

Audited Financial Statements of

School District No. 23 (Central Okanagan)

June 30, 2016

School District No. 23 (Central Okanagan)

June 30, 2016

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School District No. 23 (Central Okanagan)

MANAGEMENT REPORT

Version: 1679-9933-7951

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 23 (Central Okanagan) 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 financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the 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. 23 (Central Okanagan) (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 financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 23 (Central Okanagan) 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.

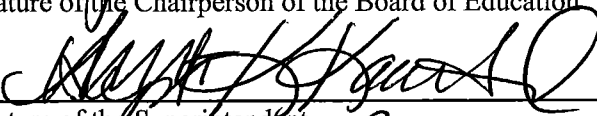
On behalf of School District No. 23 (Central Okanagan)



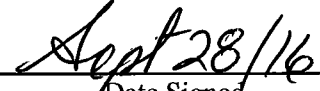
Signature of the Chairperson of the Board of Education



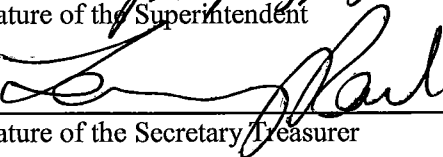
Date Signed



Signature of the Superintendent



Date Signed



Signature of the Secretary/Treasurer



Date Signed



Independent auditors' report

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To the Board of Education of
School District No. 23 (Central Okanagan) and the Ministry of Education

We have audited the accompanying financial statements of School District No. 23 (Central Okanagan), which comprise the statement of financial position as at June 30, 2016 and the statement of operations, statement of remeasurement gains and losses, statement of changes in net financial assets (debt) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the auditor considers internal control relevant to the District's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of School District No. 23 (Central Okanagan) for the year ended June 30, 2016 are prepared, in all material respects, in accordance with the accounting requirements 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.

Other matters

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subject to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

Kelowna, Canada
September 21, 2016



Chartered Professional Accountants

School District No. 23 (Central Okanagan)

Statement of Financial Position


As at June 30, 2016

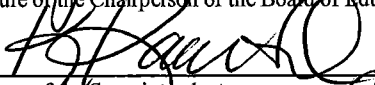
	2016 Actual \$	2015 Actual \$
Financial Assets		
Cash and Cash Equivalents (Note 3)	30,968,639	29,607,841
Accounts Receivable		
Due from Province - Ministry of Education	909,623	1,164,548
Other (Note 4)	791,832	538,115
Portfolio Investments	12,110,538	11,938,316
Total Financial Assets	44,780,632	43,248,820
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	11,006,526	10,561,530
Unearned Revenue (Note 7)	2,129,567	1,753,198
Deferred Revenue (Note 8)	3,655,826	4,172,821
Deferred Capital Revenue (Note 9)	180,822,040	180,281,291
Employee Future Benefits (Note 10)	9,239,249	8,506,399
Other Liabilities (Note 11)	8,692,933	9,156,177
Total Liabilities	215,546,141	214,431,416
Net Financial Assets (Debt)	(170,765,509)	(171,182,596)
Non-Financial Assets		
Tangible Capital Assets (Note 12)	277,677,257	277,990,627
Prepaid Expenses (Note 13)	84,631	209,927
Supplies Inventory	236,420	270,298
Total Non-Financial Assets	277,998,308	278,470,852
Accumulated Surplus (Deficit)	107,232,799	107,288,256
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	105,631,114	105,600,899
Accumulated Remeasurement Gains (Losses)	1,601,685	1,687,357
	107,232,799	107,288,256

Contractual Obligations and Contingencies (Note 20 & 21)

Approved by the Board

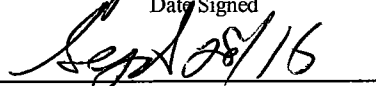

 Signature of the Chairperson of the Board of Education


 Date Signed


 Signature of the Superintendent


 Date Signed


 Signature of the Secretary Treasurer


 Date Signed

School District No. 23 (Central Okanagan)

Statement 2

Statement of Operations
Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	189,084,762	194,840,203	184,638,628
Other	725,141	621,551	553,767
Tuition	3,712,500	4,386,925	3,343,233
Other Revenue	10,350,905	12,171,583	9,999,072
Rentals and Leases	483,000	632,524	512,016
Investment Income	400,000	712,725	608,241
Amortization of Deferred Capital Revenue	7,685,000	7,814,955	7,127,939
Total Revenue	212,441,308	221,180,466	206,782,896
Expenses			
Instruction	174,036,703	179,676,549	167,418,138
District Administration	5,201,817	5,252,885	4,881,846
Operations and Maintenance	32,580,937	32,439,299	30,569,273
Transportation and Housing	3,863,307	3,781,518	3,673,828
Total Expense	215,682,764	221,150,251	206,543,085
Surplus (Deficit) for the year	(3,241,456)	30,215	239,811
Accumulated Surplus (Deficit) from Operations, beginning of year		105,600,899	105,361,088
Accumulated Surplus (Deficit) from Operations, end of year		105,631,114	105,600,899

School District No. 23 (Central Okanagan)

Statement 3

Statement of Remeasurement Gains and Losses

Year Ended June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Accumulated Remeasurement Gains (Losses) at beginning of year	<u>1,687,357</u>	<u>1,534,632</u>
Unrealized Gains (Losses) attributable to:		
Portfolio Investments	356,036	405,726
Amounts Reclassified to the Statement of Operations:		
Portfolio Investments	(441,708)	(253,001)
Net Remeasurement Gains (Losses) for the year	<u>(85,672)</u>	<u>152,725</u>
Accumulated Remeasurement Gains (Losses) at end of year	<u><u>1,601,685</u></u>	<u><u>1,687,357</u></u>

School District No. 23 (Central Okanagan)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>(3,241,456)</u>	<u>30,215</u>	<u>239,811</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(16,965,231)	(12,177,228)	(13,362,411)
Amortization of Tangible Capital Assets	11,900,000	12,490,598	11,616,906
Total Effect of change in Tangible Capital Assets	<u>(5,065,231)</u>	<u>313,370</u>	<u>(1,745,505)</u>
Acquisition of Prepaid Expenses		(40,015)	(101,483)
Use of Prepaid Expenses		165,311	87,571
Acquisition of Supplies Inventory		(1,100,115)	(1,104,438)
Use of Supplies Inventory		1,133,993	1,093,929
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>159,174</u>	<u>(24,421)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(8,306,687)</u>	<u>502,759</u>	<u>(1,530,115)</u>
Net Remeasurement Gains (Losses)		<u>(85,672)</u>	<u>152,725</u>
(Increase) Decrease in Net Financial Assets (Debt)		417,087	(1,377,390)
Net Financial Assets (Debt), beginning of year		(171,182,596)	(169,805,206)
Net Financial Assets (Debt), end of year		<u>(170,765,509)</u>	<u>(171,182,596)</u>

School District No. 23 (Central Okanagan)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2016

	2016 Actual \$	2015 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	30,215	239,811
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	1,208	2,000,603
Supplies Inventories	33,878	(10,509)
Prepaid Expenses	125,296	(13,912)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	444,996	(8,666,027)
Unearned Revenue	376,369	397,909
Deferred Revenue	(516,995)	8,327
Employee Future Benefits	732,850	273,133
Other Liabilities	(463,244)	3,122,237
Amortization of Tangible Capital Assets	12,490,598	11,616,906
Amortization of Deferred Capital Revenue	(7,814,955)	(7,127,939)
Recognition of Deferred Capital Revenue Spent on Sites	(975)	(57,334)
Total Operating Transactions	<u>5,439,241</u>	<u>1,783,205</u>
Capital Transactions		
Tangible Capital Assets Purchased	(12,177,228)	(13,362,411)
Total Capital Transactions	<u>(12,177,228)</u>	<u>(13,362,411)</u>
Financing Transactions		
Capital Revenue Received	8,356,679	9,669,362
Total Financing Transactions	<u>8,356,679</u>	<u>9,669,362</u>
Investing Transactions		
Investments in Portfolio Investments	(172,222)	(683,712)
Decrease (Increase) in Remeasurement Gains (Losses)	(85,672)	152,725
Total Investing Transactions	<u>(257,894)</u>	<u>(530,987)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,360,798	(2,440,831)
Cash and Cash Equivalents, beginning of year	29,607,841	32,048,672
Cash and Cash Equivalents, end of year	<u>30,968,639</u>	<u>29,607,841</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	22,740,862	16,332,061
Cash Equivalents	8,227,777	13,275,780
	<u>30,968,639</u>	<u>29,607,841</u>

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

1. Authority and purpose

The School District, established on April 12, 1946, operates under the authority of the School Act of British Columbia as a corporation under the name of "The Board of Education of School District No. 23 (Central Okanagan)", and operates as "School District No. 23 (Central Okanagan)". A Board of Education (the "Board") elected for a four-year term governs the School District. The School District provides educational programs to students enrolled in schools in the District, and is principally funded by the Province of British Columbia through the Ministry of Education. School District No. 23 (Central Okanagan) is exempt from federal and provincial corporate income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in the "*Deferred Revenue and Deferred Capital Revenue*" and "*Revenue Recognition*" notes below.

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

As noted in the "*Deferred Revenue and Deferred Capital Revenue*" and "*Revenue Recognition*" notes below, Section 23.1 of the Budget Transparency and Accountability Act and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the financial statements of the School District is as follows:

Year ended June 30, 2015 - increase in annual surplus by	<u>\$ 21,655,601</u>
June 30, 2015 - increase in accumulated surplus & decrease in deferred contributions by	<u>\$ 180,429,961</u>
Year ended June 30, 2016 - increase in annual surplus by	<u>\$ 309,302</u>
June 30, 2016 - increase in accumulated surplus & decrease in deferred contributions by	<u>\$ 180,739,263</u>

2. Summary of significant accounting policies (*continued*)

(b) Cash and cash equivalents

Cash and cash equivalents include cash balances and bonds 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 when purchased and are held for the purpose of meeting short term cash commitments rather than for investing.

(c) Portfolio investments

The School District has investments in bonds which have original terms to maturity of greater than three months at the time of acquisition. Bonds not quoted in an active market are reported at cost or amortized cost.

Portfolio investments in bond instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in the fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations.

Impairment is defined as a loss in value of a short term investment that is other than a temporary decline and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

(d) Accounts receivables

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

(e) Prepaid expenses

Prepaid expenses include licenses and software maintenance contracts that are valued at acquisition cost. Prepaid expenses are charged to expense over the periods expected to benefit from it.

(f) Supplies inventory

Supplies inventory held for consumption or use include school supplies and are recorded at the lower of historical cost and replacement cost.

(g) Tangible capital assets

The following criteria apply:

- Tangible capital assets acquired and constructed are recorded at cost and include donated tangible capital assets which are recorded at their fair market value on the date of donation.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Sites and buildings that no longer contribute to the ability of the School District to provide services are written-down to residual value.

2. Summary of significant accounting policies (*continued*)

(g) Tangible capital assets (*continued*)

- 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.
- 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 tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written off.
- Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset. It is management's responsibility to determine the appropriate useful lives for capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful lives are as follows:

Buildings	40 years
Computer hardware	5 years
Computer software	5 years
Furniture and equipment	10 years
Vehicles	10 years

Disposals of sites or buildings are recorded and gains/losses calculated.

(h) Unearned revenue

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

(i) Deferred revenue and deferred capital revenue

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

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the Statement of Operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished. See the "Basis of Accounting" note above for the impact of this policy on these financial statements.

2. Summary of significant accounting policies (*continued*)

(j) Employee future benefits

The School District provides certain post-employment benefits including retiring allowances for certain employees pursuant to certain contracts and union agreements. The School District accrues its obligations and related costs, including both vested and non-vested benefits, under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rata on service and management's best estimate of expected salary escalation, termination and 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 (EARSL) 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 for all periods subsequent to July 1, 2004.

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

(k) 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 Statement of Operations.

(l) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

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

2. Summary of significant accounting policies (*continued*)

(l) Liability for contaminated sites (*continued*)

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

(m) 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.

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

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

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

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished. See the "*Basis of Accounting*" note above for the impact of this policy on these financial statements.

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

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

2. Summary of significant accounting policies (*continued*)

(n) 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 any other employees excluded from union contract are categorized as Other Professionals.
- 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 regular programs.
 - Actual salaries of personnel assigned by 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 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.

(o) 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.

The School District's financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities and other liabilities. Unless otherwise noted, it is management's opinion that the School District is not exposed to significant credit, liquidity or market risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Except for portfolio investments in equity instruments quoted in an active market that are recorded at fair value, all financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. 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 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.

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

2. Summary of significant accounting policies (continued)

(o) Financial instruments (continued)

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations. A write-down of a short term 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.

(p) Measurement uncertainty

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

(q) Funds and reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see the "Internally Restricted Surplus - Operating Fund" and "Interfund Transfers" notes below).

3. Cash and cash equivalents

Included in cash and cash equivalents are funds in the amount of \$122,752 (2015 - \$163,848), restricted and paid out to staff who contribute and take part in the District's self-funded deferred salary leave plan.

Also included in cash and cash equivalents are funds in the amount of \$7,131,336 (2015 - \$6,327,567), restricted and paid out to teachers who contribute and take part in the District's self-funded summer saving plan.

4. Accounts receivable - other

	2016	2015
GST recoverable	\$ 155,209	\$ 165,564
Invoices receivable	203,640	193,701
Long term receivable	23,162	5,000
Other receivable	409,821	173,850
Total accounts receivable - other	\$ 791,832	\$ 538,115

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

5. Accounts payable and accrued liabilities - other

	<u>2016</u>	<u>2015</u>
Trade	\$ 2,326,622	\$ 2,871,174
International Education	993,340	689,169
Summer Savings program	7,131,336	6,327,567
Deferred Salary Leave program	122,752	163,848
Miscellaneous	<u>432,476</u>	<u>509,772</u>
Total accounts payable and accrued liabilities - other	\$ <u>11,006,526</u>	\$ <u>10,561,530</u>

6. Bank loans

The School District has a revolving demand operating credit facility with the Royal Bank of Canada in the amount of \$5,000,000. The facility is secured by a certified copy of a resolution permitting short term borrowings up to \$5,000,000 under Section 139 of the School Act approved by the Board of Education of the School District. The amounts are repayable on demand and bear interest at the bank's prime lending rate. At June 30, 2016 the balance outstanding under this credit facility was \$nil (2015 – \$nil).

7. Unearned revenue

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 1,753,198	\$ 1,355,289
Changes for the year;		
Increase:		
Transportation fees	287,709	200,951
Tuition fees	<u>4,545,170</u>	<u>3,633,036</u>
	<u>4,832,879</u>	<u>3,833,987</u>
Decrease:		
Transportation fees	(200,951)	(151,725)
Tuition fees	(4,255,559)	(3,284,098)
Other	-	(255)
	<u>(4,456,510)</u>	<u>(3,436,078)</u>
Balance, end of year	\$ <u>2,129,567</u>	\$ <u>1,753,198</u>
	<u>2016</u>	<u>2015</u>
Unearned revenue comprised of:		
Transportation fees	\$ 287,709	\$ 200,951
Tuition fees	<u>1,841,858</u>	<u>1,552,247</u>
	\$ <u>2,129,567</u>	\$ <u>1,753,198</u>

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

8. 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. Detailed information about the changes in deferred revenue is included in Schedule 3A.

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 4,172,821	\$ 4,164,494
Contributions received during the year	14,599,958	13,727,474
Revenue recognized from deferred contributions	<u>(15,116,953)</u>	<u>(13,719,147)</u>
	<u>(516,995)</u>	<u>8,327</u>
Balance, end of year	<u>\$ 3,655,826</u>	<u>\$ 4,172,821</u>

9. 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. Detailed information about the changes in deferred capital revenue is included in Schedule 4C and 4D.

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 180,281,291	\$ 177,797,202
Contributions received during the year	8,356,609	9,669,362
Investment income	70	-
Revenue recognized from deferred contributions	(7,814,955)	(7,127,939)
Site purchases	<u>(975)</u>	<u>(57,334)</u>
Balance, end of year	<u>\$ 180,822,040</u>	<u>\$ 180,281,291</u>

10. Employee future benefits

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

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

10. Employee future benefits (continued)

	2016	2015
Reconciliation of accrued benefit obligation		
Accrued benefit obligation - April 1	\$ 9,289,652	\$ 8,555,120
Service cost	785,375	691,420
Interest cost	217,138	286,629
Benefit payments		
April 1 to March 31 - vested	(471,183)	(587,337)
April 1 to March 31 - non vested	(79,018)	(79,525)
Actuarial (gain) loss	(734,743)	423,345
Accrued benefit obligation - March 31	<u>\$ 9,007,221</u>	<u>\$ 9,289,652</u>
Reconciliation of funded status at end of fiscal year		
Accrued benefit obligation - March 31	\$ 9,007,221	\$ 9,289,652
Market value of plan assets - March 31	-	-
Funded status - surplus (deficit)	(9,007,221)	(9,289,652)
Employer contributions after measurement date	99,107	305,247
Benefit expense after measurement date - April to June 30	(234,484)	(250,628)
Unamortized net actuarial (gain)/loss	(96,651)	728,634
Accrued benefit obligation - June 30	<u>\$ (9,239,249)</u>	<u>\$ (8,506,399)</u>
Reconciliation of change in accrued benefit liability		
Accrued benefit liability - July 1	\$ 8,506,399	\$ 8,233,266
Net expense for fiscal year	1,076,911	1,031,063
Employer contributions		
July 1 to March 31	(244,954)	(452,683)
April 1 to June 30	(99,107)	(305,247)
Accrued benefit liability - June 30	<u>\$ 9,239,249</u>	<u>\$ 8,506,399</u>
Components of net benefit expense		
Service cost - July 1 to March 31	589,031	518,565
Service cost - April 1 to June 30	177,330	196,344
Interest cost - July 1 to March 31	162,854	214,972
Interest cost - April 1 to June 30	57,154	54,284
Amortization of net actuarial loss	90,542	46,898
Net benefit expense	<u>\$ 1,076,911</u>	<u>\$ 1,031,063</u>

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

10. Employee future benefits (continued)

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

	<u>2016</u>	<u>2015</u>
Discount rate - April 1	2.25%	3.25%
Discount rate - March 31	2.50%	2.25%
Long term salary growth - April 1	2.50% + seniority	2.50% + seniority
Long term salary growth - March 31	2.50% + seniority	2.50% + seniority
Expected avg. remaining service lifetime (EARSL) - March 31	9.7	9.7

11. Other liabilities

	<u>2016</u>	<u>2015</u>
Accrued vacation payable	\$ 1,206,693	\$ 1,075,858
Benefits payable	6,734,704	6,306,978
Wages payable	344,197	1,344,321
Other payables	<u>407,339</u>	<u>429,020</u>
Total other liabilities	<u>\$ 8,692,933</u>	<u>\$ 9,156,177</u>

12. Tangible capital assets

	<u>2016</u>	<u>2015</u>
Net Book Value		
Sites	\$ 54,787,848	\$ 54,705,849
Buildings	205,478,072	205,344,348
Computer hardware	8,200,950	8,890,202
Computer software	30,268	57,925
Furniture & equipment	5,463,026	5,764,626
Vehicles	<u>3,717,093</u>	<u>3,227,677</u>
Total	<u>\$ 277,677,257</u>	<u>\$ 277,990,627</u>

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

12. Tangible capital assets (continued)

	Balance at July 1, 2015	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2016
Cost					
Sites	\$ 54,705,849	\$ 81,999	\$ -	\$ -	\$ 54,787,848
Buildings	349,079,957	8,008,292	-	-	357,088,249
Computer hardware	14,453,012	2,201,350	(2,501,261)	-	14,153,101
Computer software	138,285	-	(45,652)	-	92,633
Furniture & equipment	11,243,388	822,739	(1,333,088)	-	10,733,039
Vehicles	5,734,321	1,062,848	(573,601)	-	6,223,568
Total	\$ 435,354,812	\$ 12,177,228	\$ (4,453,602)	\$ -	\$ 443,078,438
Acc. Amortization					
Buildings	\$ 143,735,609	\$ 7,874,568	\$ -	\$ -	\$ 151,610,177
Computer hardware	5,562,810	2,890,602	(2,501,261)	-	5,952,151
Computer software	80,360	27,657	(45,652)	-	62,365
Furniture & equipment	5,478,762	1,124,339	(1,333,088)	-	5,270,013
Vehicles	2,506,644	573,432	(573,601)	-	2,506,475
Total	\$ 157,364,185	\$ 12,490,598	\$ (4,453,602)	\$ -	\$ 165,401,181

	Balance at July 1, 2014	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2015
Cost					
Sites	\$ 54,648,515	\$ 57,334	\$ -	\$ -	\$ 54,705,849
Buildings	320,875,122	7,982,127	-	20,222,708	349,079,957
Buildings - WIP	20,222,708	-	-	(20,222,708)	-
Computer hardware	13,708,679	3,239,765	(2,495,432)	-	14,453,012
Computer software	132,096	13,208	(7,019)	-	138,285
Furniture & equipment	10,963,287	1,481,425	(1,201,324)	-	11,243,388
Vehicles	5,526,195	588,552	(380,426)	-	5,734,321
Total	\$ 426,076,602	\$ 13,362,411	\$ (4,084,201)	\$ -	\$ 435,354,812
Acc. Amortization					
Buildings	\$ 136,535,811	\$ 7,199,798	\$ -	\$ -	\$ 143,735,609
Computer hardware	5,316,502	2,741,740	(2,495,432)	-	5,562,810
Computer software	60,959	26,420	(7,019)	-	80,360
Furniture & equipment	5,583,758	1,096,328	(1,201,324)	-	5,478,762
Vehicles	2,334,450	552,620	(380,426)	-	2,506,644
Total	\$ 149,831,480	\$ 11,616,906	\$ (4,084,201)	\$ -	\$ 157,364,185

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

13. Prepaid expenses

	2016	2015
Prepaid licensing	\$ 84,631	\$ 209,927

14. 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 represent plan members and employers, and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at December 31, 2014, the Teachers' Pension Plan has about 45,000 active members from school districts and approximately 35,000 retired members from school districts. As at December 31, 2014, the Municipal Plan has about 185,000 active contributors, of which approximately 24,000 are from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent 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 for the Teachers' Pension Plan will be as at December 31, 2017, with results available in 2018.

The most recent valuation for the Municipal Pension Plan as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan. The School District paid \$19,182,499 (2015 - \$17,586,646) for employer contributions to these plans in the year ended June 30, 2016.

15. Internally restricted surplus - operating fund

	2016	2015
Internally restricted (appropriated) by Board for:		
Net school surpluses	\$ 587,977	\$ 1,081,577
Operating budget	3,015,599	3,759,996
Aboriginal support	255,768	97,154
CUPE training funds	184,788	202,415
Distributed learning	171,380	184,681
Trustee travel	20,723	10,085
Subtotal (internally restricted)	4,236,235	5,335,908
Unrestricted operating surplus	1,327,224	1,016,700
Total available for future operations	\$ 5,563,459	\$ 6,352,608

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

16. Expense by object

	<u>2016</u>	<u>2015</u>
Salaries and benefits	\$ 178,482,218	\$ 166,760,671
Services and supplies	30,177,435	28,165,508
Amortization on tangible capital assets	<u>12,490,598</u>	<u>11,616,906</u>
Total expenses by object	<u>\$ 221,150,251</u>	<u>\$ 206,543,085</u>

17. Interfund transfers

Inter-fund transfers between operating, special purpose and capital funds are for the year ended June 30, 2016 were as follows:

- Transfers in the amount of \$440,413 (2015 - \$585,521) were made from the Special Purpose Funds to the Capital Fund for capital asset purchases funded by the Special Purpose Funds.
 - Transfers in the amount of \$950,630 (2015 - \$817,858) were made from the Operating Fund to the Capital Fund for capital asset purchases funded by the Operating Fund.
 - Transfers in the amount of \$3,264,000 (2015 - \$4,000,000) were made from Local Capital within the Operating fund to the Capital Fund for capital asset purchases funded by Local Capital.
-

18. 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 all of these entities, unless disclosed separately, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

19. Asset retirement obligation

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. As at June 30, 2016, the liability is not reasonably determinable and accordingly, the fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred.

20. Contractual obligations

During the year, the School District has entered into several contractual obligations including:

- Construction contracts, relating to a new board office at Hollywood Road, an addition to Okanagan Mission Secondary, as well, bus and Annual Facilities purchases, resulting in commitments of \$13,645,634 at June 30, 2016 (2015 - \$7,358,788).

20. Contractual obligations (*continued*)

- The new school board office will be funded by the sale of the existing board office, Annual Facilities funding, local capital and future land sales.
- The other commitments will be funded by bylaw capital through the Province of British Columbia and will become liabilities in the future when the terms of the contracts are met.
- Contract to purchase computer equipment resulting in a commitment of \$nil at June 30, 2016 (2015 - \$43,139).
- The annual lease of the equipment over the next year consists of a minimum rent or lease plus taxes of \$86,210 (2015 - \$517,257).

21. Contingencies

The School District is involved in certain legal actions. Some of these legal actions are managed and covered by the School District, School's Protection Program. The outcome of these matters cannot be determined at this time. In the event that any claims are successful, it is management's opinion that the settlements of such claims would not have a material effect on the financial position of the School District. The resulting loss to the School District, if any, will be recorded in the period in which it is determinable.

The School District had a letter of credit with the Royal Bank of Canada in the amount of \$11,463 (2015 - \$308,048) payable to the District of West Kelowna. This letter of credit was required in connection with security requirements for off-site works for the Mar Jok Elementary school addition project and was issued on July 17, 2013. As of May 31, 2016, this letter of credit was no longer required, therefore the Royal Bank of Canada has elected to not extend the letter of credit beyond its present expiry date of July 16, 2016.

22. Risk management

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

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 cash equivalents, accounts receivable and portfolio investments.

The School District is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated as most accounts receivable are due from the Province and are collectible.

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits and investments as they are placed with the Royal Bank of Canada and the School District invests solely in fixed income and money market securities. All bonds must have a 'BBB' or better credit rating.

22. Risk management (continued)

Market risk

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its cash and cash equivalents and portfolio investments. It is management's opinion that the School District is not exposed to significant interest rate risk as they invest solely in fixed income and money market securities.

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. It is management's opinion that the School District is not exposed to significant liquidity risk, as cash flows are guaranteed by the Ministry of Education.

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

23. Economic dependence

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

24. Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2016

25. Budget figures

Budget figures included in the financial statements are the original planned budget approved by the Board through the adoption of an annual budget on June 24, 2015. While PSAS require the presentation of the originally planned budget, an amended budget based on more accurate enrollment numbers was approved by the Board and filed with the Ministry of Education on February 10, 2016. Significant changes between the original and amended budget are as follows:

	Annual Amended Budget	Annual Budget	Change
Revenue			
Provincial Grants	\$ 194,377,624	\$ 189,809,903	\$ (4,567,721)
Tuition	4,154,625	3,712,500	(442,125)
Other Revenue	10,862,281	10,833,905	(28,376)
Investment Income	525,000	400,000	(125,000)
Amortization of Deferred Cap Revenue	7,814,955	7,685,000	(129,955)
Total Revenue	<u>\$ 217,734,485</u>	<u>\$ 212,441,308</u>	<u>\$ (5,293,177)</u>
Expense			
Instruction	\$ 180,216,408	\$ 174,036,703	\$ (6,179,705)
District Administration	5,329,009	5,201,817	(127,192)
Operations and Maintenance	33,109,042	32,580,937	(528,105)
Transportation and Housing	3,871,133	3,863,307	(7,826)
Total Expense	<u>\$ 222,525,592</u>	<u>\$ 215,682,764</u>	<u>\$ (6,842,828)</u>
Net Revenue (Expense)	<u>\$ (4,791,107)</u>	<u>\$ (3,241,456)</u>	<u>\$ 1,549,651</u>
Budget Allocation of Surplus (Deficit)	<u>5,335,908</u>	<u>4,041,831</u>	<u>(1,294,077)</u>
Budget Surplus (Deficit), for the year	<u>\$ 544,801</u>	<u>\$ 800,375</u>	<u>\$ 255,574</u>

School District No. 23 (Central Okanagan)

Schedule 1

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

	Operating Fund	Special Purpose Fund	Capital Fund	2016 Actual	2015 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	6,352,608		99,248,291	105,600,899	105,361,088
Changes for the year					
Surplus (Deficit) for the year	3,425,481	440,413	(3,835,679)	30,215	239,811
Interfund Transfers					
Tangible Capital Assets Purchased	(950,630)	(440,413)	1,391,043	-	-
Local Capital	(3,264,000)		3,264,000	-	-
Net Changes for the year	(789,149)	-	819,364	30,215	239,811
Accumulated Surplus (Deficit), end of year - Statement 2	5,563,459	-	100,067,655	105,631,114	105,600,899
Accumulated Remeasurement Gains (Losses) - Statement 3	1,601,685	-	100,067,655	1,601,685	1,687,357
	7,165,144	-	100,067,655	107,232,799	107,288,256

School District No. 23 (Central Okanagan)

Schedule 2

Schedule of Operating Operations

Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	182,319,519	187,891,198	177,976,193
Other	725,141	621,551	553,767
Tuition	3,712,500	4,386,925	3,343,233
Other Revenue	2,550,905	3,120,514	2,326,125
Rentals and Leases	483,000	632,524	512,016
Investment Income	375,000	667,696	578,502
Total Revenue	190,166,065	197,320,408	185,289,836
Expenses			
Instruction	160,370,050	165,000,009	154,289,958
District Administration	5,201,817	5,252,885	4,881,846
Operations and Maintenance	20,480,937	19,860,515	18,952,367
Transportation and Housing	3,863,307	3,781,518	3,673,828
Total Expense	189,916,111	193,894,927	181,797,999
Operating Surplus (Deficit) for the year	249,954	3,425,481	3,491,837
Budgeted Appropriation (Retirement) of Surplus (Deficit)	4,041,831		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(1,027,785)	(950,630)	(817,858)
Local Capital	(3,264,000)	(3,264,000)	(4,000,000)
Total Net Transfers	(4,291,785)	(4,214,630)	(4,817,858)
Total Operating Surplus (Deficit), for the year	-	(789,149)	(1,326,021)
Operating Surplus (Deficit), beginning of year		6,352,608	7,678,629
Operating Surplus (Deficit), end of year		5,563,459	6,352,608
Operating Surplus (Deficit), end of year			
Internally Restricted		4,236,235	5,335,908
Unrestricted		1,327,224	1,016,700
Total Operating Surplus (Deficit), end of year		5,563,459	6,352,608

School District No. 23 (Central Okanagan)

Schedule 2A

Schedule of Operating Revenue by Source

Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	181,876,101	187,337,105	179,877,021
AANDC/LEA Recovery	(914,905)	(908,744)	(891,281)
Strike Savings Recovery			(6,196,294)
Other Ministry of Education Grants			
Labour Settlement Funding			3,678,906
Pay Equity	1,238,323	1,238,323	1,238,323
Economic Stability Dividend		161,576	
Carbon Tax Rebate	120,000		137,531
Education Guarantee			102,999
FSA & Exam		28,988	28,988
Curriculum Implementation		33,950	
Total Provincial Grants - Ministry of Education	182,319,519	187,891,198	177,976,193
Provincial Grants - Other	725,141	621,551	553,767
Tuition			
Offshore Tuition Fees	3,712,500	4,386,925	3,343,233
Total Tuition	3,712,500	4,386,925	3,343,233
Other Revenues			
Other School District/Education Authorities	450,000	702,509	631,287
LEA/Direct Funding from First Nations	914,905	908,744	891,281
Miscellaneous			
Transportation Fees	825,000	867,923	435,077
Interior Health Authority		110,779	111,350
Trade Wages - Okanagan College			29,500
Funding from Apprenticeships		500	
City of Kelowna	40,000	40,000	40,000
District of Lake Country	70,000	71,981	71,981
Other	251,000	418,078	115,649
Total Other Revenue	2,550,905	3,120,514	2,326,125
Rentals and Leases	483,000	632,524	512,016
Investment Income	375,000	667,696	578,502
Total Operating Revenue	190,166,065	197,320,408	185,289,836

School District No. 23 (Central Okanagan)

Schedule 2B

Schedule of Operating Expense by Object
Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Salaries			
Teachers	87,233,925	88,690,252	81,485,344
Principals and Vice Principals	9,408,679	9,664,868	9,237,395
Educational Assistants	11,837,606	12,408,342	11,236,392
Support Staff	19,332,011	18,425,813	17,984,895
Other Professionals	2,457,310	2,551,019	2,349,669
Substitutes	5,958,844	6,514,352	5,827,104
Total Salaries	136,228,375	138,254,646	128,120,799
Employee Benefits	34,708,138	35,645,716	34,288,280
Total Salaries and Benefits	170,936,513	173,900,362	162,409,079
Services and Supplies			
Services	3,594,480	4,373,467	3,863,826
Student Transportation	338,102	378,006	286,872
Professional Development and Travel	1,650,550	1,824,624	1,868,555
Rentals and Leases	287,500	142,002	116,725
Dues and Fees	189,900	379,765	340,756
Insurance	508,000	450,623	513,258
Supplies	8,852,066	9,168,945	9,281,944
Utilities	3,559,000	3,277,133	3,103,224
Bad Debts			13,760
Total Services and Supplies	18,979,598	19,994,565	19,388,920
Total Operating Expense	189,916,111	193,894,927	181,797,999

School District No. 23 (Central Okanagan)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

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	73,995,611	1,056,927	263,534	2,067,443		5,664,394	83,047,909
1.03 Career Programs	609,379		42,629	334,796		12,489	999,293
1.07 Library Services	1,794,439	145,133		1,341,612	90,833	171,774	3,543,791
1.08 Counselling	2,167,379						2,167,379
1.10 Special Education	9,265,295	187,638	10,664,846	827,528		433,037	21,378,344
1.30 English Language Learning	269,660			52,004		370	322,034
1.31 Aboriginal Education	454,767	105,775	1,437,333	33,252		8,233	2,039,360
1.41 School Administration		7,556,903		1,949,063		45,121	9,551,087
1.62 Offshore Students	133,722	119,383		48,946	173,019		475,070
Total Function 1	88,690,252	9,171,759	12,408,342	6,654,644	263,852	6,335,418	123,524,267
4 District Administration							
4.11 Educational Administration		258,199		116,327	488,380	154,449	1,017,355
4.40 School District Governance					126,848		126,848
4.41 Business Administration		234,910		844,781	961,030	24,485	2,065,206
Total Function 4	-	493,109	-	961,108	1,576,258	178,934	3,209,409
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				177,977	466,858		644,835
5.50 Maintenance Operations				8,053,140	79,085		8,132,225
5.52 Maintenance of Grounds				549,863			549,863
5.56 Utilities				58,853	87,110		145,963
Total Function 5	-	-	-	8,839,833	633,053	-	9,472,886
7 Transportation and Housing							
7.41 Transportation and Housing Administration				164,911	77,856		242,767
7.70 Student Transportation				1,805,317			1,805,317
Total Function 7	-	-	-	1,970,228	77,856	-	2,048,084
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	88,690,252	9,664,868	12,408,342	18,425,813	2,551,019	6,514,352	138,254,646

School District No. 23 (Central Okanagan)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2016 Actual	2016 Budget	2015 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	83,047,909	20,372,569	103,420,478	7,401,528	110,822,006	109,229,188	103,642,018
1.03 Career Programs	999,293	289,238	1,288,531	140,107	1,428,638	1,472,921	1,563,975
1.07 Library Services	3,543,791	948,928	4,492,719	513,421	5,006,140	4,920,503	4,784,304
1.08 Counselling	2,167,379	588,494	2,755,873	3,596	2,759,469	2,832,000	2,624,602
1.10 Special Education	21,378,344	6,064,271	27,442,615	972,037	28,414,652	25,718,968	25,659,702
1.30 English Language Learning	322,034	82,182	404,216	10,825	415,041	445,055	351,553
1.31 Aboriginal Education	2,039,360	542,218	2,581,578	206,600	2,788,178	3,005,650	2,851,669
1.41 School Administration	9,551,087	2,251,877	11,802,964	10,307	11,813,271	11,377,434	11,355,128
1.62 Offshore Students	475,070	111,684	586,754	965,860	1,552,614	1,368,331	1,457,007
Total Function 1	123,524,267	31,251,461	154,775,728	10,224,281	165,000,009	160,370,050	154,289,958
4 District Administration							
4.11 Educational Administration	1,017,355	229,660	1,247,015	248,043	1,495,058	1,375,744	1,240,764
4.40 School District Governance	126,848	2,106	128,954	113,577	242,531	252,083	277,652
4.41 Business Administration	2,065,206	552,379	2,617,585	897,711	3,515,296	3,573,990	3,363,430
Total Function 4	3,209,409	784,145	3,993,554	1,259,331	5,252,885	5,201,817	4,881,846
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	644,835	165,246	810,081	460,167	1,270,248	1,273,421	1,241,495
5.50 Maintenance Operations	8,132,225	2,564,851	10,697,076	2,664,884	13,361,960	14,162,429	13,143,560
5.52 Maintenance of Grounds	549,863	145,766	695,629	506,367	1,201,996	1,278,197	1,322,456
5.56 Utilities	145,963	37,825	183,788	3,842,523	4,026,311	3,766,890	3,244,856
Total Function 5	9,472,886	2,913,688	12,386,574	7,473,941	19,860,515	20,480,937	18,952,367
7 Transportation and Housing							
7.41 Transportation and Housing Administration	242,767	61,500	304,267	7,405	311,672	309,817	285,750
7.70 Student Transportation	1,805,317	634,922	2,440,239	1,029,607	3,469,846	3,553,490	3,388,078
Total Function 7	2,048,084	696,422	2,744,506	1,037,012	3,781,518	3,863,307	3,673,828
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	138,254,646	35,645,716	173,900,362	19,994,565	193,894,927	189,916,111	181,797,999

School District No. 23 (Central Okanagan)

Schedule of Special Purpose Operations

Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	6,765,243	6,948,030	6,605,101
Other Revenue	7,800,000	8,167,062	7,108,042
Investment Income		1,861	558
Total Revenue	<u>14,565,243</u>	<u>15,116,953</u>	<u>13,713,701</u>
Expenses			
Instruction	13,666,653	14,676,540	13,128,180
Total Expense	<u>13,666,653</u>	<u>14,676,540</u>	<u>13,128,180</u>
Special Purpose Surplus (Deficit) for the year	<u>898,590</u>	<u>440,413</u>	<u>585,521</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(898,590)	(440,413)	(585,521)
Total Net Transfers	<u>(898,590)</u>	<u>(440,413)</u>	<u>(585,521)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 23 (Central Okanagan)
 Changes in Special Purpose Funds and Expense by Object
 Year Ended June 30, 2016

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community-LINK	Service Delivery Transformation
Deferred Revenue, beginning of year	\$ -	\$ 23,226	\$ 47,857	\$ 3,466,403	\$ 117,405	\$ 75,791	\$ 199,729	\$ 94,382	\$ 137,973
Add: Restricted Grants									
Provincial Grants - Ministry of Education	852,202	3,817,441	8,916	7,870,326	256,000	75,950	308,871	1,234,832	
Other Investment Income									
Less: Allocated to Revenue	852,202	3,817,441	8,916	7,870,326	256,000	75,950	308,871	1,234,832	
Deferred Revenue, end of year	-	19,754	51,087	3,177,068	66,583	31,930	154,094	17,523	131,005
Revenues									
Provincial Grants - Ministry of Education	852,202	3,820,913	5,686	8,159,661	306,822	119,811	354,506	1,304,290	6,968
Other Revenue									
Investment Income									
Expenses									
Salaries									
Teachers		2,461,740		53,930		75,906	62,781	32,486	
Support Staff		629,750							
Substitutes				3,090					
Employee Benefits		3,091,490		53,930	197,890	75,906	104,033	20,500	
Services and Supplies	430,854	729,423	14,643	49,326	49,326	18,313	14,962	52,986	
	430,854	3,820,913	8,091,088	52,976	52,976	25,592	172,730	8,795	6,968
			8,159,661	300,192	300,192	119,811	354,506	1,313,552	6,968
Net Revenue (Expense) before Interfund Transfers	421,348	-	5,686	-	6,630	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(421,348)		(5,686)	(6,630)					
	(421,348)		(5,686)	(6,630)					
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 23 (Central Okanagan)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2016

	Provincial Resource Program	TOTAL
	\$	\$
Deferred Revenue, beginning of year	10,055	4,172,821
Add: Restricted Grants		
Provincial Grants - Ministry of Education	173,559	6,727,771
Other		7,870,326
Investment Income		1,861
Less: Allocated to Revenue	173,559	14,599,958
Deferred Revenue, end of year	176,832	15,116,953
	6,782	3,655,826
Revenues		
Provincial Grants - Ministry of Education	176,832	6,948,030
Other Revenue		8,167,062
Investment Income		1,861
	176,832	15,116,953
Expenses		
Salaries		
Teachers	85,962	2,772,805
Support Staff		824,550
Substitutes		127,623
Employee Benefits	85,962	3,724,978
Services and Supplies	21,417	856,879
	62,704	10,094,683
	170,083	14,676,540
	6,749	440,413
Net Revenue (Expense) before Interfund Transfers		
Interfund Transfers		
Tangible Capital Assets Purchased	(6,749)	(440,413)
	(6,749)	(440,413)
Net Revenue (Expense)		
	-	-

School District No. 23 (Central Okanagan)

Schedule of Capital Operations

Year Ended June 30, 2016

	2016 Budget	2016 Actual			2015 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education		975		975	57,334
Other Revenue			884,007	884,007	564,905
Investment Income	25,000		43,168	43,168	29,181
Amortization of Deferred Capital Revenue	7,685,000	7,814,955		7,814,955	7,127,939
Total Revenue	7,710,000	7,815,930	927,175	8,743,105	7,779,359
Expenses					
Operations and Maintenance			88,186	88,186	
Amortization of Tangible Capital Assets					
Operations and Maintenance	12,100,000	12,490,598		12,490,598	11,616,906
Total Expense	12,100,000	12,490,598	88,186	12,578,784	11,616,906
Capital Surplus (Deficit) for the year	(4,390,000)	(4,674,668)	838,989	(3,835,679)	(3,837,547)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	1,926,375	1,391,043		1,391,043	1,403,379
Local Capital	3,264,000		3,264,000	3,264,000	4,000,000
Total Net Transfers	5,190,375	1,391,043	3,264,000	4,655,043	5,403,379
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		2,660,953	(2,660,953)	-	
Total Other Adjustments to Fund Balances		2,660,953	(2,660,953)	-	
Total Capital Surplus (Deficit) for the year	800,375	(622,672)	1,442,036	819,364	1,565,832
Capital Surplus (Deficit), beginning of year		97,059,411	2,188,880	99,248,291	97,682,459
Capital Surplus (Deficit), end of year		96,436,739	3,630,916	100,067,655	99,248,291

School District No. 23 (Central Okanagan)

Schedule 4A

Tangible Capital Assets
Year Ended June 30, 2016

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	54,705,849	349,079,957	11,243,388	5,734,321	138,285	14,453,012	435,354,812
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	975	7,287,758	146,896	523,208			7,958,837
Deferred Capital Revenue - Other			77,162	81,557		7,676	166,395
Operating Fund		373,580	472,172			104,878	950,630
Special Purpose Funds	81,024	346,954	5,686			6,749	440,413
Local Capital			120,823	458,083		2,082,047	2,660,953
	81,999	8,008,292	822,739	1,062,848	-	2,201,350	12,177,228
Decrease:							
Deemed Disposals			1,333,088	573,601	45,652	2,501,261	4,453,602
			1,333,088	573,601	45,652	2,501,261	4,453,602
Cost, end of year	54,787,848	357,088,249	10,733,039	6,223,568	92,633	14,153,101	443,078,438
Work in Progress, end of year							
Cost and Work in Progress, end of year	54,787,848	357,088,249	10,733,039	6,223,568	92,633	14,153,101	443,078,438
Accumulated Amortization, beginning of year			5,478,762	2,506,644	80,360	5,562,810	157,364,185
Changes for the Year							
Increase: Amortization for the Year		7,874,568	1,124,339	573,432	27,657	2,890,602	12,490,598
Decrease:							
Deemed Disposals			1,333,088	573,601	45,652	2,501,261	4,453,602
			1,333,088	573,601	45,652	2,501,261	4,453,602
Accumulated Amortization, end of year		151,610,177	5,270,013	2,506,475	62,365	5,952,151	165,401,181
Tangible Capital Assets - Net	54,787,848	205,478,072	5,463,026	3,717,093	30,268	8,200,950	277,677,257

School District No. 23 (Central Okanagan)

Schedule 4C

Deferred Capital Revenue

Year Ended June 30, 2016

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	175,233,919	4,842,210	353,832	180,429,961
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	7,957,862		166,395	8,124,257
	<u>7,957,862</u>	-	<u>166,395</u>	<u>8,124,257</u>
Decrease:				
Amortization of Deferred Capital Revenue	7,578,516	144,659	91,780	7,814,955
	<u>7,578,516</u>	<u>144,659</u>	<u>91,780</u>	<u>7,814,955</u>
Net Changes for the Year	<u>379,346</u>	<u>(144,659)</u>	<u>74,615</u>	<u>309,302</u>
Deferred Capital Revenue, end of year	<u>175,613,265</u>	<u>4,697,551</u>	<u>428,447</u>	<u>180,739,263</u>
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	<u>175,613,265</u>	<u>4,697,551</u>	<u>428,447</u>	<u>180,739,263</u>

School District No. 23 (Central Okanagan)

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

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	(152,244)			3,574		(148,670)
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	8,190,214					8,190,214
Other					166,395	166,395
Investment Income				70		70
Decrease:						
Transferred to DCR - Capital Additions	7,957,862				166,395	8,124,257
Transferred to Revenue - Site Purchases	975					975
	7,958,837				166,395	8,125,232
Net Changes for the Year	231,377			70		231,447
Balance, end of year	79,133			3,644		82,777