

Consolidated Audited Financial Statements of

School District No. 22 (Vernon)

June 30, 2017

School District No. 22 (Vernon)

June 30, 2017

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School District No. 22 (Vernon)

MANAGEMENT REPORT

Version: 9538-9353-7371

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.

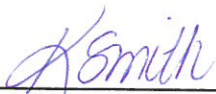
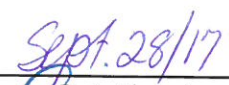
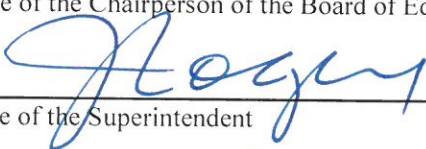
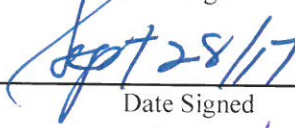
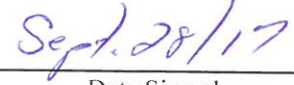
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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 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	Date Signed
	
Signature of the Superintendent	Date Signed
	
Signature of the Secretary Treasurer	Date Signed



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Vernon BC V1T 9A2
Canada
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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 consolidated financial statements of School District No. 22 (Vernon), which comprise the statements of consolidated financial position as at June 30, 2017, the consolidated statements of operations, consolidated change in net financial assets (debt) and consolidated cash flows for the years 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 consolidated 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 consolidated 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 consolidated 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 and fair presentation 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.



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

Opinion

In our opinion, the consolidated financial statements of School District No. 22 (Vernon) as at and for the year ended June 30, 2017 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 27, 2017
Vernon, Canada

School District No. 22 (Vernon)

Statement 1

Consolidated Statement of Financial Position
As at June 30, 2017

	2017 Actual	2016 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	22,047,000	22,677,742
Accounts Receivable		
Due from LEA/Direct Funding	428,232	233,446
Other	264,580	305,135
Other Assets	384,659	748,112
Total Financial Assets	23,124,471	23,964,435
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 3)	6,905,819	7,309,205
Unearned Revenue (Note 4)	2,145,664	2,494,769
Deferred Revenue (Note 5)	1,170,635	1,229,589
Deferred Capital Revenue (Note 6)	92,256,960	92,933,757
Employee Future Benefits (Note 7)	3,386,165	3,364,067
Total Liabilities	105,865,243	107,331,387
Net Financial Assets (Debt)	(82,740,772)	(83,366,952)
Non-Financial Assets		
Tangible Capital Assets (Note 8)	110,574,404	111,413,306
Prepaid Expenses	98,442	72,077
Total Non-Financial Assets	110,672,846	111,485,383
Accumulated Surplus (Deficit) (Note 9)	27,932,074	28,118,431

Contractual Obligations and Contingencies (Note 10)

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. 22 (Vernon)

Statement 2

Consolidated Statement of Operations

Year Ended June 30, 2017

	2017 Budget (Note 11) \$	2017 Actual \$	2016 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	78,157,260	79,990,242	76,078,170
Other	223,567	312,852	180,778
Tuition	4,766,319	4,859,619	4,624,274
Other Revenue	3,519,776	4,671,766	4,136,680
Rentals and Leases	43,000	53,267	55,968
Investment Income	241,500	257,582	237,094
Gain (Loss) on Disposal of Tangible Capital Assets		(20,350)	
Amortization of Deferred Capital Revenue	3,975,619	3,975,619	3,899,800
Total Revenue	<u>90,927,041</u>	<u>94,100,597</u>	<u>89,212,764</u>
Expenses			
Instruction	73,374,529	74,729,360	70,737,950
District Administration	2,757,157	3,105,253	2,774,740
Operations and Maintenance	13,553,400	14,091,560	13,239,670
Transportation and Housing	2,486,989	2,313,781	2,334,635
Write-off/down of Furniture and Equipment		47,000	
Total Expense	<u>92,172,075</u>	<u>94,286,954</u>	<u>89,086,995</u>
Surplus (Deficit) for the year	<u>(1,245,034)</u>	<u>(186,357)</u>	<u>125,769</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		28,118,431	27,992,662
Accumulated Surplus (Deficit) from Operations, end of year		<u>27,932,074</u>	<u>28,118,431</u>

School District No. 22 (Vernon)

Statement 4

Consolidated Statement of Changes in Net Financial Assets (Debt)
 Year Ended June 30, 2017

	2017 Budget (Note 11) \$	2017 Actual \$	2016 Actual \$
Surplus (Deficit) for the year	<u>(1,245,034)</u>	<u>(186,357)</u>	<u>125,769</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets (Note 8)	(4,891,772)	(4,812,470)	(6,094,374)
Amortization of Tangible Capital Assets (Note 8)	5,575,772	5,578,522	5,434,756
Net carrying value of Tangible Capital Assets disposed of		25,850	
Write-down carrying value of Tangible Capital Assets		47,000	
Total Effect of change in Tangible Capital Assets	<u>684,000</u>	<u>838,902</u>	<u>(659,618)</u>
Acquisition of Prepaid Expenses	-	(26,365)	96,696
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(26,365)</u>	<u>96,696</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(561,034)</u>	<u>626,180</u>	<u>(437,153)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>626,180</u>	<u>(437,153)</u>
Net Financial Assets (Debt), beginning of year		(83,366,952)	(82,929,799)
Net Financial Assets (Debt), end of year		<u>(82,740,772)</u>	<u>(83,366,952)</u>

School District No. 22 (Vernon)

Statement 5

Consolidated Statement of Cash Flows

Year Ended June 30, 2017

	2017 Actual	2016 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(186,357)	125,769
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(154,231)	737,432
Prepaid Expenses	(26,365)	96,695
Increase (Decrease)		
Accounts Payable and Accrued Liabilities (Note 3)	(403,386)	1,011,224
Unearned Revenue (Note 4)	(349,105)	(78,995)
Deferred Revenue (Note 5)	(58,954)	(271,964)
Employee Future Benefits (Note 7)	22,098	84,518
Loss (Gain) on Disposal of Tangible Capital Assets	20,350	-
Amortization of Tangible Capital Assets (Note 8)	5,578,522	5,434,756
Amortization of Deferred Capital Revenue (Note 6)	(3,975,619)	(3,899,800)
Decrease in other assets	363,453	198,636
Write-Off/down of Furniture and Equipment	47,000	-
Total Operating Transactions	877,406	3,438,271
Capital Transactions		
Tangible Capital Assets Purchased (Note 8)	(4,812,470)	(6,094,374)
District Portion of Proceeds on Disposal	5,500	
Total Capital Transactions	(4,806,970)	(6,094,374)
Financing Transactions		
Capital Revenue Received (Note 6)	3,298,822	5,104,837
Total Financing Transactions	3,298,822	5,104,837
Net Increase (Decrease) in Cash and Cash Equivalents	(630,742)	2,448,734
Cash and Cash Equivalents, beginning of year	22,677,742	20,229,008
Cash and Cash Equivalents, end of year	22,047,000	22,677,742
Cash and Cash Equivalents, end of year, is made up of:		
Cash	22,047,000	22,677,742
	22,047,000	22,677,742

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

These 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, 2017

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. 554210 B.C. Ltd is incorporated under the BC Company Act. 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, 2017

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 accumulating non-vested sick leave, retirement/severance 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") 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, 2017

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, 2017

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 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, 2017

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.

Categories of Salaries

- Principals, Vice-Principals, and Directors of Instruction employed under an administrative officer contract are categorized as Principals and Vice-Principals.
- Superintendents, Assistant Superintendents, Secretary-Treasurers, Trustees and other employees excluded from union contracts are categorized as Other Professionals.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(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.

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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

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 OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade and other amounts payable	\$ 1,794,957	\$ 2,202,666
Wages payable – teachers’ 12 month instalment plan	1,150,417	1,137,420
Pension contributions payable	1,256,442	1,129,932
Payroll taxes payable	1,003,893	987,922
Accrued vacation pay	866,089	826,117
Accrued wages and benefits	650,919	650,048
Other accrued liabilities	183,102	375,100
	<u>\$ 6,905,819</u>	<u>\$ 7,309,205</u>

NOTE 4 UNEARNED REVENUE

	2017	2016
Balance, beginning of year	\$ 2,494,769	\$ 2,573,764
Changes for the year:		
Increase:		
Tuition fees collected	4,510,514	4,460,500
Decrease:		
Tuition fees recognized	4,859,619	4,539,495
Net changes for the year	(349,105)	(78,995)
Balance, end of year	<u>\$ 2,145,664</u>	<u>\$ 2,494,769</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 5 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.

	2017	2016
Balance, beginning of year	\$ 1,229,589	\$ 1,501,553
Changes for the year:		
Increase:		
Grants: Provincial – Ministry of Education	3,771,216	2,874,370
School generated funds	2,694,678	2,662,619
Other	180,604	158,349
Interest	3,091	2,963
	<u>6,649,589</u>	<u>5,698,301</u>
Decrease:		
Allocated to Revenue: Provincial – Ministry of Education	3,807,835	3,238,165
Other	2,900,708	2,732,100
	<u>6,708,543</u>	<u>5,970,265</u>
Net changes for the year	(58,954)	(271,964)
Balance, end of year	<u>\$ 1,170,635</u>	<u>\$ 1,229,589</u>

NOTE 6 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.

	2017	2016
Deferred capital revenue subject to amortization		
Balance, beginning of year	\$ 92,347,861	\$ 91,203,835
Increases:		
Capital additions	3,264,315	5,043,826
Decreases:		
Amortization	3,975,619	3,899,800
Net change for the year	(711,304)	1,144,026
Balance, end of year	<u>91,636,557</u>	<u>92,347,861</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 6 DEFERRED CAPITAL REVENUE *(Continued)*

Deferred capital revenue - unspent

Balance, beginning of year	585,896	524,885
Increases:		
Provincial grants – Ministry of Education	3,162,596	5,104,561
Provincial grants – Other Ministries	134,885	-
Investment income	1,341	276
Decrease:		
Transfer to deferred capital revenue subject to amortization	3,264,315	5,043,826
Net change for the year	34,507	61,011
Balance, end of year	620,403	585,896
Total deferred capital revenue balance, end of year	\$ 92,256,960	\$ 92,933,757

NOTE 7 EMPLOYEE FUTURE BENEFITS

Benefits include accumulating non-vested sick leave, retirement/severance 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.

	2017	2016
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 3,460,223	\$ 3,522,045
Service Cost	242,421	279,005
Interest Cost	87,897	82,533
Benefit Payments	(290,767)	(307,304)
Increase in Obligation due to Plan Amendment	-	3,697
Actuarial Gain	(138,320)	(119,753)
Accrued Benefit Obligation – March 31	<u>\$ 3,361,454</u>	<u>\$ 3,460,223</u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 3,361,454	\$ 3,460,223
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(3,361,454)	(3,460,223)
Employer Contributions After Measurement Date	102,362	61,790
Benefits Expense After Measurement Date	(84,407)	(82,579)
Unamortized Net Actuarial (Gain) Loss	(42,666)	116,945
Accrued Benefit Liability – June 30	<u>\$ (3,386,165)</u>	<u>\$ (3,364,067)</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 7 EMPLOYEE FUTURE BENEFITS *(Continued)*

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability – July 1	\$ 3,364,067	\$ 3,279,548
Net Expense for Fiscal Year	353,436	392,330
Employer Contributions	(331,338)	(307,811)
Accrued Benefit Liability – June 30	<u>\$ 3,386,165</u>	<u>\$ 3,364,067</u>

Components of Net Benefit Expense

Service Cost	\$ 242,495	\$ 269,859
Interest Cost	89,650	83,875
Immediate Recognition of Plan Amendment	-	3,697
Amortization of Net Actuarial Loss	21,291	34,899
Net Benefit Expense	<u>\$ 353,436</u>	<u>\$ 392,330</u>

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

	2017	2016
Discount Rate – April 1	2.50%	2.25%
Discount Rate – March 31	2.75%	2.50%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARS L – March 31	8.8	8.8

NOTE 8 TANGIBLE CAPITAL ASSETS

June 30, 2017

Cost:	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	163,343,214	3,327,871	-	166,671,085
Furniture & Equipment	3,371,354	225,790	297,084	3,300,060
Vehicles	5,084,868	379,573	183,367	5,281,074
Computer Software	358,053	119,412	84,369	393,096
Computer Hardware	5,253,892	759,824	320,675	5,693,041
Total	<u>\$ 186,228,341</u>	<u>\$ 4,812,470</u>	<u>\$ 885,495</u>	<u>\$ 190,155,316</u>

Accumulated Amortization:	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
Buildings	\$ 68,560,516	\$ 3,607,762	\$ -	\$ 72,168,278
Furniture & Equipment	1,184,904	337,135	250,084	1,271,955
Vehicles	2,372,112	511,237	157,517	2,725,832
Computer Software	235,949	71,610	84,369	223,190
Computer Hardware	2,461,554	1,050,778	320,675	3,191,657
Total	<u>\$ 74,815,035</u>	<u>\$ 5,578,522</u>	<u>\$ 812,645</u>	<u>\$ 79,580,912</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 8 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2016

Cost:	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
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

Accumulated Amortization:	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
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

Net Book Value:

	June 30, 2017	June 30, 2016
Sites	\$ 8,816,960	\$ 8,816,960
Buildings	94,502,807	94,782,698
Furniture & Equipment	2,028,105	2,186,450
Vehicles	2,555,242	2,712,756
Computer Software	169,906	122,104
Computer Hardware	2,501,384	2,792,338
Total	\$ 110,574,404	\$ 111,413,306

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, 2017

NOTE 9 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 identified future 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.

Operating Fund

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.

	2017	2016
Internally restricted:		
School budget balances	\$ 226,953	\$ 242,607
Student learning grant commitments	293,334	-
Department budget balances	-	4,835
Appropriated for next year's budget	-	600,257
Contingency reserve	595,337	1,000,000
Union commitments	447,315	356,106
Aboriginal Education commitments	40,018	169,892
Total Operating Fund	<u>\$ 1,602,957</u>	<u>\$ 2,373,697</u>

Special Purpose Funds

The Special Purpose Funds account for grants and contributions received which are directed by agreement with a third party towards specific activities. As these are targeted grants, any unspent funding is typically accounted for as deferred revenue, not as accumulated surplus.

The Special Purpose Funds also account for the operating revenues, expenses and surplus of 554210 BC Ltd, a related entity which owns a woodlot license

	2017	2016
Internally restricted:		
554210 BC Ltd. operating surplus	\$ 143,274	\$ -
Total Special Purpose Funds	<u>\$ 143,274</u>	<u>\$ -</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 9 ACCUMULATED SURPLUS *(Continued)*

Capital Fund

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 local capital, which represent surpluses restricted to fund future capital purchases.

	2017	2016
Local capital		
Externally restricted for future capital asset purchases	\$ 1,449,073	\$ 1,455,068
Internally restricted for future capital asset purchases	5,798,923	5,224,221
Total local capital	<u>7,247,996</u>	<u>6,679,289</u>
Invested in tangible capital assets	18,937,847	19,065,445
Total Capital Fund	<u>\$ 26,185,843</u>	<u>\$ 25,744,734</u>

The amounts internally restricted for future capital asset purchases within local capital represent cumulative amounts transferred to the capital fund from the operating fund which have yet to be spent on capital asset purchases.

The School District has allocated local capital to fund the following projects in future years:

Board office – renovation	\$ 3,200,000
Board office – replace portables	4,100,000
District software (accounting, HR, payroll, absence management)	400,000
School improvements	3,000,000
Total forecast project costs	<u>\$ 10,700,000</u>

The forecast project costs exceed the local capital balance by \$3.5 million. The School District anticipates funding this shortfall through the sale of surplus School District properties.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 10 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has approximately \$645,000 of purchase orders which remain outstanding at June 30, 2017.

The School District, through its Scholarships and Bursaries special purpose fund, has committed to providing \$250,000 of post-secondary scholarships and bursaries.

The School District received Student Learning Grant funding from the Province in the year to June 30, 2017. \$293,334 of that grant remained unspent at June 30, 2017, and the School District is committed to spending that balance in line with the terms of the grant.

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 \$447,314 at June 30, 2017.

The School District receives certain targetted funding from the Provincial Government which the School District is required to spend on enhancing the education of Aboriginal students. Unspent amounts at June 30, 2017 are \$40,018. The School District is committed to spending this amount on enhancing the education of Aboriginal students, 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, 2017, 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, 2017

NOTE 11 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget on February 22nd, 2017. The original annual budget was adopted on May 25th, 2016. The original and amended budgets are presented below.

	2017 Annual Amended Budget	2017 Annual Original Budget
Revenues		
Provincial Grants		
Ministry of Education	\$ 78,157,260	\$ 77,155,586
Other	223,567	201,067
Tuition	4,766,319	4,162,627
Other Revenue	3,519,776	3,435,566
Rentals and Leases	43,000	43,000
Investment Income	241,500	238,500
Amortization of Deferred Capital Revenue	3,975,619	3,880,437
	<u>90,927,041</u>	<u>89,116,783</u>
Expenses		
Instruction	73,374,529	71,378,210
District Administration	2,757,157	2,710,758
Operations and Maintenance	13,553,400	13,753,152
Transportation and Housing	2,486,989	2,406,711
	<u>92,172,075</u>	<u>90,248,831</u>
Deficit for the year	<u>\$ (1,245,034)</u>	<u>\$ (1,132,048)</u>

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, 2015, the Teachers' Pension Plan has about 45,000 active members and approximately 36,000 retired members. As of December 31, 2015, the Municipal Pension Plan has about 189,000 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 actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate is then adjusted to the extent there is amortization of any funding deficit.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 12 EMPLOYEE PENSION PLANS *(Continued)*

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014 indicated a \$449 million surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2017 with results available in 2018.

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. The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The School District paid \$7,185,484 for employer contributions to the plans for the year ended June 30, 2017 (2016: \$7,551,533).

NOTE 13 EXPENSE BY OBJECT

	2017	2016
Salaries and benefits	\$ 74,083,997	\$ 70,022,240
Services and supplies	14,624,435	13,629,999
Amortization	5,578,522	5,434,756
	<u>\$ 94,286,954</u>	<u>\$ 89,086,995</u>

NOTE 14 RELATED PARTY TRANSACTIONS

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

NOTE 15 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, 2017

NOTE 16 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 the School District does not have significant amounts receivable from any one borrower or class of borrowers.

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)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 17 SCHEDULES BY FUND

The School District accounts for its financial activities using funds. The schedules on pages 27 to 37 of these financial statements provide financial information on those funds. They are prepared in a format prescribed by the Ministry of Education.

School District No. 22 (Vernon)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2017

Schedule 1

	Operating Fund	Special Purpose Fund	Capital Fund	2017 Actual	2016 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	2,373,697		25,744,734	28,118,431	27,992,662
Changes for the year					
Surplus (Deficit) for the year	1,053,139	430,757	(1,670,253)	(186,357)	125,769
Interfund Transfers	(390,879)	(292,983)	683,862	-	-
Tangible Capital Assets Purchased	(1,433,000)		1,433,000	-	-
Local Capital		5,500	(5,500)	-	-
Other					
Net Changes for the year	(770,740)	143,274	441,109	(186,357)	125,769
Accumulated Surplus (Deficit), end of year - Statement 2	1,602,957	143,274	26,185,843	27,932,074	28,118,431

School District No. 22 (Vernon)

Schedule of Operating Operations

Year Ended June 30, 2017

Schedule 2

	2017 Budget (Note 11)	2017 Actual	2016 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	75,176,791	76,177,407	72,840,005
Other	201,067	312,852	180,778
Tuition	4,766,319	4,859,619	4,624,274
Other Revenue	953,776	1,107,344	1,407,543
Rentals and Leases	43,000	53,267	55,968
Investment Income	238,000	250,588	234,131
Total Revenue	81,378,953	82,761,077	79,342,699
Expenses			
Instruction	68,188,917	68,023,181	65,284,163
District Administration	2,757,157	3,105,253	2,774,740
Operations and Maintenance	8,395,074	8,776,960	8,156,719
Transportation and Housing	1,978,502	1,802,544	1,787,244
Total Expense	81,319,650	81,707,938	78,002,866
Operating Surplus (Deficit) for the year	59,303	1,053,139	1,339,833
Budgeted Appropriation (Retirement) of Surplus (Deficit)	1,373,697		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	-	(390,879)	(726,942)
Local Capital	(1,433,000)	(1,433,000)	(2,524,221)
Total Net Transfers	(1,433,000)	(1,823,879)	(3,251,163)
Total Operating Surplus (Deficit), for the year	-	(770,740)	(1,911,330)
Operating Surplus (Deficit), beginning of year		2,373,697	4,285,027
Operating Surplus (Deficit), end of year		1,602,957	2,373,697
Operating Surplus (Deficit), end of year			
Internally Restricted		1,602,957	2,373,697
Total Operating Surplus (Deficit), end of year		1,602,957	2,373,697

School District No. 22 (Vernon)

Schedule 2A

Schedule of Operating Revenue by Source

Year Ended June 30, 2017

	2017 Budget (Note 11)	2017 Actual	2016 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	75,506,758	75,638,178	73,566,546
INAC/LEA Recovery	(880,386)	(895,125)	(933,785)
Other Ministry of Education Grants			
Pay Equity	85,865	85,865	85,865
Funding for Graduated Adults	9,691	2,853	3,423
Transportation Supplement	361,094	361,094	
Economic Stability Dividend	-	44,770	61,119
Return of Administrative Savings	-	382,586	
Carbon Tax Grant	80,000	124,181	-
Student Learning Grant	-	420,041	
FSA and Monitored Marking	13,769	12,964	13,769
Curriculum Implementation	-	-	13,900
Refugee Count	-	-	4,168
Career Program Grants	-	-	25,000
Total Provincial Grants - Ministry of Education	75,176,791	76,177,407	72,840,005
Provincial Grants - Other	201,067	312,852	180,778
Tuition			
Summer School Fees	-	150	12,085
International and Out of Province Students	4,766,319	4,859,469	4,612,189
Total Tuition	4,766,319	4,859,619	4,624,274
Other Revenues			
LEA/Direct Funding from First Nations	880,386	895,125	933,785
Miscellaneous			
Miscellaneous	43,180	116,894	279,184
Fees	-	54,125	86,540
Other Governmental Organisations	20,310	5,400	-
Sale of Assets	-	25,900	-
Artists in Education (ArtStarts)	9,900	9,900	-
Cafeteria Revenue	-	-	108,034
Total Other Revenue	953,776	1,107,344	1,407,543
Rentals and Leases	43,000	53,267	55,968
Investment Income	238,000	250,588	234,131
Total Operating Revenue	81,378,953	82,761,077	79,342,699

School District No. 22 (Vernon)

Schedule 2B

Schedule of Operating Expense by Object

Year Ended June 30, 2017

	2017 Budget (Note 11)	2017 Actual	2016 Actual
	\$	\$	\$
Salaries			
Teachers	36,701,761	36,383,793	35,551,940
Principals and Vice Principals	4,013,996	3,823,616	3,577,690
Educational Assistants	4,121,898	4,383,953	3,957,134
Support Staff	7,105,148	7,264,959	7,233,053
Other Professionals	1,801,959	1,908,254	1,580,180
Substitutes	2,417,503	2,839,042	1,819,020
Total Salaries	56,162,265	56,603,617	53,719,017
Employee Benefits	14,435,013	14,917,593	14,491,234
Total Salaries and Benefits	70,597,278	71,521,210	68,210,251
Services and Supplies			
Services	4,005,986	4,452,825	3,676,703
Student Transportation	57,410	11,167	62,103
Professional Development and Travel	713,460	640,899	617,853
Rentals and Leases	115,324	116,937	104,937
Dues and Fees	97,569	89,416	627,804
Insurance	328,863	383,992	320,296
Supplies	3,787,447	2,549,380	2,513,407
Utilities	1,616,313	1,942,112	1,869,512
Total Services and Supplies	10,722,372	10,186,728	9,792,615
Total Operating Expense	81,319,650	81,707,938	78,002,866

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object

Year Ended June 30, 2017

Schedule 2C

	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	27,785,873	791,163	-	403,678	-	2,303,449	31,284,163
1.03 Career Programs	334,356	1,921	-	17,544	19,083	14,621	387,525
1.07 Library Services	733,575	73,220	-	250,112	-	1,748	1,058,655
1.08 Counselling	1,404,530	1,334	-	-	-	33,842	1,439,706
1.10 Special Education	4,503,047	-	3,880,538	59,472	136,426	286,835	8,866,318
1.30 English Language Learning	29,801	-	-	-	-	-	29,801
1.31 Aboriginal Education	330,085	-	503,415	31,786	114,673	12,059	992,018
1.41 School Administration	-	2,785,922	-	1,345,989	-	41,562	4,173,473
1.60 Summer School	84,407	-	-	-	2,500	-	86,907
1.62 International and Out of Province Students	1,178,119	170,056	-	86,593	137,811	27,617	1,600,196
1.64 Other	-	-	-	-	-	-	-
Total Function 1	36,383,793	3,823,616	4,383,953	2,195,174	410,493	2,721,733	49,918,762
4 District Administration							
4.11 Educational Administration	-	-	-	153,226	584,464	307	737,997
4.40 School District Governance	-	-	-	-	108,690	-	108,690
4.41 Business Administration	-	-	-	434,445	326,612	3,150	764,207
Total Function 4	-	-	-	587,671	1,019,766	3,457	1,610,894
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	71,830	317,133	-	388,963
5.50 Maintenance Operations	-	-	-	3,183,422	72,565	59,218	3,315,205
5.52 Maintenance of Grounds	-	-	-	186,215	-	-	186,215
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	-	3,441,467	389,698	59,218	3,890,383
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	55,413	88,297	2,913	146,623
7.70 Student Transportation	-	-	-	985,234	-	51,721	1,036,955
7.73 Housing	-	-	-	-	-	-	-
Total Function 7	-	-	-	1,040,647	88,297	54,634	1,183,578
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	36,383,793	3,823,616	4,383,953	7,264,959	1,908,254	2,839,042	56,603,617

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object

Year Ended June 30, 2017

Schedule 2C

	Total Salaries \$	Employee Benefits \$	Total Salaries and Benefits \$	Services and Supplies \$	2017 Actual \$	2017 Budget (Note 11) \$	2016 Actual \$
1 Instruction							
1.02 Regular Instruction	31,284,163	7,922,545	39,206,708	1,302,258	40,508,966	41,352,886	40,091,013
1.03 Career Programs	387,525	91,144	478,669	210,724	689,393	623,112	459,701
1.07 Library Services	1,058,655	316,101	1,374,756	46,528	1,421,284	1,356,014	1,284,456
1.08 Counselling	1,439,706	362,072	1,801,778	1,768	1,803,546	1,438,750	1,358,490
1.10 Special Education	8,866,318	2,547,807	11,414,125	561,831	11,975,956	11,973,173	10,753,047
1.30 English Language Learning	29,801	6,245	36,046	-	36,046	29,161	31,529
1.31 Aboriginal Education	992,018	265,053	1,257,071	177,792	1,434,863	1,495,115	1,329,854
1.41 School Administration	4,173,473	1,129,342	5,302,815	232,045	5,534,860	5,384,214	5,193,516
1.60 Summer School	86,907	15,331	102,238	4,438	106,676	120,400	111,401
1.62 International and Out of Province Students	1,600,196	408,392	2,008,588	2,503,003	4,511,591	4,416,092	4,349,433
1.64 Other	-	-	-	-	-	-	321,723
Total Function 1	49,918,762	13,064,032	62,982,794	5,040,387	68,023,181	68,188,917	65,284,163
4 District Administration							
4.11 Educational Administration	737,997	180,626	918,623	133,918	1,052,541	1,194,637	787,884
4.40 School District Governance	108,690	2,403	111,093	75,319	186,412	199,729	207,140
4.41 Business Administration	764,207	231,974	996,181	870,119	1,866,300	1,362,791	1,779,716
Total Function 4	1,610,894	415,003	2,025,897	1,079,356	3,105,253	2,757,157	2,774,740
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	388,963	82,799	471,762	216,837	688,599	588,934	553,752
5.50 Maintenance Operations	3,315,205	942,294	4,257,499	1,579,731	5,837,230	5,808,542	5,364,572
5.52 Maintenance of Grounds	186,215	55,147	241,362	67,657	309,019	381,285	368,883
5.56 Utilities	-	-	-	1,942,112	1,942,112	1,616,313	1,869,512
Total Function 5	3,890,383	1,080,240	4,970,623	3,806,337	8,776,960	8,395,074	8,156,719
7 Transportation and Housing							
7.41 Transportation and Housing Administration	146,623	35,365	181,988	6,057	188,045	183,864	190,121
7.70 Student Transportation	1,036,955	322,953	1,359,908	254,591	1,614,499	1,794,638	1,597,123
7.73 Housing	-	-	-	-	-	-	-
Total Function 7	1,183,578	358,318	1,541,896	260,648	1,802,544	1,978,502	1,787,244
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	56,603,617	14,917,593	71,521,210	10,186,728	81,707,938	81,319,650	78,002,866

School District No. 22 (Vernon)

Schedule of Special Purpose Operations

Year Ended June 30, 2017

Schedule 3

	2017 Budget (Note 11)	2017 Actual	2016 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	2,980,469	3,812,835	3,238,165
Other	22,500		-
Other Revenue	2,566,000	3,564,422	2,729,137
Investment Income	3,500	6,994	2,963
Total Revenue	<u>5,572,469</u>	<u>7,384,251</u>	<u>5,970,265</u>
Expenses			
Instruction	5,185,612	6,706,179	5,453,787
Operations and Maintenance	91,041	247,315	195,586
Total Expense	<u>5,276,653</u>	<u>6,953,494</u>	<u>5,649,373</u>
Special Purpose Surplus (Deficit) for the year	<u>295,816</u>	<u>430,757</u>	<u>320,892</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(295,816)	(292,983)	(323,606)
Other		5,500	
Total Net Transfers	<u>(295,816)</u>	<u>(287,483)</u>	<u>(323,606)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>143,274</u>	<u>(2,714)</u>
Special Purpose Surplus (Deficit), beginning of year			2,714
Special Purpose Surplus (Deficit), end of year		<u>143,274</u>	-
Special Purpose Surplus (Deficit), end of year			
Related Entities		143,274	
Total Special Purpose Surplus (Deficit), end of year		<u>143,274</u>	-

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2017

Schedule 3A

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Related Entities	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	98,441	-	357,715	759,846	-	-	-	-	13,587
Add: Restricted Grants									
Provincial Grants - Ministry of Education	386,857	1,530,417	-	-	-	128,982	34,300	174,736	644,539
Other	-	-	132,453	2,694,678	-	-	-	-	9,770
Investment Income	-	-	3,091	-	-	-	-	-	-
Less: Allocated to Revenue	386,857	1,530,417	135,544	2,694,678	-	128,982	34,300	174,736	654,309
Deferred Revenue, end of year	485,298	1,530,417	149,484	2,708,840	-	128,982	34,300	174,736	667,896
	-	-	343,775	745,684	-	-	-	-	-
Revenues									
Provincial Grants - Ministry of Education	485,298	1,530,417	-	-	-	128,982	34,300	174,736	658,126
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	146,393	2,708,840	671,805	-	-	-	9,770
Investment Income	-	-	3,091	-	3,903	-	-	-	-
Expenses									
Salaries	485,298	1,530,417	149,484	2,708,840	675,708	128,982	34,300	174,736	667,896
Teachers	-	971,616	-	-	-	-	2,920	83,246	-
Educational Assistants	-	260,170	-	-	-	81,038	-	-	-
Support Staff	-	-	-	-	-	1,425	-	-	-
Employee Benefits	-	1,231,786	-	-	-	82,463	2,920	83,246	5,772
Services and Supplies	247,315	298,631	-	-	-	32,736	480	17,502	765
	247,315	1,530,417	149,484	2,708,840	482,934	13,783	30,900	73,988	661,359
	237,983	-	-	2,708,840	482,934	128,982	34,300	174,736	667,896
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	192,774	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(237,983)	-	-	-	(55,000)	-	-	-	-
Other	(237,983)	-	-	-	5,500	-	-	-	-
Net Revenue (Expense)	-	-	-	-	(49,500)	-	-	-	-
	-	-	-	-	143,274	-	-	-	-
Additional Expenses funded by, and reported in, the Operating Fund		197,942				10,200		4,038	109,669

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2017

Schedule 3A

	Coding and Curriculum Implementation	Priority Measures	Other Grants	TOTAL
	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	-	1,229,589
Add: Restricted Grants				
Provincial Grants - Ministry of Education	85,445	768,040	17,900	3,771,216
Other	-	-	38,381	2,875,282
Investment Income	-	-	-	3,091
Less: Allocated to Revenue	85,445	768,040	56,281	6,649,589
	15,036	768,040	45,514	6,708,543
Deferred Revenue, end of year	70,409	-	10,767	1,170,635
Revenues				
Provincial Grants - Ministry of Education	15,036	768,040	17,900	3,812,835
Provincial Grants - Other	-	-	-	-
Other Revenue	-	-	27,614	3,564,422
Investment Income	-	-	-	6,994
	15,036	768,040	45,514	7,384,251
Expenses				
Salaries				
Teachers	12,528	708,424	8,619	1,787,353
Educational Assistants	-	-	-	341,208
Support Staff	-	-	10,382	17,579
	12,528	708,424	19,001	2,146,140
Employee Benefits	1,790	59,616	5,127	416,647
Services and Supplies	718	-	21,386	4,390,707
	15,036	768,040	45,514	6,953,494
Net Revenue (Expense) before Interfund Transfers	-	-	-	430,757
Interfund Transfers				
Tangible Capital Assets Purchased	-	-	-	(292,983)
Other	-	-	-	5,500
	-	-	-	(287,483)
Net Revenue (Expense)	-	-	-	143,274
Additional Expenses funded by, and reported in, the Operating Fund		73,688		395,537

School District No. 22 (Vernon)

Schedule 4

Schedule of Capital Operations

Year Ended June 30, 2017

	2017 Budget (Note 11)	2017 Actual			2016 Actual
	\$	Invested in Tangible Capital Assets \$	Local Capital \$	Fund Balance \$	\$
Revenues					
Gain (Loss) on Disposal of Tangible Capital Assets		(20,350)		(20,350)	
Amortization of Deferred Capital Revenue	3,975,619	3,975,619		3,975,619	3,899,800
Total Revenue	3,975,619	3,955,269	-	3,955,269	3,899,800
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	5,067,285	5,067,285		5,067,285	4,887,365
Transportation and Housing	508,487	511,237		511,237	547,391
Write-off/down of Furniture and Equipment		47,000		47,000	
Total Expense	5,575,772	5,625,522	-	5,625,522	5,434,756
Capital Surplus (Deficit) for the year	(1,600,153)	(1,670,253)	-	(1,670,253)	(1,534,956)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	295,816	683,862		683,862	1,050,548
Local Capital	1,433,000		1,433,000	1,433,000	2,524,221
Proceeds of Disposal of Tangible Capital Assets		(5,500)		(5,500)	
Total Net Transfers	1,728,816	678,362	1,433,000	2,111,362	3,574,769
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		864,293	(864,293)	-	
Total Other Adjustments to Fund Balances		864,293	(864,293)	-	
Total Capital Surplus (Deficit) for the year	128,663	(127,598)	568,707	441,109	2,039,813
Capital Surplus (Deficit), beginning of year		19,065,445	6,679,289	25,744,734	23,704,921
Capital Surplus (Deficit), end of year		18,937,847	7,247,996	26,185,843	25,744,734

Year Ended June 30, 2017

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School District No. 22 (Vernon)

Schedule 4C

Deferred Capital Revenue

Year Ended June 30, 2017

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	92,347,861			92,347,861
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	3,264,315			3,264,315
	3,264,315	-	-	3,264,315
Decrease:				
Amortization of Deferred Capital Revenue	3,975,619			3,975,619
	3,975,619	-	-	3,975,619
Net Changes for the Year	(711,304)	-	-	(711,304)
Deferred Capital Revenue, end of year	91,636,557	-	-	91,636,557
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	-	-	-	-
Work in Progress, end of year	-	-	-	-
Total Deferred Capital Revenue, end of year	91,636,557	-	-	91,636,557

School District No. 22 (Vernon)
Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2017

Schedule 4D

	Bylaw Capital	Med Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	463,912	121,984				585,896
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	3,162,596					3,162,596
Provincial Grants - Other			134,885			134,885
Investment Income		1,341				1,341
Decrease:						
Transferred to DCR - Capital Additions		1,341	134,885	-	-	3,298,822
Net Changes for the Year						
	3,264,315					3,264,315
	3,264,315	-	-	-	-	3,264,315
	(101,719)	1,341	134,885	-	-	34,507
Balance, end of year	362,193	123,325	134,885	-	-	620,403