

Consolidated Audited Financial Statements of

School District No. 22 (Vernon)

June 30, 2016

School District No. 22 (Vernon)

June 30, 2016

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School District No. 22 (Vernon)

MANAGEMENT REPORT

Version: 2238-2053-9071

Management's Responsibility for the Consolidated Financial Statements.

The accompanying consolidated financial statements of School District No. 22 (Vernon) 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. 22 (Vernon) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal consolidated financial statements on a monthly basis and 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. 22 (Vernon) 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.

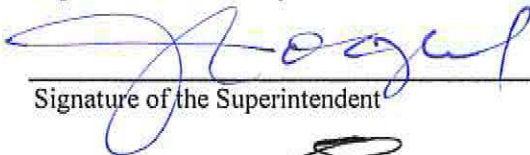
On behalf of School District No. 22 (Vernon)



Signature of the Chairperson of the Board of Education

Sep 28, 2016

Date Signed



Signature of the Superintendent

Sept 28, 2016

Date Signed



Signature of the Secretary Treasurer

Sept 28/16

Date Signed



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INDEPENDENT AUDITORS' REPORT

To the Board of Education, and
To the Minister of Education, Province of British Columbia

We have audited the accompanying financial statements of School District No. 22 (Vernon), which comprise the statement of financial position as at June 30, 2016, the statement of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of School District No. 22 (Vernon), as at and for the year ended June 30, 2016 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.



Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Chartered Professional Accountants

KPMG LLP

September 28, 2016
Vernon, Canada

School District No. 22 (Vernon)

Statement 1

Consolidated Statement of Financial Position

As at June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	22,677,742	20,229,008
Accounts Receivable		
Due from Province - Ministry of Education	-	564,183
Due from LEA/Direct Funding	233,446	419,220
Other	305,135	292,610
Other Assets	748,112	946,750
Total Financial Assets	<u>23,964,435</u>	<u>22,451,771</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	7,309,205	6,297,985
Unearned Revenue (Note 5)	2,494,769	2,573,764
Deferred Revenue (Note 6)	1,229,589	1,501,553
Deferred Capital Revenue (Note 7)	92,933,757	91,728,720
Employee Future Benefits (Note 8)	3,364,067	3,279,548
Total Liabilities	<u>107,331,387</u>	<u>105,381,570</u>
Net Financial Assets (Debt)	<u>(83,366,952)</u>	<u>(82,929,799)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 9)	111,413,306	110,753,688
Prepaid Expenses	72,077	168,773
Total Non-Financial Assets	<u>111,485,383</u>	<u>110,922,461</u>
Accumulated Surplus (Deficit) (Note 10)	<u>28,118,431</u>	<u>27,992,662</u>

Contractual Obligations and Contingencies (Note 11)

Approved by the Board


Signature of the Chairperson of the Board of Education

Sep 28, 2016
Date Signed


Signature of the Superintendent

Sep 28, 2016
Date Signed

Signature of the Secretary Treasurer

Sep 28, 2016
Date Signed

School District No. 22 (Vernon)

Consolidated Statement of Operations

Year Ended June 30, 2016

	2016 Budget (Note 12)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	75,294,801	76,078,170	71,706,065
Other	211,350	180,778	211,550
Tuition	4,539,495	4,624,274	4,556,038
Other Revenue	3,238,546	4,136,680	3,900,967
Rentals and Leases	36,000	55,968	30,832
Investment Income	178,957	237,094	207,048
Amortization of Deferred Capital Revenue	3,888,653	3,899,800	3,805,512
Total Revenue	<u>87,387,802</u>	<u>89,212,764</u>	<u>84,418,012</u>
Expenses (Note 14)			
Instruction	70,765,237	70,737,950	66,022,156
District Administration	2,786,434	2,774,740	2,785,174
Operations and Maintenance	13,139,645	13,239,670	12,096,357
Transportation and Housing	2,528,292	2,334,635	2,475,196
Total Expense	<u>89,219,608</u>	<u>89,086,995</u>	<u>83,378,883</u>
Surplus (Deficit) for the year	<u>(1,831,806)</u>	<u>125,769</u>	<u>1,039,129</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		27,992,662	26,953,533
Accumulated Surplus (Deficit) from Operations, end of year		<u><u>28,118,431</u></u>	<u>27,992,662</u>

School District No. 22 (Vernon)

Consolidated Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2016

	2016 Budget (Note 12)	2016 Actual	2015 Actual
	\$	\$	\$
Surplus (Deficit) for the year	(1,831,806)	125,769	1,039,129
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(4,061,297)	(6,094,374)	(4,272,270)
Amortization of Tangible Capital Assets	5,425,357	5,434,756	5,207,623
Tangible Capital Assets - Other Disposal	-	-	11,750
Total Effect of change in Tangible Capital Assets	1,364,060	(659,618)	947,103
Use of Prepaid Expenses	-	96,696	108,017
Total Effect of change in Other Non-Financial Assets	-	96,696	108,017
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(467,746)</u>	(437,153)	2,094,249
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		(437,153)	2,094,249
Net Financial Assets (Debt), beginning of year		(82,929,799)	(85,024,048)
Net Financial Assets (Debt), end of year		(83,366,952)	(82,929,799)

School District No. 22 (Vernon)

Statement 5

Consolidated Statement of Cash Flows

Year Ended June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	125,769	1,039,129
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	737,432	379,528
Prepaid Expenses	96,695	108,017
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,011,224	(979,625)
Unearned Revenue	(78,995)	355,562
Deferred Revenue	(271,964)	(7,259)
Employee Future Benefits	84,518	127,397
Amortization of Tangible Capital Assets	5,434,756	5,207,623
Amortization of Deferred Capital Revenue	(3,899,800)	(3,805,512)
Decrease in Other Assets	198,636	-
Total Operating Transactions	3,438,271	2,424,860
Capital Transactions		
Tangible Capital Assets Purchased	(6,094,374)	(4,201,625)
Tangible Capital Assets - Other Additions	-	(70,645)
Tangible Capital Assets - Other Disposals	-	11,750
Total Capital Transactions	(6,094,374)	(4,260,520)
Financing Transactions		
Capital Revenue Received	5,104,837	3,060,890
Total Financing Transactions	5,104,837	3,060,890
Net Increase (Decrease) in Cash and Cash Equivalents	2,448,734	1,225,230
Cash and Cash Equivalents, beginning of year	20,229,008	19,003,778
Cash and Cash Equivalents, end of year	22,677,742	20,229,008
Cash and Cash Equivalents, end of year, is made up of:		
Cash	22,677,742	20,229,008
	<u>22,677,742</u>	<u>20,229,008</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 1, 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. 22 (Vernon)", and operates as "School District No. 22 (Vernon)." 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. The School District is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated 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 consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia 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.

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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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 contributions would be recorded differently under Canadian Public Sector Accounting Standards.

b) Basis of Consolidation

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

The School District controls 554210 B.C. Ltd, a company which owns a woodlot used for the School District's forestry education program. Revenue is generated by 554210 B.C. Ltd primarily through the sale of timber. All of the shares of 554210 B.C. Ltd are held by third parties in trust for the School District.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash 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) 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

f) Deferred Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by the 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 n).

g) Deferred Capital Revenue

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 as detailed in Note 2 n).

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 ("EARSLS") of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2016 and projected to March 31, 2019. The next valuation will be performed at March 31, 2019 for use at June 30, 2019. 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.

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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

i) Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations.

j) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Consolidated Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these consolidated financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

k) 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 executor 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.

l) Prepaid Expenses

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

m) 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.

n) Revenue Recognition

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

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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

n) Revenue Recognition (*Continued*)

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.

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 creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished.

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.

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.

o) Expenditures

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

Operating expenses are reported by function and object. Whenever possible, expenditures are determined by actual identification.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

p) 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 debt. 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.

q) Measurement Uncertainty

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

NOTE 3 COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 4 OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade and other amounts payable	\$ 2,202,666	\$ 1,984,730
Wages payable – teachers’ 12 month instalment plan	1,137,420	1,113,858
Pension contributions payable	1,129,932	1,102,394
Payroll taxes payable	987,922	794,793
Accrued vacation pay	826,117	831,575
Accrued wages and benefits	650,048	154,594
Other accrued liabilities	375,100	316,041
	\$ 7,309,205	\$ 6,297,985

NOTE 5 UNEARNED REVENUE

	2016	2015
Balance, beginning of year	\$ 2,573,764	\$ 2,218,202
Changes for the year:		
Increase:		
Tuition fees collected	4,460,500	4,911,600
Decrease:		
Tuition fees recognized	4,539,495	4,556,038
Net changes for the year	(78,995)	355,562
Balance, end of year	\$ 2,494,769	\$ 2,573,764

NOTE 6 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.

	2016	2015
Balance, beginning of year	\$ 1,501,553	\$ 1,508,812
Changes for the year:		
Increase:		
Grants: Provincial – Ministry of Education	2,874,370	2,800,602
School generated funds	2,662,619	2,188,887
Other	158,349	149,923
Interest	2,963	-
	5,698,301	5,139,412
Decrease:		
Allocated to Revenue: Provincial – Ministry of Education	3,238,165	2,663,044
Other	2,732,100	2,483,627
	5,970,265	5,146,671
Net changes for the year	(271,964)	(7,259)
Balance, end of year	\$ 1,229,589	\$ 1,501,553

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 7 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.

	2016	2015
Deferred capital revenue subject to amortization		
Balance, beginning of year	\$ 91,203,835	\$ 91,803,324
Increases:		
Capital additions	5,043,826	3,206,023
Decreases:		
Amortization	3,899,800	3,805,512
Net change for the year	1,144,026	(599,489)
Balance, end of year	92,347,861	91,203,835
 Deferred capital revenue - unspent		
Balance, beginning of year	524,885	670,018
Increases:		
Provincial grants – Ministry of Education	5,104,561	3,058,712
Investment income	276	2,178
Decrease:		
Transfer to deferred capital revenue subject to amortization	5,043,826	3,206,023
Net change for the year	61,011	(145,133)
Balance, end of year	585,896	524,885
 Total deferred capital revenue balance, end of year	\$ 92,933,757	\$ 91,728,720

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 8 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.

	2016	2015
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 3,522,045	\$ 3,227,321
Service Cost	279,005	246,651
Interest Cost	82,533	108,241
Benefit Payments	(307,304)	(189,444)
Increase in Obligation due to Plan Amendment	3,697	-
Actuarial (Gain) Loss	(119,753)	129,276
Accrued Benefit Obligation – March 31	\$ 3,460,223	\$ 3,522,045
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 3,460,223	\$ 3,522,045
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(3,460,223)	(3,522,045)
Employer Contributions After Measurement Date	61,790	61,284
Benefits Expense After Measurement Date	(82,579)	(90,385)
Unamortized Net Actuarial Loss	116,945	271,598
Accrued Benefit Liability – June 30	\$ (3,364,067)	\$ (3,279,548)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 3,279,548	\$ 3,152,151
Net Expense for Fiscal Year	392,330	378,125
Employer Contributions	(307,811)	(250,728)
Accrued Benefit Liability – June 30	\$ 3,364,067	\$ 3,279,548
Components of Net Benefit Expense		
Service Cost	\$ 269,859	\$ 254,740
Interest Cost	83,875	101,813
Immediate Recognition of Plan Amendment	3,697	-
Amortization of Net Actuarial Loss	34,899	21,572
Net Benefit Expense	\$ 392,330	\$ 378,125

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 8 EMPLOYEE FUTURE BENEFITS *(Continued)*

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

	2016	2015
Discount Rate – April 1	2.25%	3.25%
Discount Rate – March 31	2.50%	2.25%
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	8.8	9.7

NOTE 9 TANGIBLE CAPITAL ASSETS

June 30, 2016

	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
Cost:				
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	158,503,451	4,839,763	-	163,343,214
Furniture & Equipment	2,791,551	774,826	195,023	3,371,354
Vehicles	5,379,921	251,842	546,895	5,084,868
Computer Software	385,155	-	27,102	358,053
Computer Hardware	5,142,753	227,943	116,804	5,253,892
Total	\$ 181,019,791	\$ 6,094,374	\$ 885,824	\$ 186,228,341

	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
Accumulated Amortization:				
Buildings	\$ 65,057,888	\$ 3,502,628	\$ -	\$ 68,560,516
Furniture & Equipment	1,100,772	279,155	195,023	1,184,904
Vehicles	2,371,616	547,391	546,895	2,372,112
Computer Software	186,020	77,031	27,102	235,949
Computer Hardware	1,549,807	1,028,551	116,804	2,461,554
Total	\$ 70,266,103	\$ 5,434,756	\$ 885,824	\$ 74,815,035

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2015

Cost:	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	155,548,770	2,954,681	-	158,503,451
Furniture & Equipment	2,667,244	272,201	147,894	2,791,551
Vehicles	5,118,361	360,577	99,017	5,379,921
Computer Software	407,773	-	22,618	385,155
Computer Hardware	4,514,437	684,811	56,495	5,142,753
Total	\$ 177,073,545	\$ 4,272,270	\$ 326,024	\$ 181,019,791

Accumulated Amortization:	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
Buildings	\$ 61,613,266	\$ 3,444,622	\$ -	\$ 65,057,888
Furniture & Equipment	981,942	266,724	147,894	1,100,772
Vehicles	1,947,047	511,836	87,267	2,371,616
Computer Software	127,084	81,554	22,618	186,020
Computer Hardware	703,415	902,887	56,495	1,549,807
Total	\$ 65,372,754	\$ 5,207,623	\$ 314,274	\$ 70,266,103

Net Book Value:

	June 30, 2016	June 30, 2015
Sites	\$ 8,816,960	\$ 8,816,960
Buildings	94,782,698	93,445,563
Furniture & Equipment	2,186,450	1,690,779
Vehicles	2,712,756	3,008,305
Computer Software	122,104	199,135
Computer Hardware	2,792,338	3,592,946
Total	\$ 111,413,306	\$ 110,753,688

Work in progress is not amortized, and amortization will commence when the asset is put into service.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 10 ACCUMULATED SURPLUS

The School District has established a number of funds to demonstrate compliance with legislation and to reflect the School District's intentions to undertake certain future activities.

The Operating Fund accounts for the School District's operating grants and other operating revenues. Legislation requires that the School District present a balanced budget for the Operating Fund, whereby budgeted expenditure does not exceed the total of budgeted revenue and any surplus in the operating fund carried forward from previous years.

The Capital Fund accounts for the School District's investment in its existing capital infrastructure, including the existing buildings, furniture, computers and equipment. It also reflects intentions to make future capital asset purchases.

The Special Purpose Funds account for grants and contributions received which are directed by agreement with a third party towards specific activities.

Amounts not restricted by agreement with a third party may be transferred between funds to reflect future intentions of the School District.

Externally restricted surpluses are amounts for which an agreement with a third party targets the use of the surplus to a particular activity.

Internally restricted surpluses have been allocated to a particular activity.

	2016	2015
Operating Fund		
Internally restricted:		
School budget balances	\$ 242,607	\$ 254,835
Department budget balances	4,835	1,615,392
Appropriated for next year's budget	600,257	914,308
Contingency reserve	1,000,000	1,011,302
Union commitments	356,106	305,169
Aboriginal Education commitments	169,892	184,021
	2,373,697	4,285,027
Special Purpose Funds	-	2,714
Capital Fund		
Invested in tangible capital assets	19,065,445	19,549,853
Externally restricted for future capital asset purchases	1,455,068	1,455,068
Internally restricted for future capital asset purchases	5,224,221	2,700,000
	25,744,734	23,704,921
Total Accumulated Surplus	\$ 28,118,431	\$ 27,992,662

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 10 ACCUMULATED SURPLUS *(Continued)*

The School District made the following transfers to the Capital Fund during the year to June 30.

	2016	2015
Capital assets purchased from Operating Fund	\$ 726,942	\$ 1,158,317
Capital assets purchased from Special Purpose Funds	323,606	58,895
Transferred to local capital from Operating Fund (being amounts internally restricted for future capital asset purchases)	2,524,221	2,700,000
	\$ 3,574,769	\$ 3,917,212

NOTE 11 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District had committed to a five year operating lease agreement for photocopiers at various locations. Future minimum lease payments are as follows:

	2017	2018	Thereafter
Photocopy Lease	\$ 98,927	\$ 49,464	\$ -

The School District has approximately \$800,000 of purchase orders which remain outstanding at June 30, 2016.

The School District has contractual obligations in collective agreements with employee unions to provide certain future funds for employee professional development and collective agreement administration. The total of these commitments is \$356,106 at June 30, 2016.

The School District receives certain funding from the Provincial Government which the School District is required to spend on Aboriginal Education. Unspent amounts at June 30, 2016 are \$169,892. The School District is committed to spending this amount on Aboriginal Education in future years, in addition to any future relevant targeted grants received.

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

The nature of the School District's activities are such that there is usually litigation pending or in process at any time. With respect to unsettled claims at June 30, 2016, 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 12 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget on February 24th, 2016. The original annual budget was adopted on May 6th, 2015. The original and amended budgets are presented below.

	2016 Annual Amended Budget	2015 Annual Original Budget
Revenues		
Provincial Grants		
Ministry of Education	\$ 75,294,801	\$ 74,072,555
Other	211,350	211,350
Tuition	4,539,495	4,610,659
Other Revenue	3,238,546	3,140,702
Rentals and Leases	36,000	36,000
Investment Income	178,957	178,957
Amortization of Deferred Capital Revenue	3,888,653	3,879,775
	<u>87,387,802</u>	<u>86,129,998</u>
Expenses		
Instruction	70,765,237	70,048,921
District Administration	2,786,434	2,727,911
Operations and Maintenance	13,139,645	13,104,875
Transportation and Housing	2,528,292	2,599,623
	<u>89,219,608</u>	<u>88,481,330</u>
Deficit for the year	<u>\$ (1,831,806)</u>	<u>\$ (2,351,332)</u>

NOTE 13 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, 2014, the Teachers' Pension Plan has about 45,000 active members and approximately 35,000 retired members. As of December 31, 2014, the Municipal Pension Plan has about 185,000 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 the adequacy of plan funding. The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014 indicated a \$449 million surplus for basic pension benefits. The next valuation will be as at December 31, 2017 with results available later in 2018. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available later in 2016. Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 13 EMPLOYEE PENSION PLANS *(Continued)*

of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan.

The School District paid \$7,551,533 for employer contributions to the plans for the year ended June 30, 2016 (2015: \$7,014,990)

NOTE 14 EXPENSE BY OBJECT

	<u>2016</u>	<u>2015</u>
Salaries and benefits	\$ 70,022,240	\$ 65,305,003
Services and supplies	13,629,999	12,866,257
Amortization	5,434,756	5,207,623
	<u>\$ 89,086,995</u>	<u>\$ 83,378,883</u>

NOTE 15 RELATED PARTY TRANSACTIONS

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

NOTE 16 ECONOMIC DEPENDENCE

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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 17 RISK MANAGEMENT

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

a) Credit risk:

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash and 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 deposits as they are placed in Chartered Bank instruments or with the Provincial Government's Central Deposit Program.

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.

It is management's opinion that the School District is not exposed to significant market risk associated with interest rate risk as the School District has no borrowings and interest earned on existing deposits is not significant to the School District's operations.

c) Liquidity risk:

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

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

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

School District No. 22 (Vernon)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
 Year Ended June 30, 2016

	Operating Fund	Special Purpose Fund	Capital Fund	2016 Actual	2015 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	4,285,027	2,714	23,704,921	27,992,662	26,953,533
Changes for the year					
Surplus (Deficit) for the year	1,339,833	320,892	(1,534,956)	125,769	1,039,129
Interfund Transfers					
Tangible Capital Assets Purchased	(726,942)	(323,606)	1,050,548	-	
Local Capital	(2,524,221)		2,524,221	-	
Net Changes for the year	(1,911,330)	(2,714)	2,039,813	125,769	1,039,129
Accumulated Surplus (Deficit), end of year - Statement 2	2,373,697	-	25,744,734	28,118,431	27,992,662

School District No. 22 (Vernon)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2016

	2016 Budget (Note 12) \$	2016 Actual \$	2015 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	71,957,786	72,840,005	69,043,021
Other	211,350	180,778	211,550
Tuition	4,539,495	4,624,274	4,556,038
Other Revenue	1,209,066	1,407,543	1,417,340
Rentals and Leases	36,000	55,968	30,832
Investment Income	167,000	234,131	207,048
Total Revenue	<u>78,120,697</u>	<u>79,342,699</u>	<u>75,465,829</u>
Expenses			
Instruction	66,001,490	65,284,163	61,020,139
District Administration	2,786,434	2,774,740	2,785,174
Operations and Maintenance	8,056,694	8,156,719	7,314,811
Transportation and Housing	1,990,300	1,787,244	1,963,360
Total Expense	<u>78,834,918</u>	<u>78,002,866</u>	<u>73,083,484</u>
Operating Surplus (Deficit) for the year	<u>(714,221)</u>	<u>1,339,833</u>	<u>2,382,345</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>3,209,698</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(623,117)	(726,942)	(995,602)
Local Capital	(1,872,360)	(2,524,221)	(2,700,000)
Other			(162,715)
Total Net Transfers	<u>(2,495,477)</u>	<u>(3,251,163)</u>	<u>(3,858,317)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(1,911,330)</u>	<u>(1,475,972)</u>
Operating Surplus (Deficit), beginning of year		4,285,027	5,760,999
Operating Surplus (Deficit), end of year		<u>2,373,697</u>	<u>4,285,027</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		2,373,697	4,285,027
Total Operating Surplus (Deficit), end of year		<u>2,373,697</u>	<u>4,285,027</u>

School District No. 22 (Vernon)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2016

	2016 Budget (Note 12) \$	2016 Actual \$	2015 Actual \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	72,634,947	73,566,546	70,577,306
AANDC/LEA Recovery	(880,386)	(933,785)	(880,386)
Strike Savings Recovery			(2,330,695)
Other Ministry of Education Grants			
Labour Settlement Funding			1,360,327
Pay Equity	85,865	85,865	85,865
Funding for Graduated Adults	9,691	3,423	34,471
Economic Stability Dividend	-	61,119	
FSA and Monitored Marking	13,769	13,769	13,769
Carbon Tax Reimbursement	80,000	-	72,750
Next Generation Network	-	-	26,038
Career Program Grants	-	25,000	5,000
Teacher Benefit Grant	-	-	78,576
Curriculum Implementation	13,900	13,900	-
Refugee Count	-	4,168	-
Total Provincial Grants - Ministry of Education	<u>71,957,786</u>	<u>72,840,005</u>	<u>69,043,021</u>
Provincial Grants - Other	<u>211,350</u>	<u>180,778</u>	<u>211,550</u>
Tuition			
Summer School Fees	-	12,085	4,785
Offshore Tuition Fees	4,539,495	4,612,189	4,551,253
Total Tuition	<u>4,539,495</u>	<u>4,624,274</u>	<u>4,556,038</u>
Other Revenues			
LEA/Direct Funding from First Nations	880,386	933,785	880,386
Miscellaneous			
Cafeteria Revenue	130,000	108,034	127,773
Fees	130,000	86,540	120,275
Miscellaneous	58,500	279,184	288,906
Artists in Education (ArtStarts)	10,180	-	-
Total Other Revenue	<u>1,209,066</u>	<u>1,407,543</u>	<u>1,417,340</u>
Rentals and Leases	<u>36,000</u>	<u>55,968</u>	<u>30,832</u>
Investment Income	<u>167,000</u>	<u>234,131</u>	<u>207,048</u>
Total Operating Revenue	<u><u>78,120,697</u></u>	<u><u>79,342,699</u></u>	<u><u>75,465,829</u></u>

School District No. 22 (Vernon)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2016

	2016 Budget (Note 12)	2016 Actual	2015 Actual
	\$	\$	\$
Salaries			
Teachers	35,756,530	35,551,940	32,363,511
Principals and Vice Principals	3,637,165	3,577,690	3,757,315
Educational Assistants	4,041,451	3,957,134	3,732,499
Support Staff	7,127,089	7,233,053	6,705,183
Other Professionals	1,610,398	1,580,180	1,715,148
Substitutes	1,491,945	1,819,020	1,619,215
Total Salaries	53,664,578	53,719,017	49,892,871
Employee Benefits	14,574,456	14,491,234	13,772,086
Total Salaries and Benefits	68,239,034	68,210,251	63,664,957
Services and Supplies			
Services	3,722,776	3,676,703	3,657,960
Student Transportation	10,936	62,103	36,560
Professional Development and Travel	754,064	617,853	539,115
Rentals and Leases	83,500	104,937	82,247
Dues and Fees	563,958	627,804	590,760
Insurance	326,863	320,296	339,759
Supplies	3,438,993	2,513,407	2,665,497
Utilities	1,694,794	1,869,512	1,506,629
Total Services and Supplies	10,595,884	9,792,615	9,418,527
Total Operating Expense	78,834,918	78,002,866	73,083,484

School District No. 22 (Vernon)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	28,079,859	778,595	-	449,861	-	1,392,519	30,700,834
1.03 Career Programs	187,473	-	-	25,700	-	-	213,173
1.07 Library Services	577,115	118,472	-	250,748	-	-	946,335
1.08 Counselling	1,049,144	-	-	-	-	22,193	1,071,337
1.10 Special Education	4,122,892	-	3,489,094	60,076	132,462	215,729	8,020,253
1.30 English Language Learning	23,556	-	-	-	-	-	23,556
1.31 Aboriginal Education	266,880	-	468,040	26,573	114,342	-	875,835
1.41 School Administration	-	2,508,874	-	1,328,075	-	35,928	3,872,877
1.60 Summer School	89,175	-	-	-	-	-	89,175
1.62 Offshore Students	1,138,670	171,749	-	99,179	127,203	-	1,536,801
1.64 Other	17,176	-	-	23,028	-	-	40,204
Total Function 1	35,551,940	3,577,690	3,957,134	2,263,240	374,007	1,666,369	47,390,380
4 District Administration							
4.11 Educational Administration	-	-	-	102,337	391,387	18,623	512,347
4.40 School District Governance	-	-	-	-	104,527	-	104,527
4.41 Business Administration	-	-	-	485,989	445,997	3,734	935,720
Total Function 4	-	-	-	588,326	941,911	22,357	1,552,594
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	3,541	166,636	9,587	179,764
5.50 Maintenance Operations	-	-	-	3,198,276	-	61,932	3,260,208
5.52 Maintenance of Grounds	-	-	-	220,429	-	-	220,429
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	-	3,422,246	166,636	71,519	3,660,401
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	40,253	97,626	5,649	143,528
7.70 Student Transportation	-	-	-	918,988	-	53,126	972,114
Total Function 7	-	-	-	959,241	97,626	58,775	1,115,642
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	35,551,940	3,577,690	3,957,134	7,233,053	1,580,180	1,819,020	53,719,017

School District No. 22 (Vernon)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2016 Actual	2016 Budget (Note 12)	2015 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	30,700,834	7,917,371	38,618,205	1,472,808	40,091,013	40,060,305	35,793,955
1.03 Career Programs	213,173	56,884	270,057	189,644	459,701	460,197	453,735
1.07 Library Services	946,335	288,202	1,234,537	49,919	1,284,456	1,326,354	1,310,810
1.08 Counselling	1,071,337	276,385	1,347,722	10,768	1,358,490	1,175,576	1,235,813
1.10 Special Education	8,020,253	2,307,687	10,327,940	425,107	10,753,047	11,438,333	10,812,552
1.30 English Language Learning	23,556	6,249	29,805	1,724	31,529	29,454	30,118
1.31 Aboriginal Education	875,835	246,983	1,122,818	207,036	1,329,854	1,499,716	1,537,327
1.41 School Administration	3,872,877	1,175,344	5,048,221	145,295	5,193,516	5,084,732	5,068,465
1.60 Summer School	89,175	15,964	105,139	6,262	111,401	127,145	13,240
1.62 Offshore Students	1,536,801	413,859	1,950,660	2,398,773	4,349,433	4,515,119	4,433,035
1.64 Other	40,204	3,862	44,066	277,657	321,723	284,559	331,089
Total Function 1	47,390,380	12,708,790	60,099,170	5,184,993	65,284,163	66,001,490	61,020,139
4 District Administration							
4.11 Educational Administration	512,347	135,890	648,237	139,647	787,884	755,340	785,326
4.40 School District Governance	104,527	2,226	106,753	100,387	207,140	199,729	194,728
4.41 Business Administration	935,720	260,659	1,196,379	583,337	1,779,716	1,831,365	1,805,120
Total Function 4	1,552,594	398,775	1,951,369	823,371	2,774,740	2,786,434	2,785,174
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	179,764	54,922	234,686	319,066	553,752	540,740	653,885
5.50 Maintenance Operations	3,260,208	934,956	4,195,164	1,169,408	5,364,572	5,435,961	4,787,043
5.52 Maintenance of Grounds	220,429	55,575	276,004	92,879	368,883	385,199	367,254
5.56 Utilities	-	-	-	1,869,512	1,869,512	1,694,794	1,506,629
Total Function 5	3,660,401	1,045,453	4,705,854	3,450,865	8,156,719	8,056,694	7,314,811
7 Transportation and Housing							
7.41 Transportation and Housing Administration	143,528	37,182	180,710	9,411	190,121	181,183	178,909
7.70 Student Transportation	972,114	301,034	1,273,148	323,975	1,597,123	1,809,117	1,784,451
Total Function 7	1,115,642	338,216	1,453,858	333,386	1,787,244	1,990,300	1,963,360
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	53,719,017	14,491,234	68,210,251	9,792,615	78,002,866	78,834,918	73,083,484

School District No. 22 (Vernon)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2016

	2016 Budget (Note 12) \$	2016 Actual \$	2015 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	3,337,015	3,238,165	2,663,044
Other Revenue	2,029,480	2,729,137	2,483,627
Investment Income	11,957	2,963	-
Total Revenue	<u>5,378,452</u>	<u>5,970,265</u>	<u>5,146,671</u>
Expenses			
Instruction	4,763,747	5,453,787	5,002,017
Operations and Maintenance	195,586	195,586	85,759
Total Expense	<u>4,959,333</u>	<u>5,649,373</u>	<u>5,087,776</u>
Special Purpose Surplus (Deficit) for the year	<u>419,119</u>	<u>320,892</u>	<u>58,895</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(419,119)	(323,606)	-
Other	-		(58,895)
Total Net Transfers	<u>(419,119)</u>	<u>(323,606)</u>	<u>(58,895)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>(2,714)</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year		2,714	2,714
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>2,714</u>
Special Purpose Surplus (Deficit), end of year			
Related Entities		-	2,714
Total Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>2,714</u>

School District No. 22 (Vernon)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2016

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	Scholarships and Bursaries	School Generated Funds	Related Entities	Strong Start	Ready, Set, Learn
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	144,981	46,532	39,634	43,233	330,600	686,398	-	-	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education	386,857	1,506,960	-	2,928	-	-	-	128,000	34,300
Other	-	-	-	-	146,824	2,662,619	-	-	-
Investment Income	-	-	-	-	2,963	-	-	-	-
	386,857	1,506,960	-	2,928	149,787	2,662,619	-	128,000	34,300
Less: Allocated to Revenue	433,397	1,553,492	39,634	46,161	122,672	2,589,171	-	128,000	34,300
Deferred Revenue, end of year	98,441	-	-	-	357,715	759,846	-	-	-
Revenues									
Provincial Grants - Ministry of Education	433,397	1,553,492	39,634	46,161	-	-	-	128,000	34,300
Other Revenue	-	-	-	-	119,709	2,589,171	-	-	-
Investment Income	-	-	-	-	2,963	-	-	-	-
	433,397	1,553,492	39,634	46,161	122,672	2,589,171	-	128,000	34,300
Expenses									
Salaries									
Teachers	-	951,987	-	-	-	-	-	-	-
Educational Assistants	-	294,953	-	-	-	-	-	83,387	-
Support Staff	-	-	-	-	-	-	-	-	2,908
Other Professionals	-	-	-	-	-	-	-	-	-
	-	1,246,940	-	-	-	-	-	83,387	2,908
Employee Benefits	-	306,552	-	-	-	-	-	30,747	621
Services and Supplies	195,586	-	-	-	122,672	2,589,171	2,714	13,866	30,771
	195,586	1,553,492	-	-	122,672	2,589,171	2,714	128,000	34,300
Net Revenue (Expense) before Interfund Transfers	237,811	-	39,634	46,161	-	-	(2,714)	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(237,811)	-	(39,634)	(46,161)	-	-	-	-	-
	(237,811)	-	(39,634)	(46,161)	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	(2,714)	-	-

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2016

	OLEP	Community- LINK	Service Delivery Transformation	Student Concerts	TOTAL
	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	106,186	43,404	51,853	8,732	1,501,553
Add: Restricted Grants					
Provincial Grants - Ministry of Education	170,911	644,414	-	-	2,874,370
Other	-	11,525	-	-	2,820,968
Investment Income	-	-	-	-	2,963
	170,911	655,939	-	-	5,698,301
Less: Allocated to Revenue	277,097	685,756	51,853	8,732	5,970,265
Deferred Revenue, end of year	-	13,587	-	-	1,229,589
Revenues					
Provincial Grants - Ministry of Education	277,097	674,231	51,853	-	3,238,165
Other Revenue	-	11,525	-	8,732	2,729,137
Investment Income	-	-	-	-	2,963
	277,097	685,756	51,853	8,732	5,970,265
Expenses					
Salaries					
Teachers	86,758	-	-	-	1,038,745
Educational Assistants	-	-	-	-	378,340
Support Staff	-	-	-	-	2,908
Other Professionals	-	5,179	22,260	-	27,439
	86,758	5,179	22,260	-	1,447,432
Employee Benefits	19,083	825	6,729	-	364,557
Services and Supplies	171,256	679,752	22,864	8,732	3,837,384
	277,097	685,756	51,853	8,732	5,649,373
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	320,892
Interfund Transfers					
Tangible Capital Assets Purchased	-	-	-	-	(323,606)
	-	-	-	-	(323,606)
Net Revenue (Expense)	-	-	-	-	(2,714)

School District No. 22 (Vernon)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2016

	2016	2016 Actual			2015
	Budget (Note 12)	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Amortization of Deferred Capital Revenue	3,888,653	3,899,800		3,899,800	3,805,512
Total Revenue	<u>3,888,653</u>	<u>3,899,800</u>	<u>-</u>	<u>3,899,800</u>	<u>3,805,512</u>
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	4,887,365	4,887,365		4,887,365	4,695,787
Transportation and Housing	537,992	547,391		547,391	511,836
Total Expense	<u>5,425,357</u>	<u>5,434,756</u>	<u>-</u>	<u>5,434,756</u>	<u>5,207,623</u>
Capital Surplus (Deficit) for the year	<u>(1,536,704)</u>	<u>(1,534,956)</u>	<u>-</u>	<u>(1,534,956)</u>	<u>(1,402,111)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	1,042,236	1,050,548		1,050,548	995,602
Local Capital	1,872,360		2,524,221	2,524,221	2,700,000
Other				-	221,610
Total Net Transfers	<u>2,914,596</u>	<u>1,050,548</u>	<u>2,524,221</u>	<u>3,574,769</u>	<u>3,917,212</u>
Total Capital Surplus (Deficit) for the year	<u>1,377,892</u>	<u>(484,408)</u>	<u>2,524,221</u>	<u>2,039,813</u>	<u>2,515,101</u>
Capital Surplus (Deficit), beginning of year		19,549,853	4,155,068	23,704,921	21,189,820
Capital Surplus (Deficit), end of year		<u><u>19,065,445</u></u>	<u><u>6,679,289</u></u>	<u><u>25,744,734</u></u>	<u><u>23,704,921</u></u>

School District No. 22 (Vernon)

Tangible Capital Assets
Year Ended June 30, 2016

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	8,816,960	158,503,451	2,791,551	5,379,921	385,155	5,142,753	181,019,791
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	-	4,601,952	327,645	-	-	114,229	5,043,826
Operating Fund	-	-	361,386	251,842	-	113,714	726,942
Special Purpose Funds	-	237,811	85,795	-	-	-	323,606
	-	4,839,763	774,826	251,842	-	227,943	6,094,374
Decrease:							
Deemed Disposals			195,023	546,895	27,102	116,804	885,824
	-	-	195,023	546,895	27,102	116,804	885,824
Cost, end of year	8,816,960	163,343,214	3,371,354	5,084,868	358,053	5,253,892	186,228,341
Work in Progress, end of year							-
Cost and Work in Progress, end of year	8,816,960	163,343,214	3,371,354	5,084,868	358,053	5,253,892	186,228,341
Accumulated Amortization, beginning of year		65,057,888	1,100,772	2,371,616	186,020	1,549,807	70,266,103
Changes for the Year							
Increase: Amortization for the Year		3,502,628	279,155	547,391	77,031	1,028,551	5,434,756
Decrease:							
Deemed Disposals			195,023	546,895	27,102	116,804	885,824
			195,023	546,895	27,102	116,804	885,824
Accumulated Amortization, end of year		68,560,516	1,184,904	2,372,112	235,949	2,461,554	74,815,035
Tangible Capital Assets - Net	8,816,960	94,782,698	2,186,450	2,712,756	122,104	2,792,338	111,413,306

School District No. 22 (Vernon)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2016

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	91,192,687		11,148	91,203,835
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	5,043,826		-	5,043,826
	<u>5,043,826</u>	<u>-</u>	<u>-</u>	<u>5,043,826</u>
Decrease:				
Amortization of Deferred Capital Revenue	3,888,652		11,148	3,899,800
	<u>3,888,652</u>	<u>-</u>	<u>11,148</u>	<u>3,899,800</u>
Net Changes for the Year	<u>1,155,174</u>	<u>-</u>	<u>(11,148)</u>	<u>1,144,026</u>
Deferred Capital Revenue, end of year	<u><u>92,347,861</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>92,347,861</u></u>
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Work in Progress, end of year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Total Deferred Capital Revenue, end of year	<u><u>92,347,861</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>92,347,861</u></u>

School District No. 22 (Vernon)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2016

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	403,177	120,618		-	1,090	524,885
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	5,104,561					5,104,561
Investment Income	-	1,366		-		1,366
Reallocation	-	-		-	(1,090)	(1,090)
	<u>5,104,561</u>	<u>1,366</u>	<u>-</u>	<u>-</u>	<u>(1,090)</u>	<u>5,104,837</u>
Decrease:						
Transferred to DCR - Capital Additions	5,043,826	-				5,043,826
	<u>5,043,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,043,826</u>
Net Changes for the Year	<u>60,735</u>	<u>1,366</u>	<u>-</u>	<u>-</u>	<u>(1,090)</u>	<u>61,011</u>
Balance, end of year	<u>463,912</u>	<u>121,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>585,896</u>