

Consolidated Audited Financial Statements of

School District No. 22 (Vernon)

June 30, 2018

School District No. 22 (Vernon)

June 30, 2018

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School District No. 22 (Vernon)

MANAGEMENT REPORT

Version: 6424-5678-3696

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.

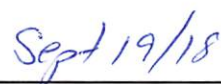
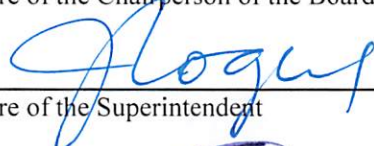
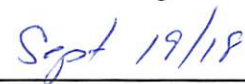
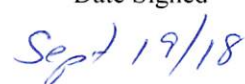
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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



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3205-32 Street, 3rd Floor
Vernon BC V1T 9A2
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Tel (250) 503-5300
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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 statement of financial position as at June 30, 2018, the consolidated statement of operations, consolidated statement of changes in net financial assets (debt) and consolidated statement of 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, 2018 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 19, 2018
Vernon, Canada

School District No. 22 (Vernon)

Consolidated Statement of Financial Position

As at June 30, 2018

Statement 1

	2018 Actual	2017 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	24,381,932	22,047,000
Accounts Receivable		
Due from LEA/Direct Funding	245,725	428,232
Other	301,798	264,580
Other assets		384,659
Total Financial Assets	24,929,455	23,124,471
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 3)	7,669,837	6,905,819
Unearned Revenue (Note 4)	2,441,309	2,145,664
Deferred Revenue (Note 5)	1,173,304	1,170,635
Deferred Capital Revenue (Note 6)	90,970,682	92,256,960
Employee Future Benefits (Note 7)	3,406,985	3,386,165
Total Liabilities	105,662,117	105,865,243
Net Financial Assets (Debt)	(80,732,662)	(82,740,772)
Non-Financial Assets		
Tangible Capital Assets (Note 8)	110,847,457	110,574,404
Prepaid Expenses	76,025	98,442
Total Non-Financial Assets	110,923,482	110,672,846
Accumulated Surplus (Deficit) (Note 9)	30,190,820	27,932,074

Contractual Obligations (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, 2018

	2018 Budget (Note 11)	2018 Actual	2017 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	86,094,748	85,964,824	79,990,242
Other	297,864	281,110	312,852
Tuition	4,776,679	4,867,254	4,859,619
Other Revenue	3,803,105	3,860,494	4,671,766
Rentals and Leases	43,000	68,305	53,267
Investment Income	245,900	372,633	257,582
Gain (Loss) on Disposal of Tangible Capital Assets			(20,350)
Amortization of Deferred Capital Revenue	4,048,188	4,048,188	3,975,619
Total Revenue	<u>99,309,484</u>	<u>99,462,808</u>	<u>94,100,597</u>
Expenses (Note 13)			
Instruction	79,430,455	77,384,629	74,729,360
District Administration	2,992,323	2,818,675	3,105,253
Operations and Maintenance	14,381,190	14,568,992	14,091,560
Transportation and Housing	2,574,103	2,431,766	2,313,781
Write-off/down of Buildings and Sites			47,000
Total Expense	<u>99,378,071</u>	<u>97,204,062</u>	<u>94,286,954</u>
Surplus (Deficit) for the year	<u>(68,587)</u>	<u>2,258,746</u>	<u>(186,357)</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		27,932,074	28,118,431
Accumulated Surplus (Deficit) from Operations, end of year		<u>30,190,820</u>	<u>27,932,074</u>

School District No. 22 (Vernon)

Statement 4

Consolidated Statement of Changes in Net Financial Assets (Debt)
Year Ended June 30, 2018

	2018 Budget (Note 11)	2018 Actual	2017 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>(68,587)</u>	<u>2,258,746</u>	<u>(186,357)</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(5,491,555)	(6,023,492)	(4,812,470)
Amortization of Tangible Capital Assets	5,754,339	5,750,439	5,578,522
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>262,784</u>	<u>(273,053)</u>	<u>838,902</u>
Acquisition of Prepaid Expenses		22,417	(26,365)
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>22,417</u>	<u>(26,365)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>194,197</u>	<u>2,008,110</u>	<u>626,180</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>2,008,110</u>	<u>626,180</u>
Net Financial Assets (Debt), beginning of year		(82,740,772)	(83,366,952)
Net Financial Assets (Debt), end of year		<u>(80,732,662)</u>	<u>(82,740,772)</u>

School District No. 22 (Vernon)

Consolidated Statement of Cash Flows
Year Ended June 30, 2018

Statement 5

	2018 Actual	2017 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	2,258,746	(186,357)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	145,289	(154,231)
Prepaid Expenses	22,417	(26,365)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	764,018	(403,386)
Unearned Revenue	295,645	(349,105)
Deferred Revenue	2,669	(58,954)
Employee Future Benefits	20,820	22,098
Loss (Gain) on Disposal of Tangible Capital Assets		20,350
Amortization of Tangible Capital Assets	5,750,439	5,578,522
Amortization of Deferred Capital Revenue	(4,048,188)	(3,975,619)
Decrease in Other Assets	384,659	363,453
Write-Off/down of Furniture and Equipment	-	47,000
Total Operating Transactions	5,596,514	877,406
Capital Transactions		
Tangible Capital Assets Purchased	(5,071,607)	(4,812,470)
Tangible Capital Assets -WIP Purchased	(951,885)	
District Portion of Proceeds on Disposal		5,500
Total Capital Transactions	(6,023,492)	(4,806,970)
Financing Transactions		
Capital Revenue Received	2,761,910	3,298,822
Total Financing Transactions	2,761,910	3,298,822
Net Increase (Decrease) in Cash and Cash Equivalents	2,334,932	(630,742)
Cash and Cash Equivalents, beginning of year	22,047,000	22,677,742
Cash and Cash Equivalents, end of year	24,381,932	22,047,000
Cash and Cash Equivalents, end of year, is made up of:		
Cash	24,381,932	22,047,000
	24,381,932	22,047,000

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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, 2018

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 license. 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, 2018

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, 2018

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, 2018

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, 2018

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 and Vice-Principals 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, 2018

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, 2018

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.

r) 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 3 OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade and other amounts payable	\$ 3,009,910	\$ 1,794,957
Wages payable – teachers' 12 month instalment plan	1,219,864	1,150,417
Pension contributions payable	1,297,795	1,256,442
Payroll taxes payable	1,009,240	1,003,893
Accrued vacation pay	809,951	866,089
Other accrued liabilities	323,075	183,102
Accrued wages and benefits	-	650,919
	<u>\$ 7,669,835</u>	<u>\$ 6,905,819</u>

NOTE 4 UNEARNED REVENUE

	2018	2017
Balance, beginning of year	\$ 2,145,664	\$ 2,494,769
Changes for the year:		
Increase:		
Tuition fees collected	5,162,899	4,510,514
Decrease:		
Tuition fees recognized	4,867,254	4,859,619
Net changes for the year	295,645	(349,105)
Balance, end of year	<u>\$ 2,441,309</u>	<u>\$ 2,145,664</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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.

	2018	2017
Balance, beginning of year	\$ 1,170,635	\$ 1,229,589
Changes for the year:		
Increase:		
Grants: Provincial – Ministry of Education	8,260,278	3,771,216
School generated funds	2,739,195	2,694,678
Other	191,979	180,604
Interest	-	3,091
	<u>11,191,452</u>	<u>6,649,589</u>
Decrease:		
Allocated to Revenue: Provincial – Ministry of Education	8,314,426	3,807,835
Other	2,874,357	2,900,708
	<u>11,188,783</u>	<u>6,708,543</u>
Net changes for the year	2,669	(58,954)
Balance, end of year	<u>\$ 1,173,304</u>	<u>\$ 1,170,635</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.

	2018	2017
Deferred capital revenue subject to amortization		
Balance, beginning of year	\$ 91,636,557	\$ 92,347,861
Increases:		
Capital additions	3,021,229	3,264,315
Decreases:		
Amortization	4,048,188	3,975,619
Net change for the year	<u>(1,026,959)</u>	<u>(711,304)</u>
Balance, end of year	<u>\$ 90,609,598</u>	<u>\$ 91,636,557</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6 DEFERRED CAPITAL REVENUE (Continued)

	2018	2017
Deferred capital revenue - unspent		
Balance, beginning of year	\$ 620,403	\$ 585,896
Increases:		
Provincial grants – Ministry of Education	2,736,119	3,162,596
Provincial grants – Other Ministries	23,856	134,885
Investment income	1,935	1,341
Decrease:		
Transfer to deferred capital revenue subject to amortization	3,021,229	3,264,315
Net change for the year	(259,319)	34,507
Balance, end of year	361,084	620,403
Total deferred capital revenue balance, end of year	\$ 90,970,682	\$ 92,256,960

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.

	2018	2017
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 3,361,454	\$ 3,460,223
Service Cost	242,718	242,421
Interest Cost	94,911	87,897
Benefit Payments	(291,177)	(290,767)
Increase in Obligation due to Plan Amendment	-	-
Actuarial Gain	(9,094)	(138,320)
Accrued Benefit Obligation – March 31	\$ 3,398,812	\$ 3,361,454
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 3,398,812	\$ 3,361,454
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(3,398,812)	(3,361,454)
Employer Contributions After Measurement Date	136,752	102,362
Benefits Expense After Measurement Date	(87,592)	(84,407)
Unamortized Net Actuarial (Gain) Loss	(57,333)	(42,666)
Accrued Benefit Liability – June 30	\$ (3,406,985)	\$ (3,386,165)

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 7 EMPLOYEE FUTURE BENEFITS (Continued)

	2018	2017
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 3,386,165	\$ 3,364,067
Net Expense for Fiscal Year	346,386	353,436
Employer Contributions	(325,567)	(331,338)
Accrued Benefit Liability – June 30	<u>\$ 3,406,985</u>	<u>\$ 3,386,165</u>

Components of Net Benefit Expense

Service Cost	\$ 245,639	\$ 242,495
Interest Cost	95,174	89,650
Amortization of Net Actuarial Loss	5,573	21,291
Net Benefit Expense	<u>\$ 346,386</u>	<u>\$ 353,436</u>

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

	2018	2017
Discount Rate – April 1	2.75%	2.50%
Discount Rate – March 31	2.75%	2.75%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	8.8	8.8

NOTE 8 TANGIBLE CAPITAL ASSETS

June 30, 2018

Cost:	Balance at June 30, 2017	Additions	Disposals	Balance at June 30, 2018
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	166,671,085	3,656,743	-	170,327,828
Furniture & Equipment	3,300,060	1,276,707	218,092	4,358,675
Vehicles	5,281,074	130,751	494,968	4,916,857
Computer Software	393,096	150,860	152,025	391,931
Computer Hardware	5,693,041	808,431	1,368,226	5,133,246
Total	<u>\$ 190,155,316</u>	<u>\$ 6,023,492</u>	<u>\$ 2,233,311</u>	<u>\$ 193,945,497</u>

Accumulated Amortization:	Balance at June 30, 2017	Additions	Disposals	Balance at June 30, 2018
Buildings	\$ 72,168,278	\$ 3,675,098	\$ -	\$ 75,843,376
Furniture & Equipment	1,271,955	330,006	218,092	1,383,869
Vehicles	2,725,832	528,108	494,968	2,758,972
Computer Software	223,190	78,619	152,025	149,784
Computer Hardware	3,191,657	1,138,608	1,368,226	2,962,039
Total	<u>\$ 79,580,912</u>	<u>\$ 5,750,439</u>	<u>\$ 2,233,311</u>	<u>\$ 83,098,040</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 8 TANGIBLE CAPITAL ASSETS (Continued)

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	\$ 186,228,341	\$ 4,812,470	\$ 885,495	\$ 190,155,316

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	\$ 74,815,035	\$ 5,578,522	\$ 812,645	\$ 79,580,912

Net Book Value:

	June 30, 2018	June 30, 2017
Sites	\$ 8,816,960	\$ 8,816,960
Buildings	94,484,452	94,502,807
Furniture & Equipment	2,974,806	2,028,105
Vehicles	2,157,885	2,555,242
Computer Software	242,147	169,906
Computer Hardware	2,171,207	2,501,384
Total	\$ 110,847,457	\$ 110,574,404

Building additions include work in progress with a cost of \$951,885 (2017 - \$nil). 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, 2018

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.

	2018	2017
Operating fund	\$ 2,463,425	\$ 1,602,957
Special purpose funds	58,891	143,274
Capital funds	27,668,504	26,185,843
Total Accumulated Surplus	<u>\$ 30,190,820</u>	<u>\$ 27,932,074</u>

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.

	2018	2017
Internally restricted:		
School budget balances	\$ 325,106	\$ 226,953
Student learning grant commitments	-	293,334
Department budget balances	30,000	-
Appropriated for next year's budget	400,000	-
Contingency reserve	1,000,000	595,337
Union commitments	564,902	447,315
Aboriginal Education commitments	143,417	40,018
Total Operating Fund	<u>\$ 2,463,425</u>	<u>\$ 1,602,957</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.

	2018	2017
Internally restricted:		
554210 BC Ltd. operating surplus	\$ 58,891	\$ 143,274
Total Special Purpose Funds	<u>\$ 58,891</u>	<u>\$ 143,274</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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.

	2018	2017
Local capital		
Externally restricted for future capital asset purchases	\$ 1,449,073	\$ 1,449,073
Internally restricted for future capital asset purchases	5,981,572	5,798,923
Total local capital	<u>7,430,645</u>	<u>7,247,996</u>
Invested in tangible capital assets	20,237,859	18,937,847
Total Capital Fund	<u>\$ 27,668,504</u>	<u>\$ 26,185,843</u>

The amounts within local capital represent cumulative unspent amounts transferred to the capital fund from the operating fund, interest earned on the local capital balance, and proceeds from the sale of certain assets.

	Budget 2018	Actual 2018	Variance 2018
Transfers from Operating Fund to Local Capital Fund	<u>\$ 1,433,000</u>	<u>\$ 2,046,031</u>	<u>\$ 613,031</u>

The additional transfer is from excess international program revenues earned in 2018. It is consistent with the Board's motion on financing the Board Office project and the Board's policy on Financial Surplus and Inter-Fund Transfers.

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

	2018
Technology	\$ 268,201
Maintenance vehicles	128,914
Maintenance, custodial and transportation equipment	59,226
School classroom improvements	65,958
Finance enterprise resource planning software	400,000
Board office renovation and portable replacement	6,508,346
Total local capital	<u>\$ 7,430,645</u>

The forecast board office renovation and portable replacement project costs exceed the local capital allocation by \$2.0 million. The School District anticipates funding this shortfall through the sale of surplus School District properties, Annual Facilities Grants, and approved operating surplus transfers.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 10 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has approximately \$614,000 of purchase orders which remain outstanding at June 30, 2018.

The School District has approximately \$7,800,000 of contractual commitments relating to the construction of the Board Office portable replacement building and the renovation of the existing Board Office.

The School District, through its Scholarships and Bursaries special purpose fund, has committed to providing \$264,000 of post-secondary scholarships and bursaries at June 30, 2018.

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 \$564,902 at June 30, 2018.

The School District receives certain targeted 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, 2018 are \$143,417. 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, 2018, 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, 2018

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 28th, 2018. The original annual budget was adopted on May 24th, 2017. The original and amended budgets are presented below.

	2018 Annual Amended Budget	2018 Annual Original Budget
Revenues		
Provincial Grants		
Ministry of Education	\$ 86,094,748	\$ 83,296,093
Other	297,864	210,604
Tuition	4,776,679	4,508,000
Other Revenue	3,803,105	3,508,638
Rentals and Leases	43,000	43,000
Investment Income	245,900	241,500
Amortization of Deferred Capital Revenue	4,048,188	4,044,722
	<u>99,309,484</u>	<u>95,852,557</u>
Expenses		
Instruction	79,430,455	76,450,491
District Administration	2,992,323	2,713,462
Operations and Maintenance	14,381,190	14,342,251
Transportation and Housing	2,574,103	2,569,145
	<u>99,378,071</u>	<u>96,075,349</u>
Deficit for the year	<u>\$ (68,587)</u>	<u>\$ (222,792)</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, 2016, the Teachers' Pension Plan has about 45,000 active members and approximately 37,000 retired members. As of December 31, 2016, the Municipal Pension Plan has about 193,000 active members, including approximately 24,000 from school districts.

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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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. As a result of the 2014 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, the employer basic contribution rate decreased. 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, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rate remained unchanged. 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 \$7,476,561 for employer contributions to the plans for the year ended June 30, 2018 (2017: \$7,185,484).

NOTE 13 EXPENSE BY OBJECT

	2018	2017
Salaries and benefits	\$ 77,190,206	\$ 74,083,997
Services and supplies	14,263,415	14,624,435
Amortization	5,750,439	5,578,522
	<u>\$ 97,204,060</u>	<u>\$ 94,286,954</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, 2018

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, 2018

NOTE 17 SCHEDULES BY FUND

The School District accounts for its financial activities using funds. The schedules on pages 27 to 40 of these consolidated 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 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2018

	Operating Fund	Special Purpose Fund	Capital Fund	2018 Actual	2017 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	1,602,957	143,274	26,185,843	27,932,074	28,118,431
Changes for the year					
Surplus (Deficit) for the year	3,473,048	308,136	(1,522,438)	2,258,746	(186,357)
Interfund Transfers					
Tangible Capital Assets Purchased	(596,549)	(362,519)	959,068	-	
Local Capital	(2,046,031)		2,046,031	-	
Other	30,000	(30,000)		-	
Net Changes for the year	860,468	(84,383)	1,482,661	2,258,746	(186,357)
Accumulated Surplus (Deficit), end of year - Statement 2	2,463,425	58,891	27,668,504	30,190,820	27,932,074

School District No. 22 (Vernon)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2018

	2018 Budget (Note 11)	2018 Actual	2017 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	77,713,754	77,650,399	76,177,407
Other	297,864	270,110	312,852
Tuition	4,776,679	4,867,254	4,859,619
Other Revenue	948,338	959,446	1,107,344
Rentals and Leases	43,000	68,305	53,267
Investment Income	238,000	187,903	250,588
Total Revenue	84,017,635	84,003,417	82,761,077
Expenses			
Instruction	68,898,722	66,529,175	68,023,181
District Administration	2,931,274	2,781,221	3,105,253
Operations and Maintenance	8,985,943	9,316,315	8,776,960
Transportation and Housing	2,046,795	1,903,658	1,802,544
Total Expense	82,862,734	80,530,369	81,707,938
Operating Surplus (Deficit) for the year	1,154,901	3,473,048	1,053,139
Budgeted Appropriation (Retirement) of Surplus (Deficit)	537,108		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(259,009)	(596,549)	(390,879)
Local Capital	(1,433,000)	(2,046,031)	(1,433,000)
Other	-	30,000	-
Total Net Transfers	(1,692,009)	(2,612,580)	(1,823,879)
Total Operating Surplus (Deficit), for the year	-	860,468	(770,740)
Operating Surplus (Deficit), beginning of year		1,602,957	2,373,697
Operating Surplus (Deficit), end of year		2,463,425	1,602,957
Operating Surplus (Deficit), end of year			
Internally Restricted		2,463,425	1,602,957
Total Operating Surplus (Deficit), end of year		2,463,425	1,602,957

School District No. 22 (Vernon)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source
Year Ended June 30, 2018

	2018 Budget (Note 11)	2018 Actual	2017 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	77,628,600	77,547,441	75,638,178
DISC/LEA Recovery	(895,125)	(910,703)	(895,125)
Other Ministry of Education Grants			
Pay Equity	85,865	85,865	85,865
Funding for Graduated Adults	9,691	25,400	2,853
Transportation Supplement	361,094	361,094	361,094
Economic Stability Dividend	31,000	50,952	44,770
Return of Administrative Savings	382,586	382,586	382,586
Carbon Tax Grant	80,000	77,721	124,181
Student Learning Grant			420,041
Career Program Grants	17,079	17,079	-
FSA and Monitored Marking	12,964	12,964	12,964
Total Provincial Grants - Ministry of Education	77,713,754	77,650,399	76,177,407
Provincial Grants - Other	297,864	270,110	312,852
Tuition			
Summer School Fees			150
International and Out of Province Students	4,776,679	4,867,254	4,859,469
Total Tuition	4,776,679	4,867,254	4,859,619
Other Revenues			
LEA/Direct Funding from First Nations	895,125	910,703	895,125
Miscellaneous			
Sale of Assets	-	952	25,900
Fees	-	-	54,125
Miscellaneous	23,303	30,441	116,894
Other Governmental Organisations	20,310	7,750	5,400
Artists in Education (ArtStarts)	9,600	9,600	9,900
Total Other Revenue	948,338	959,446	1,107,344
Rentals and Leases	43,000	68,305	53,267
Investment Income	238,000	187,903	250,588
Total Operating Revenue	84,017,635	84,003,417	82,761,077

School District No. 22 (Vernon)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object
Year Ended June 30, 2018

	2018 Budget (Note 11)	2018 Actual	2017 Actual
	\$	\$	\$
Salaries			
Teachers	36,450,640	35,608,590	36,383,793
Principals and Vice Principals	4,282,174	4,116,722	3,823,616
Educational Assistants	4,230,548	4,075,434	4,383,953
Support Staff	7,429,018	7,515,634	7,264,959
Other Professionals	2,039,345	1,988,178	1,908,254
Substitutes	2,492,894	2,503,218	2,839,042
Total Salaries	56,924,619	55,807,776	56,603,617
Employee Benefits	14,950,258	14,518,743	14,917,593
Total Salaries and Benefits	71,874,877	70,326,519	71,521,210
Services and Supplies			
Services	4,493,956	4,162,820	4,452,825
Student Transportation	98,494	10,686	11,167
Professional Development and Travel	593,067	658,118	640,899
Rentals and Leases	113,136	115,377	116,937
Dues and Fees	72,169	216,806	89,416
Insurance	382,430	333,158	383,992
Supplies	3,263,833	2,446,223	2,549,380
Utilities	1,970,772	2,260,662	1,942,112
Total Services and Supplies	10,987,857	10,203,850	10,186,728
Total Operating Expense	82,862,734	80,530,369	81,707,938

School District No. 22 (Vernon)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

	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	27,503,788	1,035,523	-	408,084	-	1,922,530	30,869,925
1.03 Career Programs	398,712	56,072	-	48,791	22,725	13,944	540,244
1.07 Library Services	749,688	26,657	-	259,668	-	1,989	1,038,002
1.08 Counselling	1,452,220	-	-	-	-	-	1,452,220
1.10 Special Education	4,341,233	-	3,562,725	55,320	136,414	351,982	8,447,674
1.30 English Language Learning	65,781	-	-	-	-	-	65,781
1.31 Aboriginal Education	189,437	-	512,709	29,982	124,315	14,590	871,033
1.41 School Administration	-	2,818,883	-	1,336,252	-	36,805	4,191,940
1.60 Summer School	23,825	-	-	-	-	-	23,825
1.62 International and Out of Province Students	883,906	123,515	-	89,916	178,478	24,442	1,300,257
Total Function 1	35,608,590	4,060,650	4,075,434	2,228,013	461,932	2,366,282	48,800,901
4 District Administration							
4.11 Educational Administration	-	56,072	-	162,061	604,858	-	822,991
4.40 School District Governance	-	-	-	-	94,887	-	94,887
4.41 Business Administration	-	-	-	396,512	360,895	2,373	759,780
Total Function 4	-	56,072	-	558,573	1,060,640	2,373	1,677,658
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	87,724	368,490	-	456,214
5.50 Maintenance Operations	-	-	-	3,348,275	-	58,608	3,406,883
5.52 Maintenance of Grounds	-	-	-	209,461	-	-	209,461
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	-	3,645,460	368,490	58,608	4,072,558
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	58,860	97,116	14,971	170,947
7.70 Student Transportation	-	-	-	1,024,728	-	60,984	1,085,712
Total Function 7	-	-	-	1,083,588	97,116	75,955	1,256,659
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	35,608,590	4,116,722	4,075,434	7,515,634	1,988,178	2,503,218	55,807,776

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object
Year Ended June 30, 2018

Schedule 2C (Unaudited)

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2018 Actual	2018 Budget (Note 11)	2017 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	30,869,925	7,774,993	38,644,918	1,360,970	40,005,888	41,217,112	40,508,966
1.03 Career Programs	540,244	127,848	668,092	207,732	875,824	859,559	689,393
1.07 Library Services	1,038,002	314,765	1,352,767	42,698	1,395,465	1,398,541	1,421,284
1.08 Counselling	1,452,220	359,703	1,811,923	10,880	1,822,803	1,491,727	1,803,546
1.10 Special Education	8,447,674	2,453,023	10,900,697	433,725	11,334,422	12,490,813	11,975,956
1.30 English Language Learning	65,781	17,436	83,217	-	83,217	148,181	36,046
1.31 Aboriginal Education	871,033	248,636	1,119,669	182,823	1,302,492	1,472,259	1,434,863
1.41 School Administration	4,191,940	1,060,358	5,252,298	219,023	5,471,321	5,397,168	5,534,860
1.60 Summer School	23,825	4,563	28,388	2,102	30,490	30,500	106,676
1.62 International and Out of Province Students	1,300,257	343,254	1,643,511	2,563,742	4,207,253	4,392,862	4,511,591
Total Function 1	48,800,901	12,704,579	61,505,480	5,023,695	66,529,175	68,898,722	68,023,181
4 District Administration							
4.11 Educational Administration	822,991	177,913	1,000,904	87,116	1,088,020	1,224,554	1,052,541
4.40 School District Governance	94,887	2,208	97,095	81,595	178,690	212,862	186,412
4.41 Business Administration	759,780	202,029	961,809	552,702	1,514,511	1,493,858	1,866,300
Total Function 4	1,677,658	382,150	2,059,808	721,413	2,781,221	2,931,274	3,105,253
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	456,214	90,104	546,318	159,493	705,811	657,546	688,599
5.50 Maintenance Operations	3,406,883	932,941	4,339,824	1,738,430	6,078,254	6,038,234	5,837,230
5.52 Maintenance of Grounds	209,461	59,503	268,964	74,267	343,231	319,391	309,019
5.56 Utilities	-	-	-	2,189,019	2,189,019	1,970,772	1,942,112
Total Function 5	4,072,558	1,082,548	5,155,106	4,161,209	9,316,315	8,985,943	8,776,960
7 Transportation and Housing							
7.41 Transportation and Housing Administration	170,947	34,390	205,337	3,206	208,543	194,554	188,045
7.70 Student Transportation	1,085,712	315,076	1,400,788	294,327	1,695,115	1,852,241	1,614,499
Total Function 7	1,256,659	349,466	1,606,125	297,533	1,903,658	2,046,795	1,802,544
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	55,807,776	14,518,743	70,326,519	10,203,850	80,530,369	82,862,734	81,707,938

School District No. 22 (Vernon)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations
Year Ended June 30, 2018

	2018 Budget (Note 11)	2018 Actual	2017 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	8,380,994	8,314,425	3,812,835
Other	-	11,000	-
Other Revenue	2,854,767	2,901,048	3,564,422
Investment Income	7,900	4,917	6,994
Total Revenue	11,243,661	11,231,390	7,384,251
Expenses			
Instruction	10,531,733	10,855,454	6,706,179
District Administration	61,049	37,454	-
Operations and Maintenance	168,216	30,346	247,315
Total Expense	10,760,998	10,923,254	6,953,494
Special Purpose Surplus (Deficit) for the year	482,663	308,136	430,757
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(501,663)	(362,519)	(292,983)
Other		(30,000)	5,500
Total Net Transfers	(501,663)	(392,519)	(287,483)
Total Special Purpose Surplus (Deficit) for the year	(19,000)	(84,383)	143,274
Special Purpose Surplus (Deficit), beginning of year		143,274	-
Special Purpose Surplus (Deficit), end of year		58,891	143,274
Special Purpose Surplus (Deficit), end of year			
Related Entities		58,891	143,274
Total Special Purpose Surplus (Deficit), end of year		58,891	143,274

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

Schedule 3A (Unaudited)

	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	-	-	343,775	745,684	-	-	-	-	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education	356,510	312,446	-	-	-	128,000	34,300	170,911	644,729
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Other	-	-	126,538	2,739,195	-	-	-	-	8,877
	356,510	312,446	126,538	2,739,195	-	128,000	34,300	170,911	653,606
Less: Allocated to Revenue	356,510	312,446	122,205	2,702,827	-	128,000	34,300	170,911	653,606
Deferred Revenue, end of year	-	-	348,108	782,052	-	-	-	-	-
Revenues									
Provincial Grants - Ministry of Education	356,510	312,446	-	-	-	128,000	34,300	170,911	644,730
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	122,205	2,702,827	37,691	-	-	-	8,876
Investment Income	-	-	-	-	4,917	-	-	-	-
	356,510	312,446	122,205	2,702,827	42,608	128,000	34,300	170,911	653,606
Expenses									
Salaries									
Teachers	-	-	-	-	-	-	-	85,587	-
Principals and Vice Principals	-	-	-	-	-	-	-	-	-
Educational Assistants	-	266,585	-	-	-	90,222	-	-	-
Support Staff	-	-	-	-	-	-	-	-	4,915
Substitutes	-	-	-	-	-	-	-	5,210	-
	-	266,585	-	-	-	90,222	-	90,797	4,915
Employee Benefits		45,861				31,189	-	18,880	624
Services and Supplies	30,347	-	122,205	2,702,827	96,991	6,589	34,300	61,234	648,067
	30,347	312,446	122,205	2,702,827	96,991	128,000	34,300	170,911	653,606
Net Revenue (Expense) before Interfund Transfers	326,163	-	-	-	(54,383)	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(326,163)	-	-	-	-	-	-	-	-
Other	-	-	-	-	(30,000)	-	-	-	-
	(326,163)	-	-	-	(30,000)	-	-	-	-
Net Revenue (Expense)	-	-	-	-	(84,383)	-	-	-	-
Additional Expenses funded by, and reported in, the Operating Fund						18,480			40,736

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2018

Schedule 3A (Unaudited)

	Rural Education Enhancement Fund	Coding and Curriculum Implementation	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	Other grants	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	70,409	-	-	10,767	1,170,635
Add: Restricted Grants						
Provincial Grants - Ministry of Education	443,320	-	932,734	5,230,728	6,600	8,260,278
Provincial Grants - Other	-	-	-	-	11,000	11,000
Other	-	-	-	-	45,563	2,920,173
	443,320	-	932,734	5,230,728	63,163	11,191,451
Less: Allocated to Revenue	443,320	70,409	932,734	5,214,465	47,049	11,188,782
Deferred Revenue, end of year	-	-	-	16,263	26,881	1,173,304
Revenues						
Provincial Grants - Ministry of Education	443,320	70,409	932,734	5,214,465	6,600	8,314,425
Provincial Grants - Other	-	-	-	-	11,000	11,000
Other Revenue	-	-	-	-	29,449	2,901,048
Investment Income	-	-	-	-	-	4,917
	443,320	70,409	932,734	5,214,465	47,049	11,231,390
Expenses						
Salaries						
Teachers	54,828	-	-	3,939,575	-	4,079,990
Principals and Vice Principals	119,892	-	-	-	-	119,892
Educational Assistants	32,610	-	250,614	-	-	640,031
Support Staff	60,782	-	49,811	-	7,054	122,562
Substitutes	-	-	283,659	213,892	9,085	511,846
	268,112	-	584,084	4,153,467	16,139	5,474,321
Employee Benefits	75,588	-	152,497	1,060,998	3,733	1,389,370
Services and Supplies	99,620	34,053	196,153	-	27,177	4,059,563
	443,320	34,053	932,734	5,214,465	47,049	10,923,254
Net Revenue (Expense) before Interfund Transfers	-	36,356	-	-	-	308,136
Interfund Transfers						
Tangible Capital Assets Purchased	-	(36,356)	-	-	-	(362,519)
Other	-	-	-	-	-	(30,000)
	-	(36,356)	-	-	-	(392,519)
Net Revenue (Expense)	-	-	-	-	-	(84,383)
Additional Expenses funded by, and reported in, the Operating Fund	20,957		24,188			104,361

School District No. 22 (Vernon)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2018

	2018 Budget (Note 11)	2018 Actual			2017 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	-		179,813	179,813	-
Gain (Loss) on Disposal of Tangible Capital Assets				-	(20,350)
Amortization of Deferred Capital Revenue	4,048,188	4,048,188		4,048,188	3,975,619
Total Revenue	<u>4,048,188</u>	<u>4,048,188</u>	<u>179,813</u>	<u>4,228,001</u>	<u>3,955,269</u>
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	5,227,031	5,222,331		5,222,331	5,067,285
Transportation and Housing	527,308	528,108		528,108	511,237
Write-off/down of Buildings and Sites				-	47,000
Total Expense	<u>5,754,339</u>	<u>5,750,439</u>	<u>-</u>	<u>5,750,439</u>	<u>5,625,522</u>
Capital Surplus (Deficit) for the year	<u>(1,706,151)</u>	<u>(1,702,251)</u>	<u>179,813</u>	<u>(1,522,438)</u>	<u>(1,670,253)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	760,672	959,068		959,068	683,862
Local Capital	1,433,000		2,046,031	2,046,031	1,433,000
Proceeds of Disposal of Tangible Capital Assets				-	(5,500)
Total Net Transfers	<u>2,193,672</u>	<u>959,068</u>	<u>2,046,031</u>	<u>3,005,099</u>	<u>2,111,362</u>
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		1,091,310	(1,091,310)	-	
Tangible Capital Assets WIP Purchased from Local Capital		951,885	(951,885)	-	
Total Other Adjustments to Fund Balances		<u>2,043,195</u>	<u>(2,043,195)</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>487,521</u>	<u>1,300,012</u>	<u>182,649</u>	<u>1,482,661</u>	<u>441,109</u>
Capital Surplus (Deficit), beginning of year		<u>18,937,847</u>	<u>7,247,996</u>	<u>26,185,843</u>	<u>25,744,734</u>
Capital Surplus (Deficit), end of year		<u>20,237,859</u>	<u>7,430,645</u>	<u>27,668,504</u>	<u>26,185,843</u>

School District No. 22 (Vernon)

Tangible Capital Assets

Year Ended June 30, 2018

Schedule 4A (Unaudited)

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	8,816,960	166,671,085	3,300,060	5,281,074	393,096	5,693,041	190,155,316
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,129,821	643,898	129,665	-	-	2,903,384
Deferred Capital Revenue - Other		-	117,845	-	-	-	117,845
Operating Fund		218,040	218,903	-	-	159,606	596,549
Special Purpose Funds		326,163	-	-	-	36,356	362,519
Local Capital		30,834	296,061	1,086	150,860	612,469	1,091,310
	-	2,704,858	1,276,707	130,751	150,860	808,431	5,071,607
Decrease:							
Deemed Disposals			218,092	494,968	152,025	1,368,226	2,233,311
	-	-	218,092	494,968	152,025	1,368,226	2,233,311
Cost, end of year	8,816,960	169,375,943	4,358,675	4,916,857	391,931	5,133,246	192,993,612
Work in Progress, end of year		951,885					951,885
Cost and Work in Progress, end of year	8,816,960	170,327,828	4,358,675	4,916,857	391,931	5,133,246	193,945,497
Accumulated Amortization, beginning of year		72,168,278	1,271,955	2,725,832	223,190	3,191,657	79,580,912
Changes for the Year							
Increase: Amortization for the Year		3,675,098	330,006	528,108	78,619	1,138,608	5,750,439
Decrease:							
Deemed Disposals			218,092	494,968	152,025	1,368,226	2,233,311
		-	218,092	494,968	152,025	1,368,226	2,233,311
Accumulated Amortization, end of year		75,843,376	1,383,869	2,758,972	149,784	2,962,039	83,098,040
Tangible Capital Assets - Net	8,816,960	94,484,452	2,974,806	2,157,885	242,147	2,171,207	110,847,457

School District No. 22 (Vernon)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2018

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year					-
Changes for the Year					
Increase:					
Local Capital	951,885	-	-	-	951,885
	951,885	-	-	-	951,885
Net Changes for the Year	951,885	-	-	-	951,885
Work in Progress, end of year	951,885	-	-	-	951,885

School District No. 22 (Vernon)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2018

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	91,636,557	-		91,636,557
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,903,384	117,845		3,021,229
	2,903,384	117,845	-	3,021,229
Decrease:				
Amortization of Deferred Capital Revenue	4,048,188	-		4,048,188
	4,048,188	-	-	4,048,188
Net Changes for the Year	(1,144,804)	117,845	-	(1,026,959)
Deferred Capital Revenue, end of year	90,491,753	117,845	-	90,609,598
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	90,491,753	117,845	-	90,609,598

School District No. 22 (Vernon)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2018

Schedule 4D (Unaudited)

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	362,193	123,325	134,885			620,403
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	2,736,119					2,736,119
Provincial Grants - Other		-	23,856			23,856
Investment Income	-	1,935	-			1,935
	<u>2,736,119</u>	<u>1,935</u>	<u>23,856</u>	<u>-</u>	<u>-</u>	<u>2,761,910</u>
Decrease:						
Transferred to DCR - Capital Additions	2,903,384	-	117,845			3,021,229
	<u>2,903,384</u>	<u>-</u>	<u>117,845</u>	<u>-</u>	<u>-</u>	<u>3,021,229</u>
Net Changes for the Year	<u>(167,265)</u>	<u>1,935</u>	<u>(93,989)</u>	<u>-</u>	<u>-</u>	<u>(259,319)</u>
Balance, end of year	<u>194,928</u>	<u>125,260</u>	<u>40,896</u>	<u>-</u>	<u>-</u>	<u>361,084</u>