2019 ACTUAL	Actual vs Budget VARIANCE %		2018 ACTUAL
SALARIES AND BENEFITS					
Teachers	\$ 67,467,891	\$ 65,464,889	\$ (2,003,002)	-2.97%	\$ 65,008,622
Principals and Vice Principals	9,911,417	9,863,456	(47,961)	-0.48%	9,519,308
Educational Assistants	12,902,461	12,674,667	(227,794)	-1.77%	12,779,955
Support Staff	11,918,264	11,121,985	(796,279)	-6.68%	11,123,371
Other Professionals	3,964,112	3,891,897	(72,215)	-1.82%	3,754,613
Substitutes	3,707,510	5,288,690	1,581,180	42.65%	4,290,006
	109,871,655	108,305,584	(1,566,071)	-1.43%	106,475,875
EMPLOYEE BENEFITS	26,398,306	26,386,900	(11,406)	-0.04%	25,369,082
TOTAL SALARIES AND BENEFITS	\$ 136,269,961	\$ 134,692,484	\$ (1,577,477)	-1.16%	\$ 131,844,957

Variance Analysis of Salary Expense: Operating Fund expenditures do not capture any additional staffing or classroom space costs resulting from the restoration of Class size and Composition language. All of these additional expenses have been recorded as expenditures within the Special Purpose Fund. See discussion section within Special Purpose Fund on CEF Staffing grant and CEF Overhead grant for further information.

Teacher Salaries:

Actual teacher salaries were approximately \$2M lower than budgeted, and in line with prior year expenses. The School District typically is underspent in this salary category as the budget includes provision for 10 District On-Call (DOC) Teachers to backfill illness or other absences. As these DOC salaries are paid, they are charged to the Substitutes line item. Typically, the Substitutes category is overspent by a similar amount, effectively offsetting the underspent amount in Teacher Salaries.

Principals and Vice Principals:

Current year salary and benefit expenses for this salary group are in line with budget expectations.

Educational Assistants:

The impact of the restored contract language required the School District to hire an additional 90 EA's. These significant efforts to hire EA's has resulted in a severe shortage of qualified EA's throughout the District. Over the course of the year, several EA positions, or partial EA assignments went unfilled, despite best efforts by the School District to hire. This shortage of qualified staff has led to a lower than budgeted expenditure on EA Salaries and Benefits (less than budget by approximately \$228,000, and lower than FY2018 by more than \$100,000). As many of the School District expenditures on EA's are a result of restored language provisions, a significant portion of EA salary expense is recorded in the Special Purpose Fund (see discussion regarding CEF staffing expenditures for further information).

Support Staff:

Variance from budget expectations (lower by almost \$800K) results mainly from several short-term vacancies in support positions throughout the School District over the course of the year. Additionally, there were two Trades positions within the Facilities Department that were not filled due to a lack of qualified applicants. There were no significant changes from year to year in support staff salaries.

Other Professionals:

This group of employees are the exempt staff and Trustees. Current year salary expenses for this group were in line with budget expectation, actual expenditures were lower than budget by approximately \$72,000. For short periods throughout the year, some exempt positions were temporarily unfilled.

Substitutes:

There is typically a large overspend in the Substitutes category, and actual FY2019 expenditures were in line with expectations, (see discussion re: Teachers above). In FY2018, aggressive teacher recruitment efforts by BC School Districts as a result of restored contract language created an acute shortage of TTOC's everywhere. This shortage reduced the District's ability to replace discretionary teacher absences, the focus of TTOC utilization was on the replacement of full-time enrolling Teachers absent due to illness. This year, the situation improved somewhat, and as a result, current year expenditures on Substitutes was approximately \$1M higher than last year.

Supplies and Services Expenses

Operating Fund Expenses	2019	2019	Actual vs Budget		2018
	BUDGET	ACTUAL	\$ Variance	%	ACTUAL
SERVICES AND SUPPLIES					
Services	8,524,283	8,861,147	336,864	3.95%	8,493,831
Student Transportation	91,000	78,485	(12,515)	-13.75%	52,860
Professional Development and Trave	828,988	926,298	97,310	11.74%	862,068
Rentals and Leases	31,000	34,485	3,485	11.24%	31,632
Dues and Fees	58,100	57,669	(431)	-0.74%	56,648
Insurance	432,200	327,453	(104,747)	-24.24%	349,626
Supplies	3,665,118	3,086,163	(578,955)	-15.80%	3,677,097
Utilities	2,875,221	2,542,590	(332,631)	-11.57%	2,613,006
TOTAL SERVICES AND SUPPLIES	\$ 16,505,910	\$ 15,914,290	\$ (591,620)	-3.58%	\$ 16,136,768

Variance Analysis of Operating Expense by Object: The expenses recorded within the operating fund include the baseline operations of the School District. Those additional expenses resulting from the restoration of class size and composition contract language are accounted for within the Special Purpose Fund. See discussion topic under Classroom Enhancement Fund.

Services Expenses:

As expected, actual expenses vary from budget in several Service categories throughout the District. Typically, these variances, both over and under combine to bring actual expenditures in line with Budget. In FY2019, Services expenses were approximately \$337,000 over budget. This level of expenditure on services exceeded expenses in this category in FY2018 by approximately \$370,000. Some of the contributing factors to this included:

- **International Student Expenses**

Commissions paid - *Impact to expenses: \$112,111 Increase from Budget*

Health Premiums paid - *Impact to expenses: \$103,327 Increase from Budget*

Increased international student revenue, (\$1,000,000 increase in FY2019 over 2018) resulting from additional International Students attending the School District resulted in additional expenses related to their recruitment costs, and obtaining health insurance coverage.

- **Arborist Services**

Impact to expenses: \$98,566 Increase from Budget

During FY2019, A significant effort was made to identify and remove dangerous trees throughout the School District.

Professional Fees

- *Impact to expenses: \$200,113 Increase from Budget*

Over the course of the FY2019, the School District incurred unexpected consulting fees for professional services related to several leases and legal agreements that were reviewed or renewed during the year. Professional advice relating to the capital procurement process was also sought in order to ensure a successful tender and bid award process for several school capital projects.

Student Transportation:

Increased Budget from FY2018-Impact to Budgeted Expenses \$38,140 Increase

- In FY2018 and prior, all fuel and fleet maintenance expenses related to the School District's busses were charged to the facilities department. In FY2019, a reallocation of fuel and maintenance expenses were charged to the Student Transportation budget line item.

Insurance:

Impact to Expenses \$96,918

- Budgeted Insurance services are provided by the Province of BC. In FY2019, insurance costs were \$96,918 lower than budget, and \$22,173 lower than FY2018. In prior years, coverage for the Cheakamus Centre was obtained separately. In FY2019, Cheakamus Centre was covered under the general School District policy at no additional cost, resulting in an estimated savings of \$30,000.

Supplies:

FY2019 Expenses lower than FY2018 by \$590,934

- FY2018 included one time non-reoccurring expenses funded by the Student Learning Grant. Grant Funds spent in 2018 were approximately \$482,000. Several other small savings in various budget categories across District Departments were experienced throughout the year in the supplies category, including contracted facilities expenses which were charged to the services budget, and contribute to the over-expenditures within this class of expenses.

Utilities:

FY2019 Expenses lower than budget by \$332,631

- Actual expenditures on Fortis Natural Gas were \$79,730 lower than FY2019 budget because of the conservation initiatives followed by the School District in the fall in response to the ruptured Enbridge pipeline.
- Next Generation Network – expenses paid to the Province to maintain the Network were \$106,362 lower than estimated.
- Savings on the waste removal contract expenditures were \$25,348 lower than anticipated.
- Actual expenditures on electricity as a result of conservation efforts were \$76,815 lower than FY2019 Budget.



Accumulated Operating Surplus

The Provincial Financial Health Working Group recommended that Boards of Education implement a use of Surplus Policy. In May 2018, the Board of Education adopted Policy No. 710, *Accumulated Operating Surplus*. This policy commits the Board to undertake a thorough annual review of the Accumulated Operating Surplus balance, and clearly identify specific appropriations each year.

At the end of FY2019, the annual operating surplus was \$3,241,568 higher than anticipated, resulting in the following variances from budget:

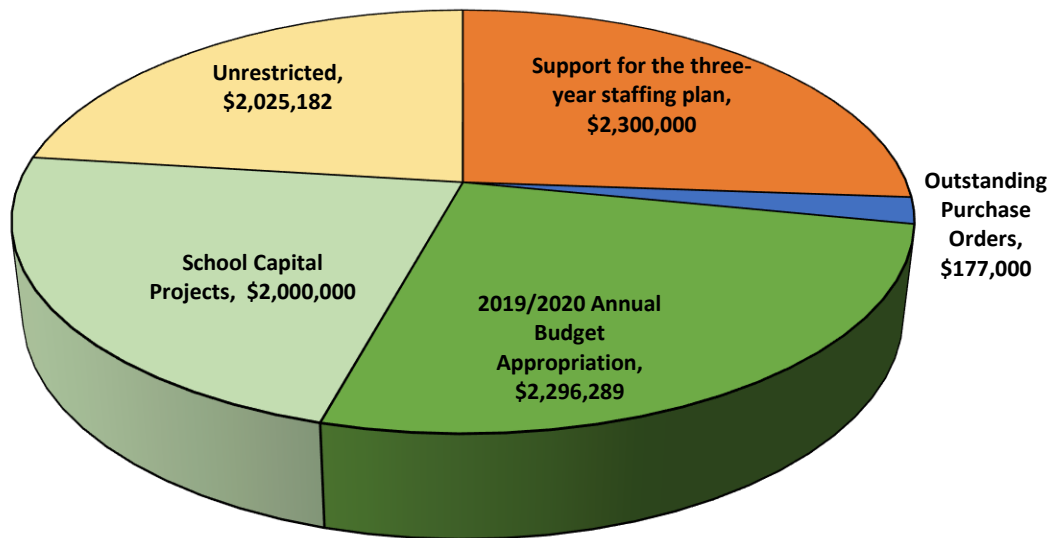
	FY2019 Amended Budget	FY2019 Actual	Variance From Budget favourable/ (unfavourable)	FY2018 Actual
Total Operating Revenue	154,957,043	156,543,033	1,585,990	152,674,974
Total Operating Expenses	(152,775,871)	(150,606,774)	2,169,097	(147,981,725)
Acquisition of Capital Assets with Operating Funds	(6,643,000)	(7,156,519)	(513,519)	(836,845)
Change in Accumulated Operating Surplus	(4,461,828)	(1,220,260)	3,241,568	3,856,404
Accumulated Operating Surplus:				
Opening Fund Balance July 1, 2018	10,018,731	10,018,731		6,162,327
Add: Current year change	(4,461,828)	(1,220,260)	3,241,568	3,856,404
Closing Fund Balance June 30, 2019	\$ 5,556,903	\$ 8,798,471	\$ 3,241,568	\$ 10,018,731

The Accumulated Operating Surplus Fund represents a source of funding that the Board may draw from to balance future operating budgets, pay for non-recurring extraordinary expenses, use as a source of working capital, and create resiliency to address unusual events.



Allocation of Accumulated Operating Surplus \$8,798,471

Management recommends appropriations of Accumulated Operating Surplus to fund District initiatives which support the Board's Budget Priorities and Strategic Objectives. Recommendations to the Board were provided to support the following internal restrictions upon Accumulated Operating Surplus:



Category	Amount	Purpose
Support for the three-year staffing plan	2,300,000	Management recommends this amount be set aside to fund staffing costs identified in the three year staffing plan.
Outstanding Purchase Orders	177,000	Outstanding Purchase Orders at June 30 th , 2019.
2019/2020 Annual Budget Appropriation	2,296,289	Appropriated in 2019/2020 Annual Budget
School Capital Projects	2,000,000	Management recommends this amount be set aside to fund future school capital projects
Unrestricted	2,025,182	Policy 710, Accumulated Operating Surplus recommends that unrestricted operating surplus be in the range of 2%-4% of Operating Expenses. (FY2019 = 1.34%)
TOTAL	\$8,798,471	Accumulated Operating Surplus Balance June 30th, 2019

Special Purpose Fund

The Special Purpose Fund consists of restricted grant and other funding subject to a legislative or contractual restriction on its use. These revenues are deferred until the relevant expenditures are incurred. The School District incurred the following expenditures in FY2019 year as related to significant Special Purpose grants:

Grant	Source	FY2019		Discussion
		Amount Received	Amount Expended	
Annual Facility Grant (Operating portion)	Ministry of Education	626,273	626,273	Please see discussion in the <i>Capital Projects</i> section under “Annual Facility Grant (AFG) Funding”
Learning Improvement Fund (LIF)	Ministry of Education	506,353	506,353	Funding used specifically to augment Educational Assistants’ hours providing additional support to complex learners.
StrongStart	Ministry of Education	224,000	224,000	NVSD Strong Start early learning centres provide school-based, drop-in programs for children aged birth to five and their parents or caregivers. Seven centres are operated at elementary schools throughout the District.
Ready, Set, Learn (RSL)	Ministry of Education	61,250	61,250	Eligible RSL events for 3 to 5 year olds and their parents are hosted to support early learning and facilitate a smooth transition to Kindergarten
Official Languages in Education French Programs (OLEP)	Ministry of Education	268,463	268,463	Funding for core French-language programs and curriculum resources.
CommunityLINK	Ministry of Education	1,098,847	1,098,847	Funding for programs and initiatives to improve the education performance of vulnerable students, including both academic achievement and social functioning.
Coding and Curriculum Implementation	Ministry of Education	83,287-	83,287	Funding in the amount of \$117,327 was received in FY2017 for a Ministry-led initiative to train teachers and facilitate the implementation of coding modules in schools under the new curriculum.
ERAC Funding	ERAC	170,903	-	Funding in the amount of \$170,903 was received in FY2019 to hold in trust until the new procurement entity was operational. Funds will be paid to the new entity in July, 2019.

Grant	Source	FY2019		Discussion
		Amount Received	Amount Expended	
Classroom Enhancement Fund (CEF) – Overhead	Ministry of Education	5,317,326	5,317,326	Eligible expenses included overhead staffing and equipment costs resulting from restoration of class size and composition language. Further discussion provided below.
Classroom Enhancement Fund (CEF) – Staffing	Ministry of Education	8,928,648	8,928,648	Eligible expenses included teacher staffing resulting from restoration of class size and composition language. Further discussion provided below.
Classroom Enhancement Fund (CEF) - Remedies	Ministry of Education	1,894,259	1,739,032	Funding received to pay for the cost of Remedies owed to Teachers where contract language cannot be met.
Carlile Youth Inpatient Unit	Ministry of Education	330,786	224,154	Funding for staffing and supplies required to operate an educational support program for youth aged 13 to 18 years struggling with mental health challenges and substance abuse issues. The Program is open to youth throughout the Vancouver Coastal Health Region, and is delivered at an inpatient centre at Lions Gate Hospital.
Education & Mental Health Hub	Ministry of Mental Health and Addictions	225,515	101,288	Funding to support an innovative two-year School District initiative to expand classroom-to-community mental health and addictions connections in the School District.
Violence Prevention	City of North Vancouver	20,000	20,000	Funding to support various School District initiatives to address violence in the community.
School Generated Funds	Funds held on behalf of schools	11,628,758	7,772,316	Funds collected at schools for student programs. All revenue is deferred and recognized as revenue when spent.
Cheakamus Fund	Funds held on behalf of Cheakamus Centre	6,141	-	Funds held on behalf of Cheakamus Special Projects
Metro Regional Implementation	Funds held on behalf of other SD's to be used to host Professional Development for Educators	356,568	97,172	These are funds held on behalf of several regional school districts and are used to support professional development seminars and collaboration among school district administrators.

Classroom Enhancement Funding

In FY2019, the School District received \$8,928,648 in CEF funds for Teacher Staffing. These funds were used to support the additional Teacher staffing required as a result of reinstatement of Class Size and Composition language. An additional \$5,317,326 was received in CEF (Overhead) Funds. Of this, \$4,996,711 was used to pay for the additional EA and support staff required to meet the restored contract provisions, and \$320,615 was spent on supplies and furniture needed to equip the additional classroom divisions.

CEF Remedy Funding

In certain cases, despite best efforts, the School District is unable to meet the contract requirements of the Collective Agreement. In such cases, Remedy is payable to Teachers. In FY2019, the school District had the following funding and expenses related to remedy:

Remedy Expense Summary, FY2019

Unpaid 2017/18 Remedy Expense grant funds received	448,119
2018/19 Remedy Grant received	<u>1,446,140</u>
Total Remedy Grant Funds received	1,894,259
2017/18 Unpaid Remedy recognized as Expense	(448,119)
2018/19 Remedy expense	<u>(1,290,894)</u>
Total Remedy Expense FY2019	(1,739,013)
Unspent, Deferred Revenue Balance	<u>\$155,246</u>

Major Capital Projects

Seismic Replacement Projects



Argyle Secondary School: Originally approved by the Province with an estimated capital cost of \$41M, the project budget has been increased to \$53.5M. This project includes a new seismic replacement school designed to meet today's standards for safety, accessibility and modern learning. It is being built on the existing playing fields and will have the capacity to accommodate 1,200 grade 8 to 12 students, and includes a Neighbourhood Learning Centre component that provides community access to the facility. Once construction is complete, the

students will move to the new school and the existing buildings will be demolished and turned into new playing fields. Anticipated occupancy is set for September of 2020. During the year, the School District spent \$16,772,413 on construction. Total project costs to date are \$19,844,598.

Handsworth Secondary: The Ministry has provided \$62.3 million to replace the 58-year-old school with a brand-new, seismically safe facility. The project expands Handsworth's capacity by 200 spaces to 1,400 to meet a growing student population. The new school will be built on the west side of the property. Once completed, the current building will be demolished and replaced with a new grass field. Schematic Design is nearing completion and the project will be tendered in the fall of 2019. Construction is expected to take approximately eighteen months with occupancy expected in September, 2021. In FY2019, \$1,288,959 was spent. Project costs to date are \$1,540,541.



Mountainside is the final site that requires seismic upgrading. Completion of this project will complete the District's seismic upgrade program.

Mountainside Secondary: A \$17,429,328 Capital Project was funded by the Ministry during the fiscal year. The project will seismically upgrade the facility while still functioning as an operating school. During the course of the year, \$742,000 was spent. In total, \$817,000 has been spent to date. A Construction Manager contract was awarded during the year to a contractor to undertake the project. The project is expected to be completed in 2021.

Annual Facility Grant (AFG) Funding

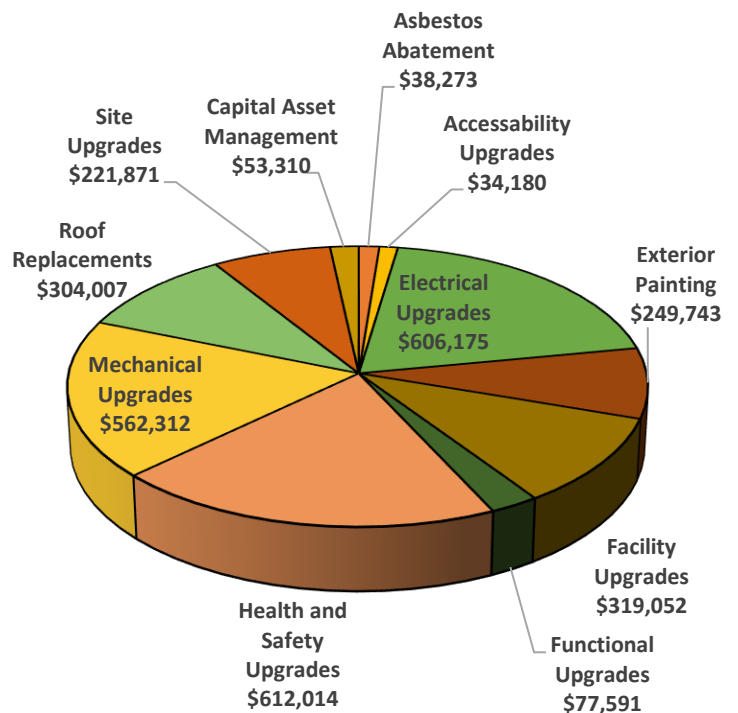
In FY2019, the North Vancouver School District received \$3,058,257 in AFG funding. These funds are used throughout District schools to address ongoing maintenance and improvement needs

Eligible Uses of AFG Funds:

- Roof Replacements and Major Repairs
- Mechanical System Upgrade and Repair
- Electrical System Upgrade and Repair
- Facility Upgrades
- Loss Prevention-Fire and Security Alarms
- Technology Infrastructure Upgrades
- Site Upgrades
- Disabled Access
- Asbestos Abatement
- Health and Safety Upgrades
- Site Servicing



Use of AFG Funds FY 2019 \$3,078,527



A Board of Education is responsible for managing its annual facility grant funds to enable any emergent health and safety expenditures to be addressed within a fiscal year

School Enhancement Program

The School District was provided with \$1,746,456 in funding from the School Enhancement Program in FY2019. Eligible capital projects for this grant include:

- Electrical upgrades (power supply, distribution systems)
- Energy upgrades (LED lighting, high-efficiency boilers)
- Health and Safety upgrades (fire systems, indoor air quality)
- Mechanical upgrades (heating, ventilation, plumbing)
- Building Enclosure upgrades (roofing, exterior walls, windows)
- Washroom upgrades
- Flooring upgrades

The School District is using these funds to upgrade building envelope and window replacements at Eastview and Capilano Elementary schools. The projects were underway at June 30, with the majority of the work to take place over July and August 2019.



Carbon Neutral Capital Program Funds

The School District was provided with \$443,560 in Carbon Neutral Capital Program funds. The CNCP is a \$5 Million/year annual program that is available to provide specific funding to energy-efficiency projects that lower school districts' carbon emissions. The funds were used to upgrade the boiler system at Capilano Elementary.

Local Capital Fund

The School District has \$10,967,907 in Local Capital Reserve funds. The Local Capital funds are used to pay for Capital asset acquisitions, debt repayment on the capital lease and act as a source of funding to pay for asset renewal and maintenance for School District Assets not otherwise funded by other Provincial programs such as AFG or SEP grants. The activity in the Local Capital Reserve can be explained in the table below:

Local Capital Fund Analysis	FY2019	FY2018
Opening Balance	6,134,787	6,027,769
Investment Income Earned	126,043	110,166
Transfers in from Surplus:	6,504,095	
New Capital Asset Acquisitions	(1,584,511)	103,105
Capital Lease Principal & Interest Payments	(212,507)	(106,253)
Closing Balance June 30	\$ 10,967,907	\$ 6,134,787

Funds in the Local Capital Reserve are earmarked for the following projects:

Argyle Capital Equipment	1,050,000
Argyle Construction	7,465,000
Cheakamus Centre	303,483
Computer Sustainability Plan	455,000
Classroom Technology Plan	400,000
Energy Project	151,215
Queen Mary Portable Classroom	220,000
Asset Renewal and Replacement	923,209
Total Local Capital Reserve	\$10,967,907

Future Considerations – Risks and Opportunities



Recruitment and Retention

School Districts across the Province are continuing to face significant challenges in the recruitment and retention of qualified staff. Reinstatement of the class size and composition language of Collective Agreements continues to create additional demand for qualified Teachers and support staff. In North Vancouver, the impact of this recruitment pressure is further exacerbated by the high cost of housing and long commute times due to ever increasing traffic congestion.

In FY2019, as a means to proactively address the difficult staff recruitment and retention issues, the School District entered into negotiations with Darwin Properties to include 450 units of below-market rental housing for NVSD staff as part of the developer's Innovations District development proposal. The developer is working to move the proposal through the North Vancouver District's approval process. The proposed housing initiative, if approved, would likely be a successful recruitment strategy, as evidenced by a follow-up Employee Engagement survey undertaken in FY2019, where 30% of School District employees reported negative impacts resulting from long commutes to work. Additional initiatives supported by the 2019 and future years' financial plans include the use of surplus funds to respond to the professional development needs of Teachers, and further contribute to North Vancouver School District's reputation as an "Employer of Choice."

Funding Formula Review

School Districts have significant fixed costs. These include maintenance and operations of facilities, class size and composition staffing requirements and administrative functions to support School District operations. As a result, Districts are reliant on a stable, predictable funding stream, in order to ensure consistent delivery of services from year to year across the District.

The Province continues to review the Operating Fund Formula. In the Fall of 2018, the Funding Model Review Panel issued a report that identified



three main themes that should to be addressed in any future adjustments to the Funding Formula. These include:

- Equity – That the funding model should provide equity of educational opportunities
- Accountability – That the funding model should support improved student outcomes by ensuring accountability for use of funds through the development of a reporting framework.
- Financial Management – That the funding model should demonstrate sound financial planning and reporting, to ensure that resources are used to support student outcomes.

The Ministry of Education is still considering the impacts of changes it may make to the funding model. Throughout this process, the Ministry has clearly articulated that the Funding Model Review will not result in any new injections of cash into BC's public education system. Changes, if any, will result in a reallocation of existing funds, which implies that some Boards will gain additional funding, while others lose. The Provincial Government has not announced any decisions.

Employer Health Tax

The new Employer Health Tax (EHT) was implemented January 1, 2019. It replaces the Medical Services Plan Premiums which will be fully phased out effective December 31 of this year. This new payroll tax is expected to have the following financial impacts during the transition period:

Fiscal Year	Total Salaries*	MSP Expense	EHT Expense	Total MSP & EHT Expense	\$ Increase from Base Year
2017/18 –Actual (Base Year)	117,225,321	1,628,089	-	1,628,089	-
2018/19 – Actual	122,722,884	1,036,429	1,444,039	2,480,468	852,379
2019/20 - Projected	124,441,004	518,215	2,426,600	2,944,814	1,316,725
2020/21 - Projected	126,183,178	-	2,460,572	2,460,572	832,483

* Assumes salary increases of 1.4% per year.

Once the MSP is fully repealed, beginning in FY 2021, it is estimated that the EHT will add approximately \$832,483 annually in ongoing additional salary benefit costs. In FY2019, as a means to mitigate the added costs of the implementation of this new payroll tax, the Ministry of Education provided new grant funding in the amount of \$367,966 to help offset costs.

International Education

The School District relies to some extent on International student enrolment to supplement Operating Grant revenue. Global economic conditions are the single largest factor which impact international student demand for spaces in North Vancouver schools. The District does not anticipate any events which will negatively impact this revenue over the course of the next fiscal year.

As a means to promote a rich, diverse international student program and mitigate against local economic downturns in any given geographical area, the District actively adopts a recruitment strategy whereby one third of the students come from each of Asia, Europe, and Central and South America. During FY2018, the District adopted a conservative approach, reducing slightly the number of anticipated international students as a means to preserve flexibility within the District to create the new classroom spaces required by class size and composition language reinstatement. For FY2019 and the number of International students was increased, adding to a rich cultural diversity within the School District.



Technology Requirements



To provide education within a 21st century learning environment, The Board will be required to commit significant financial resources. The demand for technology hardware, software, and system utilization continues to grow exponentially. In the absence of a dedicated funding stream to support technology infrastructure and its implementation, finding the means to provide the required services and ensuring that information is secure and protected is an ongoing challenge for the School District. The School

District will undertake a review of its IT infrastructure assets, systems and processes in FY2020. Development of a District Technology Plan will begin next year to support the framework for enhancing

student learning and establish a baseline requirement for elementary and secondary classrooms. \$400,000 has been earmarked within the local capital fund to support these ongoing future required technology investments.

Collective Bargaining Process

Both the Teachers' Local Collective Agreement and the CUPE Support Staff Collective Agreement expired on June 30, 2019. CUPE local bargaining continues with the parties negotiating towards an agreement under the terms of the Provincial Framework Agreement. Teacher bargaining continues at the Provincial level where all financial matters between the parties are negotiated.

Conclusion

As was the case with many School Districts around the Province this year, the implications of the restoration of the Class Size and Composition Language was evident in all aspects of School District Operations throughout the year. With Provincial support through the Classroom Enhancement Fund, the School District was able to respond to the challenges presented by the restored language.

We continue to maintain an accumulated operating surplus that provides the Board an opportunity to set aside funding to make investments in our educational assets. Our Board can be assured that these assets, infrastructure and systems will continue to provide our learners, staff and the wider community with opportunity and services to enhance the educational experiences of our students, and provide continuity of program delivery now and over the next three years.



Schedule B.3.....
of the
Administrative Memorandum

Meeting Date: September 24, 2019

☒ **Board**

☐ **Board, in camera**

Topic (as per the Memorandum): **Climate Change**

Narration:

Trustee Gerlach will speak to the following motion regarding educating our community on climate change and the impact it has on our environment.

RECOMMENDED MOTION:

that North Vancouver School District declare a climate emergency and support our students in their endeavours in educating our community on climate change and the impact it has on our environment. (Amendment) and that the Board of Education direct the Superintendent to develop a measurable plan to reduce further our carbon footprint as a school district and that this plan be reviewed every calendar year; and that the Board of Education direct the Superintendent to reach out to both North Vancouver District and City of North Vancouver about developing a task force where we jointly can work together to reduce our carbon footprint.

RATIONALE:

Students are often at the forefront of social movements and it is recognized internationally that we have a climate emergency. At the September Public Board Meeting, students and teachers asked us to pass a motion declaring a Climate Emergency. We must do our part in educating students and our community about the effects of climate change and support our students and teachers in this cause. All levels of governments, including school boards, must develop plans to reduce further our carbon emissions.

Schedule B.4.....
of the
Administrative Memorandum

Meeting Date: September 24, 2019

☒ **Board**

☐ **Board, in camera**

Topic (as per the Memorandum): **Committee of the Whole**

Narration:

Trustee Gerlach will speak to the following motion regarding creating a Committee of the Whole to allow for partner group input into motions.

RECOMMENDED MOTION:

that the Board of Education direct the Superintendent to create a Committee of the Whole that would allow for partner group input into motions that are tabled for the Public Board Meeting. That the Committee of the Whole be open to representatives from partner groups. The proposed Committee of the Whole will be on the same day as the Public Board Meeting beginning October (2019); starting at 4:30 pm.

RATIONALE:

This would allow for Trustees to hear from our partner groups in order to make a more informed decision.

Schedule C.1
of the
Administrative Memorandum

Meeting Date: September 24, 2019

☒ **Board**

☐ **Board, in camera**

Topic (as per the Memorandum): **2019 Sustainability Update**

Narration:

Luke Smeaton, Manager of Sustainability, Energy & Environmental Planning will present an overview of North Vancouver School District's sustainability efforts and will highlight the progress we have made since the launch of our Sustainability Strategy in 2017. The presentation will include a summary of North Vancouver School District's key environmental metrics (e.g. energy use, paper consumption, greenhouse gas emissions) and will provide specific examples of sustainability initiatives currently underway.

Attachment:

Sustainability Update – Sept 2019

North Vancouver School District

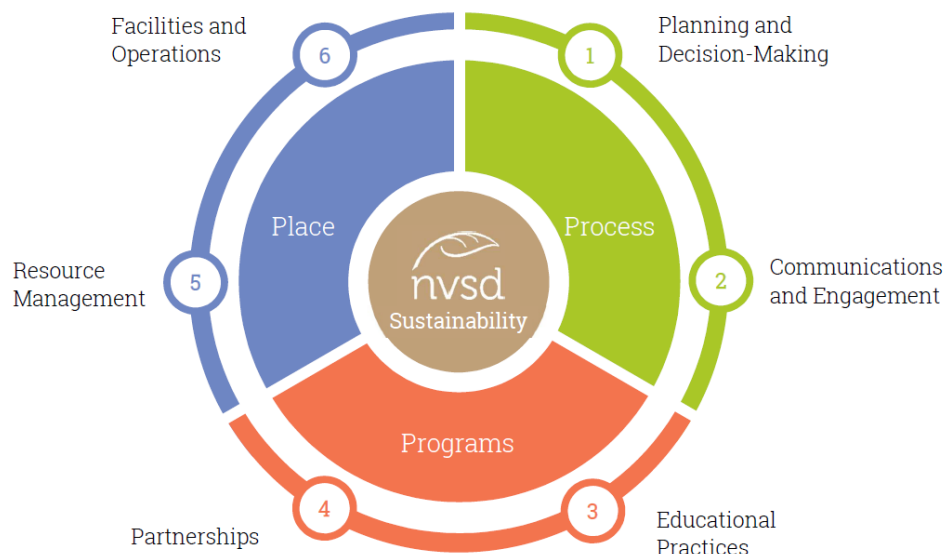
Sustainability Update – Sept 2019

Context and History

North Vancouver School District (NVSD) is committed to demonstrating leadership and providing the highest standard of education in environmental stewardship through programs, education and facilities that foster greater sustainability.

In March 2011, the North Vancouver Board of Education adopted [Policy 613: Sustainability](#). The policy outlines that the Board of Education will, among other actions, develop and maintain a current, school district-wide Sustainability Plan that is progressive, transparent, and measurable.

In 2017, after two years of consultative planning, the NVSD launched [the North Vancouver School District Sustainability Strategy](#) to articulate our vision, strategic priorities, goals, and actions.



Sustainability Initiatives

The following is an overview of the key sustainability projects and initiatives completed or initiated since the launch of the NVSD Sustainability Strategy in 2017.

- Advanced the district-wide strategic energy management program (details below)
- Added one electric vehicle to the maintenance fleet
- Implemented new procurement practices to facilitate the use of recycled paper in all sites
- Added Environmental Learning content to the [NVSD Curriculum Hub](#)
- Added Sustainability Resources to the NVSD staff portal
- Re-established the NVSD Sustainability Committee (District Representative Committee)
- Supported the establishment of the North Vancouver Youth Sustainability Network
- Hosted two NVSD “Green Celebrations”

- Communicating news and updates about Sustainability through the “Sustainability News” bulletins to staff and parents
- Joined the North Shore School Food Network as a founding member
- Launched a new recycling program for used writing instruments at all sites

Strategic Energy Management

In 2010 NVSD established an organizational energy conservation objective, which evolved over the years to target 20% savings by 2020.

NVSD has adopted a strategic approach to energy management that includes technical, behavioural and organizational initiatives. The annual Strategic Energy Management Plan (SEMP) provides the framework for guiding our energy-related activities and includes an action plan for achieving the 20% by 2020 target.

The following is a summary of the major energy-related projects completed since the launch of the NVSD Sustainability Strategy in 2017.

- Twelve complete elementary school LED lighting and controls retrofits
- Nine common area LED lamp retrofits
- Five high-efficiency boiler upgrades
- Two building envelope upgrades
- Three major mechanical system upgrades
- Four cabin envelope upgrades at Cheakamus Centre
- Two energy efficient secondary schools designed with low-carbon heating systems

For the 12 months ending June 30 2019, NVSD annual energy savings was 18.0%, leaving us with a further 2% savings to realize before the June 2020 deadline.

Greenhouse Gas Emissions

As a public sector organization, NVSD is mandated to measure, report, and offset carbon emissions on an annual basis. The scope of the reporting includes emissions from buildings (typically 90% of total), fleet (typically 5% of total), and supplies (typically 5% of total).

Over the past five years, total annual emissions have been between 3,500 and 4,000 equivalent tonnes of CO₂, with associated annual carbon offset costs of \$90,000 - \$100,000.

As we continue with the renewal of our facilities and their systems, we are exploring opportunities for reducing our greenhouse gas emissions while balancing upfront capital and ongoing operational cost considerations.

Climate Resilience and Adaptation

Starting in 2020, the province will report every two years on the risks to BC that could reasonably be expected from a changing climate, along with the actions being taken to reduce them.

As a public sector organization, NVSD can expect to see more pressure from the province to consider and plan for climate-related risks such as poor quality (e.g. smoke), localized flooding, and extended periods of hot weather.

Schedule C.2
of the
Administrative Memorandum

Meeting Date: September 24, 2019

☒ **Board**

☐ **Board, in camera**

**Topic (as per the
Memorandum):**

Board of Education Support For CNV Traffic Pilot: Ridgeway Elementary

Narration:

The City of North Vancouver is looking at ways to improve safety within the Ridgeway School zone for both the school community and neighbouring residents. They will be taking the next few months to engage with the school community and neighbours to explore issues and identify near- and long-term solutions. This includes investigating a potential pilot program of short-term restrictions on vehicles entering the Ridgeway pick-up and drop-off zones. Later in the process, a report will go to City Council discussing the feasibility of this pilot program. Following that, City staff will reach out to the community to share next steps and more information on this program.

Schedule C.3.....
of the
Administrative Memorandum

Meeting Date: September 24, 2019

☒ **Board**

☐ **Board, in camera**

Topic (as per the Memorandum): Land Management

Narration:

Argyle Secondary School: Replacement Update

Construction continues on the new replacement school with a completion date of September 2020. At this point, glazing, insulation and drywalling is going up in parts of the building. We are expecting the entire building to be “water tight” by the end of January.

Handsworth Secondary School: Replacement Update

At this point, 95% costing for the project is complete. The next major milestone is the public tender phase (November 2019-January 2020). Then, construction should commence in January 2020. Target occupancy of the new building is September 2021, with demolition of the existing school and construction of the new field in late 2021/early 2022.

Mountainside Secondary School: Seismic Upgrade

Seismic mitigation work commenced in July 2019 with demolition in Phase 1 of the project complete. We are currently beginning soil work in preparation for the external support structures to be constructed.

Lucas Centre: Status

There has been no change in the status of the Lucas site.

Queen Mary Elementary School: Portable

Installation of the portable is complete with the North Vancouver School District receiving our occupancy permit in the third week in September.

Cloverley: Status

There has been no change in the status of the Cloverley site nor the replacement proposal that has been submitted to the Ministry of Education.

Capital Projects:**Eastview Elementary**

The scope of the project was installation of new double-glazed windows throughout the older sections of the school. The school will have enhanced thermal comfort, improved energy efficiency, and operable windows for natural ventilation.

Capilano Elementary

The scope of the project was installation of new windows, rain screen building envelope, new central heating plant, and classroom ventilation upgrades in older sections of the school. The school will have improved thermal comfort, indoor air quality, energy efficiency, daylighting, and operable windows for natural ventilation.

Seymour Heights Elementary

The scope of the project was new ventilation units in the north wing. The school will have improved thermal comfort, indoor air quality, energy efficiency, and removal of gas fired combustion equipment within the classrooms.

Upper Lynn Elementary

The scope of the project was installation of new ventilation units in the east wing. The school will have improved thermal comfort, indoor air quality, and energy efficiency with the major works completed by early fall.

District Wide (all schools)

Across all schools, installation of dedicated water bottle filling stations took place with dedicated piping to reduce potential lead in water concerns in pre 1990 elementary schools. The project is ongoing with no disruption to instructional space. Also, the installation of Carbon Monoxide detection and monitoring systems in all locations which have gas fired combustion equipment has been taking place. The project is ongoing with targeted completion by fall.

Schedule ..C.4....
of the
Administrative Memorandum

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

Topic (as per the Memorandum): **Tuesday, September 17, 2019 Standing Committee Meeting**

Narration:

The Board will find attached a copy of the meeting summary from the September 17, 2019 Standing Committee Meeting.

Chair Christie Sacré will report on highlights of the meeting.

Attachment:

Meeting Summary – Board of Education Standing Committee, September 17, 2019

Standing committee – Sept 17, 2019

2019-2021 Three-Year Operating Plan

Superintendent Mark Pearmain started the meeting by providing an overview of the 2019-2021 Three-Year Operating Plan. The plan provides tangible objectives geared at reaching the North Vancouver School District's six strategic goals, which are laid out in the 10 year Strategic Plan. The 2019-2021 Three-Year Operating Plan is available on the school district website [HERE](#).

Year in review

On September 17, 2019, at the Standing Committee Meeting of the North Vancouver Board of Education, the Learning Services team then presented a recap on what was accomplished last school year (2018/19 school year).

Curriculum

It has now been five years since implementation of the new curriculum begun. The shift in curriculum has been a major systemic change. It has been a move from a content focus to a skills focus. The North Vancouver School District has done a lot. Whether it is assessment and reporting, planning, or student self-assessment of the core competencies – significant change has taken place. The work to support the new curriculum has been transformative. Professional development, collaboration and the Curriculum Hub have all been paramount to supporting new curriculum implementation.

Cheakamus Centre

Cheakamus Centre is undertaking strategic planning right now. They have five goals tied to new curriculum, collaboration, community, innovation and financial sustainability. The work done at Cheakamus Centre is an extension of the core components of students' educational experiences. It is a rich curriculum experience. The programs also offer great Social Emotional Learning teachings, Indigenous education, and support students with diverse and complex needs. This past year, addition to student programs, several staff professional learning events were also hosted. The Youth Leadership program is incredibly popular; 204 secondary school counsellors took part for a total of 4,284 volunteer hours.

Early Learning

During the 2018/19 school year, the following work was done:

- Align StrongStarts and ECE programs with ELF, and initiate partnerships with CapU ECE and UBC Nursing Students.
- Reinvigorate the Kindergarten Network and establish professional development to support alignment with new curriculum and pedagogy.

- Provide Kindergarten Transition Support to schools and vulnerable sectors.
- Begin to revise school district curricular programs (Firm Foundations, Inspirations, Our Turn to Talk).
- Work with early learning partner groups (ELN, CapU ECE, C4K, Childcare Planning, Pedagogy of Play SSA Project).

Literary

The following work was undertaken:

- Updated Literacy Centre resources and succession plan.
- Workshops to support modernizing balanced literacy programs.
- First POPEY workshop and sharing of provincial resources.
- Looked at assessments being used and gaps in the assessment calendar – Assessment Committee formed, research completed and assessment selected.
- Efficiencies created in Library Services (electronic cataloguing and removing outdated resources).

Physical literacy

The following work was accomplished:

- Official launch of physical literacy in the North Vancouver School District.
- Conference co-hosted with West Vancouver Schools, Vancouver Coastal Health and North Vancouver School District. More than 200 of our teachers and education assistants attended.
- More than 40 hours of workshops – three full-day, three dinner and dialogue events and seven afterschool sessions.
- Grants: Books, workshops and resources.
- “Train the teachers” is the heart of this initiative.

Indigenous education

Indigenous education in the North Vancouver School District is universal – it is for all students. All staff throughout the entire school district are also involved. We are now moving towards involving parents more. Community awareness of Indigenous history, culture, ways of knowing and modern contributions to society is greatly increasing. As a result of this universal approach, graduation rates of students of Indigenous ancestry have improved. These graduation rates are higher than they have ever been.

Academies

Specialty academies must meet learning outcomes that are in addition to the learning outcomes that a standard educational program must meet, and must reflect an emphasis on a particular sport, activity or subject area. In the North Vancouver School District, there are 10 academies comprising of 20 classes and 532 students. Here is the

detailed breakdown: The new academy coming to our school district is rowing, and there are many other expressions of interest.

Artists for Kids

This past school year, the various district arts festivals continued – music, dance, drama and visual arts. These displays of student work are exceptional. The professional art collection owned by Artists for Kids is an incredible learning tool. It connects well with the curriculum and to the big ideas of the new curriculum. Artists for Kids programming not only teaches students visual arts. It teaches social emotional learning, supports diversity and provides career connections.

Inclusive education

There are three priority areas that the inclusive education team is working on: consistency of practice, home-school partnerships, and modernizing curriculum, instruction and assessment. To support these areas, Learning Support Teachers have been a focus in terms of defining their role, providing training, and collaboration. IEP planning has changed greatly; it is now student centred with student strengths emphasized. Implementing the new curriculum and providing work experience have also been an important areas of focus. There is now a move towards trauma informed practice and Ukeru, which is replacing Non-Violent Crisis Intervention.

Social Emotional Learning and Mental Health

Social Emotional Learning (SEL) perfectly aligns with the First People's Principles of Learning. Here is a diagram that demonstrates our SEL/Mental Health approach: Here are some highlights from the 2018/19 school year:

- BCSSA Conference
- NVSD SEL Video
- SEL and Mental Health Committee Report
- Administrator professional development
- Mental Health Conference
- SEL/Mental Health has become a school district priority
- NVSD is taking the lead in this area

Second Step is now being brought into 12 elementary schools within each Family of Schools.

Schedule C.5
of the
Administrative Memorandum

Meeting Date: September 24, 2019

☒ **Board**

☐ **Board, in camera**

Topic (as per the Memorandum): **Out-of-Country Field Trips - Secondary**

Narration:

In accordance with District Policy 207: Field Trips requirements for advance notification to the Board, Trustees were advised by email, on September 5, 2019, of the below field trip to Washington State, USA

Carson Graham – a field trip to Seattle and Pullman, WA, USA occurred September 6-8, 2019. The trip involved 35 Grade 10-12 members of the Varsity Football team, accompanied by two teacher supervisors, one additional Board employee supervisor, and 3 other adult supervisors.

Travel to Washington State was by highway coach and students were accommodated in hotels during their stay. The student cost for the trip was \$180 per student.

The purpose of the extracurricular trip was to participate in a football games against American high school football teams, as well as attendance at a Washington State University football game as spectators.

Seycove – a field trip to Albuquerque, NM, USA is scheduled for October 2-7, 2019. The trip involves 13 Grade 11 students from the Performance Learning Program, accompanied by two teacher supervisors.

Students will travel to Albuquerque by air and by bus while there. Students will be accommodated in a hotel. The trip cost is approximately \$1,550 per student, paid by the students.

The purpose of this extracurricular trip is to supplement PLP 11 studies and, specifically, their year-long inquiry into the Atomic Age and tensions of the Cold War. Students will visit the Trinity Test Site, location of the world's first atomic detonation, and the Los Alamos National Laboratory, within the new Manhattan Project National Historical Park, where they will learn firsthand the basic of nuclear science.

Seycove – a field trip to Seattle, WA, USA has been scheduled for October 16-18, 2019. The trip involves approximately 15 Grade 12 students in the Performance Learning Program, accompanied by two teacher supervisors.

Students will travel by bus and will be accommodated in hotels. The trip cost is approximately \$380 per student, which will be paid by the students.

The purpose of this extracurricular trip is to visit the “Cared to Death: The Thrill of Horror Film” exhibit at the Museum of Pop Culture. This field learning opportunity will allow students to gain insight into the horror genre, deepening understanding of concepts discussed in the classroom. The trip will also include visits to museums that will strengthen student understanding of 20th century history.

Seycove – a field trip to the Oregon Coast, USA, has been scheduled for October 19-25, 2019. The trip involves 26 Grade 8 Performance Learning Program students, who will be accompanied by two teacher supervisors.

Travel to, and at, the Oregon Coast will be by minivan and bus. Students will stay in yurts and cabins in Oregon State Parks. The cost per student is \$1,135, which will be paid by students.

The purpose of this extracurricular trip is to undertake field learning, at various sites in Oregon that is connected to first term academic inquiry. Students will explore the natural history of the Oregon Coast, act as marine biologists at the Oregon Coast Aquarium in Newport, and conduct field work on the beaches of Oregon.

Windsor – a field trip to Honolulu, HI, USA has been scheduled for December 29, 2019 – January 6, 2020. The trip involves 12 Grade 11-12 members of the Senior Girls' Basketball team, accompanied by two teacher supervisors.

Students will travel by air to Honolulu. During their stay, they will travel by rental van and will be accommodated in hotels. The cost per student is \$3,900, which will be paid by students.

The purpose of this extracurricular trip is to participate in basketball competition against teams from Hawaiian high schools. Students will also have the opportunity to visit significant historical and cultural landmarks.

**Schedule ..C.6.....
of the
Administrative Memorandum**

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

**Topic (as per the
Memorandum):** **Superintendent's Report**

Narration:

The Superintendent will provide an oral report on items of interest or concern to the Board not otherwise covered in the agenda.

Schedule C.7
of the
Administrative Memorandum

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

Topic (as per the Memorandum): **Report Out - BC School Trustees Association (BCSTA) and BC Public Schools Employers' Association (BCPSEA)**

Narration:

Trustees will provide an update on information related to BC School Trustees Association and BC Public Schools Employers' Association.

Schedule C.8
of the
Administrative Memorandum

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

Topic (as per the Memorandum): Trustees' Reports

Narration:

The Chair will call for reports from Trustees on their activities on behalf of the Board.

**ScheduleD.....
of the
Administrative Memorandum**

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

Topic (as per the Memorandum): **Future Meetings**

Narration:

Date and Time	Event	Location
Tuesday, October 8, 2019 at 7:00 pm	Standing Committee Meeting	Education Services Centre 2121 Lonsdale Ave, N Vancouver
Tuesday, October 15, 2019 at 6:30 pm	Public Board Meeting	Education Services Centre 2121 Lonsdale Ave, N Vancouver
Tuesday, November 5, 2019 at 7:00 pm	Standing Committee Meeting	Education Services Centre 2121 Lonsdale Ave, N Vancouver
Tuesday, November 19, 2019 at 6:30 pm	Public Board Meeting	Education Services Centre 2121 Lonsdale Ave, N Vancouver

All meetings will take place on the 5th floor in the Mountain View Room, unless otherwise noted.

Pedestrian Access: Main West Entrance at 2121 Lonsdale Avenue, proceed by elevator to 5th Floor.

Vehicle Access: Parkade Entrance off West 21st Street and Lonsdale Avenue, park on Level P1 and proceed by elevator to 5th floor.

**ScheduleE.....
of the
Administrative Memorandum**

Meeting Date: September 24, 2019 ☒ **Board** ☐ **Board, in camera**

**Topic (as per the
Memorandum):** **Public Question & Comment Period**

Narration:

In accordance with Board Policy 104: Board of Education – Meetings; twenty (20) minutes will be provided at the end of a regular Board meeting during which attendees may provide comments or ask questions of the Board on business conducted during that meeting or on any matter pertaining to the School District. The Chair may defer a response if a question cannot be answered at that time.

In accordance with Board policy, questions relating to personnel, negotiations or litigation must not be dealt with in a public session.