

Audited Financial Statements of

School District No. 23 (Central Okanagan)

June 30, 2017

School District No. 23 (Central Okanagan)

June 30, 2017

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School District No. 23 (Central Okanagan)

MANAGEMENT REPORT

Version: 1378-9632-7650

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.

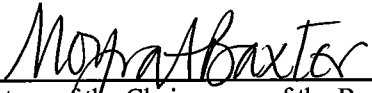
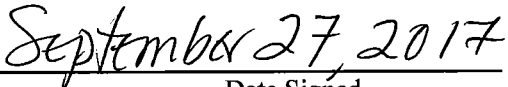
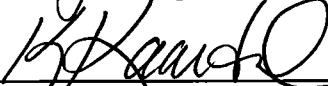
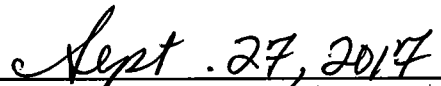
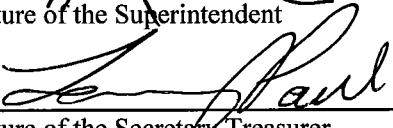
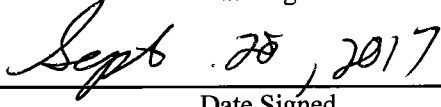
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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, 2017 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, 2017 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 20, 2017



Chartered Professional Accountants

School District No. 23 (Central Okanagan)


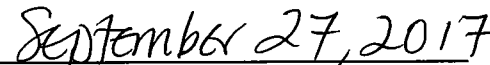
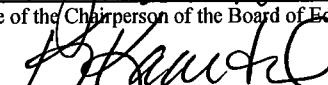
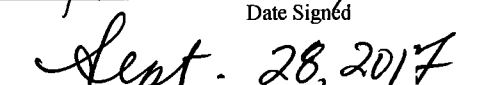
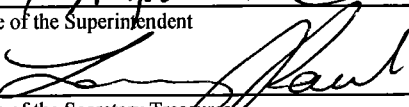
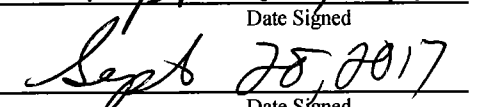
Statement of Financial Position

As at June 30, 2017

	2017 Actual	2016 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents (Note 3)	37,751,813	30,968,639
Accounts Receivable		
Due from Province - Ministry of Education	1,057,249	909,623
Other (Note 4)	1,042,400	791,832
Portfolio Investments	11,402,847	12,110,538
Total Financial Assets	51,254,309	44,780,632
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	14,415,247	11,006,526
Unearned Revenue (Note 7)	2,390,176	2,144,588
Deferred Revenue (Note 8)	3,749,748	3,655,826
Deferred Capital Revenue (Note 9)	180,322,218	180,822,040
Employee Future Benefits (Note 10)	9,436,128	9,239,249
Other Liabilities (Note 11)	9,118,323	8,677,912
Total Liabilities	219,431,840	215,546,141
Net Financial Assets (Debt)	(168,177,531)	(170,765,509)
Non-Financial Assets		
Tangible Capital Assets (Note 12)	277,987,954	277,677,257
Prepaid Expenses (Note 13)	353,171	84,631
Supplies Inventory	196,259	236,420
Total Non-Financial Assets	278,537,384	277,998,308
Accumulated Surplus (Deficit)	110,359,853	107,232,799
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	109,171,127	105,631,114
Accumulated Remeasurement Gains (Losses)	1,188,726	1,601,685
	110,359,853	107,232,799

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 of Operations
Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	196,187,819	205,338,458	194,840,203
Other	550,141	589,867	621,551
Tuition	5,062,500	5,168,270	4,486,370
Other Revenue	10,194,281	10,361,978	12,491,649
Rentals and Leases	470,000	629,784	632,524
Investment Income	575,000	863,335	712,725
Amortization of Deferred Capital Revenue	7,727,000	7,956,135	7,814,955
Gain (Loss) on Disposal of Tangible Capital Assets (Note 14)		1,400,113	
Total Revenue	<u>220,766,741</u>	<u>232,307,940</u>	<u>221,599,977</u>
Expenses			
Instruction	181,561,917	185,728,230	179,956,504
District Administration	5,502,688	5,344,439	5,253,678
Operations and Maintenance	32,959,083	33,794,837	32,569,527
Transportation and Housing	3,846,851	3,900,421	3,790,053
Total Expense	<u>223,870,539</u>	<u>228,767,927</u>	<u>221,569,762</u>
Surplus (Deficit) for the year	<u>(3,103,798)</u>	<u>3,540,013</u>	<u>30,215</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		<u>105,631,114</u>	<u>105,600,899</u>
Accumulated Surplus (Deficit) from Operations, end of year		<u>109,171,127</u>	<u>105,631,114</u>

School District No. 23 (Central Okanagan)

Statement 3

Statement of Remeasurement Gains and Losses

Year Ended June 30, 2017

	2017 Actual	2016 Actual
	\$	\$
Accumulated Remeasurement Gains (Losses) at beginning of year	<u>1,601,685</u>	<u>1,687,357</u>
Unrealized Gains (Losses) attributable to:		
Portfolio Investments	138,450	356,036
Amounts Reclassified to the Statement of Operations:		
Portfolio Investments	(551,409)	(441,708)
Net Remeasurement Gains (Losses) for the year	<u>(412,959)</u>	<u>(85,672)</u>
Accumulated Remeasurement Gains (Losses) at end of year	<u>1,188,726</u>	<u>1,601,685</u>

School District No. 23 (Central Okanagan)

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>(3,103,798)</u>	<u>3,540,013</u>	<u>30,215</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(9,395,801)	(13,199,812)	(12,177,228)
Amortization of Tangible Capital Assets	12,400,000	12,589,228	12,490,598
Net carrying value of Tangible Capital Assets disposed of		299,887	
Total Effect of change in Tangible Capital Assets	<u>3,004,199</u>	<u>(310,697)</u>	<u>313,370</u>
Acquisition of Prepaid Expenses		(332,608)	(40,015)
Use of Prepaid Expenses		64,068	165,311
Acquisition of Supplies Inventory		(1,181,121)	(1,100,115)
Use of Supplies Inventory		1,221,282	1,133,993
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(228,379)</u>	<u>159,174</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(99,599)</u>	<u>3,000,937</u>	<u>502,759</u>
Net Remeasurement Gains (Losses)		<u>(412,959)</u>	<u>(85,672)</u>
(Increase) Decrease in Net Financial Assets (Debt)		<u>2,587,978</u>	<u>417,087</u>
Net Financial Assets (Debt), beginning of year		<u>(170,765,509)</u>	<u>(171,182,596)</u>
Net Financial Assets (Debt), end of year		<u>(168,177,531)</u>	<u>(170,765,509)</u>

School District No. 23 (Central Okanagan)

Statement of Cash Flows
Year Ended June 30, 2017

	2017 Actual	2016 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	3,540,013	30,215
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(398,194)	1,208
Supplies Inventories	40,161	33,878
Prepaid Expenses	(268,540)	125,296
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	3,408,721	444,996
Unearned Revenue	245,588	391,390
Deferred Revenue	93,922	(516,995)
Employee Future Benefits	196,879	732,850
Other Liabilities	440,411	(478,265)
Loss (Gain) on Disposal of Tangible Capital Assets	(1,400,113)	
Amortization of Tangible Capital Assets	12,589,228	12,490,598
Amortization of Deferred Capital Revenue	(7,956,135)	(7,814,955)
Recognition of Deferred Capital Revenue Spent on Sites		(975)
Total Operating Transactions	10,531,941	5,439,241
Capital Transactions		
Tangible Capital Assets Purchased	(9,772,445)	(12,177,228)
Tangible Capital Assets -WIP Purchased	(3,427,367)	
District Portion of Proceeds on Disposal	1,700,000	
Total Capital Transactions	(11,499,812)	(12,177,228)
Financing Transactions		
Capital Revenue Received	7,456,313	8,356,679
Total Financing Transactions	7,456,313	8,356,679
Investing Transactions		
Investments in Portfolio Investments	707,691	(172,222)
Decrease in Remeasurement Gains (Losses)	(412,959)	(85,672)
Total Investing Transactions	294,732	(257,894)
Net Increase (Decrease) in Cash and Cash Equivalents	6,783,174	1,360,798
Cash and Cash Equivalents, beginning of year	30,968,639	29,607,841
Cash and Cash Equivalents, end of year	37,751,813	30,968,639
Cash and Cash Equivalents, end of year, is made up of:		
Cash	26,366,375	22,740,862
Cash Equivalents	11,385,438	8,227,777
	37,751,813	30,968,639
Supplementary Cash Flow Information		

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2017

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, 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>
Year ended June 30, 2017 - decrease in annual surplus by	<u>\$ (1,611,712)</u>
June 30, 2017 - increase in accumulated surplus & decrease in deferred contributions by	<u>\$ 179,127,551</u>

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

(b) Cash and cash equivalents

Cash and cash equivalents include cash balances, term deposits 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 provincial, municipal and corporate 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, deposits 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*)

- 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. Costs also include overhead directly attributable to construction.
- 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.
- Work in progress is recorded as an acquisition to the applicable asset class at substantial completion.
- 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. Disposals sites or buildings are recorded and gains/losses calculated.
- 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

(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 vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements. The School District accrues its obligations and related costs, including both vested and non-vested benefits, under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-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, 2017 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.

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 \$126,873 (2016 - \$122,752), 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 \$7,241,200 (2016 - \$7,131,336), restricted and paid out to teachers who contribute and take part in the District's self-funded summer saving plan.

4. Accounts receivable - other

	2017	2016
GST rebate	\$ 244,447	\$ 155,209
Invoices receivable	328,821	203,640
Long term receivable	51,802	23,162
Other receivable	417,330	409,821
Total accounts receivable - other	\$ 1,042,400	\$ 791,832

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2017

5. Accounts payable and accrued liabilities - other

	2017	2016
Trade	\$ 2,196,570	\$ 1,889,196
International Education	1,137,576	993,340
Summer Savings program	7,241,200	7,131,336
Deferred Salary Leave program	126,873	122,752
Due to administration building contractor	2,482,016	-
Ministry of Education enrolment audit recovery	374,434	-
Miscellaneous	856,578	869,902
Total accounts payable and accrued liabilities - other	\$ 14,415,247	\$ 11,006,526

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, 2017 the balance outstanding under this credit facility was \$nil (2016 – \$nil).

7. Unearned revenue

	2017	2016
Balance, beginning of year	\$ 2,144,588	\$ 1,753,198
Changes for the year;		
Increase:		
Transportation fees	140,551	287,709
Tuition fees	4,277,085	4,545,170
Other	11,898	15,021
	<u>4,429,534</u>	<u>4,847,900</u>
Decrease:		
Transportation fees	(287,709)	(200,951)
Tuition fees	(3,881,216)	(4,255,559)
Other	(15,021)	-
	<u>(4,183,946)</u>	<u>(4,456,510)</u>
Balance, end of year	\$ 2,390,176	\$ 2,144,588

	2017	2016
Unearned revenue comprised of:		
Transportation fees	\$ 140,550	\$ 287,709
Tuition fees	2,237,728	1,841,858
Other	11,898	15,021
	<u>\$ 2,390,176</u>	<u>\$ 2,144,588</u>

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2017

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>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 3,655,826	\$ 4,172,821
Contributions received during the year	16,311,778	14,599,958
Revenue recognized from deferred contributions	<u>(16,217,856)</u>	<u>(15,116,953)</u>
	93,922	(516,995)
Balance, end of year	<u>\$ 3,749,748</u>	<u>\$ 3,655,826</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>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 180,822,040	\$ 180,281,291
Contributions received during the year	7,456,222	8,356,609
Investment income	91	70
Revenue recognized from deferred contributions	(7,956,135)	(7,814,955)
Site purchases	<u>-</u>	<u>(975)</u>
Balance, end of year	<u>\$ 180,322,218</u>	<u>\$ 180,822,040</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, 2017

10. Employee future benefits (continued)

	2017	2016
Reconciliation of accrued benefit obligation		
Accrued benefit obligation - April 1	\$ 9,007,221	\$ 9,289,652
Service cost	709,320	785,375
Interest cost	228,617	217,138
Benefit payments		
April 1 to March 31 - vested	(378,031)	(471,183)
April 1 to March 31 - non vested	(71,836)	(79,018)
Actuarial (gain) loss	(841,617)	(734,743)
Accrued benefit obligation - March 31	<u>\$ 8,653,674</u>	<u>\$ 9,007,221</u>
Reconciliation of funded status at end of fiscal year		
Accrued benefit obligation - March 31	\$ 8,653,674	\$ 9,007,221
Employer contributions after measurement date	408,772	99,107
Benefit expense after measurement date - April to June 30	(238,163)	(234,484)
Unamortized net actuarial (gain)/loss	(953,063)	(96,651)
Accrued benefit obligation - June 30	<u>\$ (9,436,128)</u>	<u>\$ (9,239,249)</u>
Reconciliation of change in accrued benefit liability		
Accrued benefit liability - July 1	\$ 9,239,249	\$ 8,506,399
Net expense for fiscal year	956,411	1,076,911
Employer contributions		
July 1 to March 31	(350,760)	(244,954)
April 1 to June 30	(408,772)	(99,107)
Accrued benefit liability - June 30	<u>\$ 9,436,128</u>	<u>\$ 9,239,249</u>
Components of net benefit expense		
Service cost - July 1 to March 31	531,990	589,031
Service cost - April 1 to June 30	177,112	177,330
Interest cost - July 1 to March 31	171,462	162,854
Interest cost - April 1 to June 30	61,051	57,154
Amortization of net actuarial loss	14,796	90,542
Net benefit expense	<u>\$ 956,411</u>	<u>\$ 1,076,911</u>

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2017

10. Employee future benefits (continued)

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

	2017	2016
Discount rate - April 1	2.50%	2.25%
Discount rate - March 31	2.75%	2.50%
Long term salary growth - April 1	2.50% + seniority	2.50% + seniority
Long term salary growth - March 31	2.50% + seniority	2.50% + seniority
Expected avg. remaining service lifetime (EARSL) - March 31	9.7	9.7

11. Other liabilities

	2017	2016
Accrued vacation payable	\$ 1,233,945	\$ 1,206,693
Benefits payable	6,818,662	6,734,704
Wages payable	681,496	344,197
Other payables	384,220	392,318
Total other liabilities	\$ 9,118,323	\$ 8,677,912

12. Tangible capital assets

	2017	2016
Net Book Value		
Sites	\$ 54,631,250	\$ 54,787,848
Buildings	203,063,564	205,478,072
Buildings - WIP	3,427,367	-
Computer hardware	7,212,534	8,200,950
Computer software	26,170	30,268
Furniture & equipment	5,080,032	5,463,026
Vehicles	4,547,037	3,717,093
Total	\$ 277,987,954	\$ 277,677,257

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2017

12. Tangible capital assets (continued)

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
Cost				
Sites	\$ 54,787,848	\$ 143,289	\$ (299,887)	\$ 54,631,250
Buildings	357,088,249	5,629,912	-	362,718,161
Buildings - WIP	-	3,427,367	-	3,427,367
Computer hardware	14,153,101	1,842,204	(2,895,325)	13,099,980
Computer software	92,633	14,429	(60,344)	46,718
Furniture & equipment	10,733,039	690,310	(964,886)	10,458,463
Vehicles	6,223,568	1,452,301	(40,216)	7,635,653
Total	\$ 443,078,438	\$ 13,199,812	\$ (4,260,658)	\$ 452,017,592

Acc. Amortization				
Buildings	\$ 151,610,177	\$ 8,044,420	\$ -	\$ 159,654,597
Computer hardware	5,952,151	2,830,620	(2,895,325)	5,887,446
Computer software	62,365	18,527	(60,344)	20,548
Furniture & equipment	5,270,013	1,073,304	(964,886)	5,378,431
Vehicles	2,506,475	622,357	(40,216)	3,088,616
Total	\$ 165,401,181	\$ 12,589,228	\$ (3,960,771)	\$ 174,029,638

	Balance at July 1, 2015	Additions	Disposals	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

Buildings - WIP having a value of \$3,427,367 (2016 - \$nil) has not been amortized. Amortization of these assets will commence when the assets are put in service.

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2017

13. Prepaid expenses

	2017	2016
Prepaid software licensing, deposits and classroom equipment	\$ 353,171	\$ 84,631

14. Disposal of site

During the year, the School District disposed of one piece of property located on Woodsdale Road in District of Lake Country. The site was purchased and fully funded from local capital in 1965 for \$10,000, as such, the gain on disposal has been recorded in local capital. Details of the recording of the disposition is as follows:

Proceeds	\$ 1,700,000
Net book value	<u>(299,887)</u>
Gain on sale of property	<u>\$ 1,400,113</u>

15. 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, 2015, the Teachers' Pension Plan has about 45,000 active members from school districts and approximately 36,000 retired members from school districts. As at December 31, 2015, the Municipal Plan has about 189,000 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, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the 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 \$17,788,215 (2016 - \$19,182,499) for employer contributions to these plans in the year ended June 30, 2017.

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2017

16. Internally restricted surplus - operating fund

	2017	2016
Internally restricted (appropriated) by Board for:		
Appropriated for next year's budget	\$ 2,610,224	\$ 3,015,599
Net school surpluses	1,471,330	587,977
Student learning grant	745,060	-
Targeted aboriginal program	252,237	255,768
CUPE training funds	177,563	184,788
Distributed learning	-	171,380
Energy manager shared service program	161,269	-
Trades grant	142,532	-
WCB core audit funds	54,000	-
Trustee travel	30,200	20,723
Active kids grant	20,699	-
Subtotal (internally restricted)	<u>5,665,114</u>	<u>4,236,235</u>
Unrestricted operating surplus	<u>2,233,445</u>	<u>1,327,224</u>
Total available for future operations	<u>\$ 7,898,559</u>	<u>\$ 5,563,459</u>

17. Expense by object

	2017	2016
Salaries and benefits	\$ 185,583,184	\$ 178,802,284
Services and supplies	30,595,517	30,276,880
Amortization on tangible capital assets	<u>12,589,226</u>	<u>12,490,598</u>
Total expenses by object	<u>\$ 228,767,927</u>	<u>\$ 221,569,762</u>

18. Interfund transfers

Inter-fund transfers between operating, special purpose and capital funds are for the year ended June 30, 2017 were as follows:

- Transfers in the amount of \$663,684 (2016 - \$440,413) 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 \$1,166,901 (2016 - \$950,630) were made from the Operating Fund to the Capital Fund for capital asset purchases funded by the Operating Fund.
- Transfers in the amount of \$2,627,415 (2016 - \$3,264,000) were made from Local Capital within the Operating fund to the Capital Fund for capital asset purchases funded by Local Capital.

19. 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.

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 Middle, as well, bus and Annual Facilities purchases, resulting in commitments of \$45,033,744 at June 30, 2017 (2016 - \$13,645,634).
 - 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.
-

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.

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. As at June 30, 2017, 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.

The School District has two letters of credit with the Royal Bank of Canada in the amount of \$17,550, payable to the City of Kelowna, and \$35,000, payable to the Rutland Waterworks District. The City of Kelowna letter of credit was required in connection with the completion of works and service relating to the new administration office located at 1040 Hollywood Road and was issued on July 29, 2016. This letter of credit will expire on July 28, 2017. The Rutland Waterworks District letter of credit was necessary to cover hydrant installation and geoexchange improvements for the new administration office as well and was issued on April 5, 2017. This letter of credit will expire on April 4, 2018.

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.

22. Risk management (*continued*)

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.

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.

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2017

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.

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 22, 2016. 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 8, 2017. Significant changes between the original and amended budget are as follows:

	Amended Annual Budget	Annual Budget	Change
Revenue			
Provincial Grants	\$ 202,542,836	\$ 196,737,960	\$ (5,804,876)
Tuition	5,062,500	5,062,500	-
Other Revenue	10,319,281	10,664,281	345,000
Investment Income	550,000	575,000	25,000
Amortization of Deferred Cap Revenue	7,956,135	7,727,000	(229,135)
Total Revenue	\$ 226,430,752	\$ 220,766,741	\$ (5,664,011)
Expense			
Instruction	\$ 185,345,342	\$ 181,561,917	\$ (3,783,425)
District Administration	5,680,815	5,502,688	(178,127)
Operations and Maintenance	34,025,484	32,959,083	(1,066,401)
Transportation and Housing	3,846,851	3,846,851	-
Total Expense	\$ 228,898,492	\$ 223,870,539	\$ (5,027,953)
Net Revenue (Expense)	\$ (2,467,740)	\$ (3,103,798)	\$ (636,058)
Budget Allocation of Surplus (Deficit)	2,953,234	3,210,599	257,365
Budget Surplus (Deficit), for the year	\$ 485,494	\$ 106,801	\$ (378,693)

School District No. 23 (Central Okanagan)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2017 Actual	2016 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	5,563,459		100,067,655	105,631,114	105,600,899
Changes for the year					
Surplus (Deficit) for the year	6,129,416	663,684	(3,253,087)	3,540,013	30,215
Interfund Transfers	(1,166,901)	(663,684)	1,830,585	-	-
Tangible Capital Assets Purchased	(2,627,415)		2,627,415	-	-
Local Capital	2,335,100	-	1,204,913	3,540,013	30,215
Net Changes for the year	7,898,559	-	101,272,568	109,171,127	105,631,114
Accumulated Surplus (Deficit), end of year - Statement 2					
Accumulated Remeasurement Gains (Losses) - Statement 3	1,188,726			1,188,726	1,601,685
	9,087,285	-	101,272,568	110,359,853	107,232,799

School District No. 23 (Central Okanagan)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	189,053,175	196,335,998	187,891,198
Other	550,141	589,867	621,551
Tuition	5,062,500	5,168,270	4,486,370
Other Revenue	2,894,281	3,120,397	3,440,580
Rentals and Leases	470,000	629,784	632,524
Investment Income	550,000	771,678	667,696
Total Revenue	198,580,097	206,615,994	197,739,919
Expenses			
Instruction	168,027,363	170,180,840	165,279,964
District Administration	5,502,688	5,344,439	5,253,678
Operations and Maintenance	20,559,083	21,060,878	19,990,743
Transportation and Housing	3,846,851	3,900,421	3,790,053
Total Expense	197,935,985	200,486,578	194,314,438
Operating Surplus (Deficit) for the year	644,112	6,129,416	3,425,481
Budgeted Appropriation (Retirement) of Surplus (Deficit)	3,210,599		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(1,102,296)	(1,166,901)	(950,630)
Local Capital	(2,752,415)	(2,627,415)	(3,264,000)
Total Net Transfers	(3,854,711)	(3,794,316)	(4,214,630)
Total Operating Surplus (Deficit), for the year	-	2,335,100	(789,149)
Operating Surplus (Deficit), beginning of year		5,563,459	6,352,608
Operating Surplus (Deficit), end of year		7,898,559	5,563,459
Operating Surplus (Deficit), end of year			
Internally Restricted		5,665,114	4,236,235
Unrestricted		2,233,445	1,327,224
Total Operating Surplus (Deficit), end of year		7,898,559	5,563,459

School District No. 23 (Central Okanagan)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	188,586,133	192,838,092	187,337,105
INAC/LEA Recovery	(891,281)	(1,057,995)	(908,744)
Other Ministry of Education Grants			
Pay Equity	1,238,323	1,238,323	1,238,323
Funding for Graduated Adults	15,000	18,549	
Transportation Supplement		600,000	
Economic Stability Dividend		118,642	161,576
Return of Administrative Savings		967,983	
Carbon Tax Grant	105,000	262,217	
Student Learning Grant		1,114,394	
Fees Equity in Action		8,500	
Shared Energy Manager Funding		200,000	
FSA & Exam		27,293	28,988
Curriculum Implementation			33,950
Total Provincial Grants - Ministry of Education	189,053,175	196,335,998	187,891,198
Provincial Grants - Other	550,141	589,867	621,551
Tuition			
International and Out of Province Students	5,062,500	5,168,270	4,486,370
Total Tuition	5,062,500	5,168,270	4,486,370
Other Revenues			
Other School District/Education Authorities	500,000	668,248	702,509
LEA/Direct Funding from First Nations	891,281	1,057,995	908,744
Miscellaneous			
Transportation Fees	1,040,000	473,201	867,923
Interior Health Authority	75,000	108,710	110,779
Wages Recoveries	250,000	316,818	320,066
City of Kelowna	40,000	40,000	40,000
District of Lake Country	70,000	71,981	71,981
Other	28,000	383,444	418,578
Total Other Revenue	2,894,281	3,120,397	3,440,580
Rentals and Leases	470,000	629,784	632,524
Investment Income	550,000	771,678	667,696
Total Operating Revenue	198,580,097	206,615,994	197,739,919

School District No. 23 (Central Okanagan)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object
Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Salaries			
Teachers	92,327,368	90,899,615	88,690,253
Principals and Vice Principals	10,159,336	10,549,981	9,664,868
Educational Assistants	12,885,722	13,105,811	12,408,342
Support Staff	19,451,424	18,782,589	18,745,878
Other Professionals	2,724,533	2,647,034	2,551,019
Substitutes	5,921,739	6,953,750	6,514,352
Total Salaries	143,470,122	142,938,780	138,574,712
Employee Benefits	35,339,844	35,874,540	35,645,716
Total Salaries and Benefits	178,809,966	178,813,320	174,220,428
Services and Supplies			
Services	3,622,541	5,256,577	4,373,467
Student Transportation	317,922	365,740	378,006
Professional Development and Travel	1,727,846	1,746,867	1,824,624
Rentals and Leases	237,500	214,167	142,002
Dues and Fees	325,000	374,581	379,765
Insurance	508,000	628,737	450,623
Supplies	8,829,680	9,478,503	9,268,390
Utilities	3,557,530	3,608,086	3,277,133
Total Services and Supplies	19,126,019	21,673,258	20,094,010
Total Operating Expense	197,935,985	200,486,578	194,314,438

School District No. 23 (Central Okanagan)

Operating Expense by Function, Program and Object
Year Ended June 30, 2017

	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	75,778,994	1,213,770	297,718	1,170,296		6,144,304	84,605,082
1.03 Career Programs	658,863		55,565	323,067		27,429	1,064,924
1.07 Library Services	1,773,927	303,255		1,299,567	90,453	13,707	3,480,909
1.08 Counselling	2,385,944						2,385,944
1.10 Special Education	9,306,079	317,947	11,269,131	717,418		505,525	22,116,100
1.30 English Language Learning	287,662			56,279		2,973	346,914
1.31 Aboriginal Education	569,514	115,136	1,483,397	34,235		25,795	2,228,077
1.41 School Administration		7,998,372		3,075,791		63,052	11,137,215
1.62 International and Out of Province Students	138,632	119,237		53,440	244,899	3,583	559,791
Total Function 1	90,899,615	10,067,717	13,105,811	6,730,093	335,352	6,786,368	127,924,956
4 District Administration							
4.11 Educational Administration		297,601		181,841	513,163	120,820	1,113,425
4.40 School District Governance					130,326		130,326
4.41 Business Administration		184,663		845,894	960,779	46,562	2,037,898
Total Function 4	-	482,264	-	1,027,735	1,604,268	167,382	3,281,649
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				180,595	451,852		632,447
5.50 Maintenance Operations				8,244,264	62,961		8,307,225
5.52 Maintenance of Grounds				514,817			514,817
5.56 Utilities				88,592	112,334		200,926
Total Function 5	-	-	-	9,028,268	627,147	-	9,655,415
7 Transportation and Housing							
7.41 Transportation and Housing Administration				155,403	80,267		235,670
7.70 Student Transportation				1,841,090			1,841,090
Total Function 7	-	-	-	1,996,493	80,267	-	2,076,760
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	90,899,615	10,549,981	13,105,811	18,782,589	2,647,034	6,953,750	142,938,780

School District No. 23 (Central Okanagan)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object
Year Ended June 30, 2017

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2017 Actual	2017 Budget	2016 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	84,605,082	20,319,266	104,924,348	7,353,034	112,277,382	112,554,181	110,959,077
1.03 Career Programs	1,064,924	287,952	1,352,876	137,533	1,490,409	1,464,132	1,430,598
1.07 Library Services	3,480,909	904,906	4,385,815	581,560	4,967,375	4,886,838	5,011,890
1.08 Counselling	2,385,944	577,390	2,963,334	3,304	2,966,638	2,874,539	2,759,469
1.10 Special Education	22,116,100	6,121,495	28,237,595	1,029,746	29,267,341	27,644,916	28,440,860
1.30 English Language Learning	346,914	82,327	429,241	16,028	445,269	442,151	422,596
1.31 Aboriginal Education	2,228,077	585,246	2,813,323	235,054	3,048,377	3,167,550	2,788,178
1.41 School Administration	11,137,215	2,594,486	13,731,701	2,279	13,733,980	13,314,494	11,815,237
1.62 International and Out of Province Students	559,791	107,405	667,196	1,316,873	1,984,069	1,678,562	1,652,059
Total Function 1	127,924,956	31,580,473	159,505,429	10,675,411	170,180,840	168,027,363	165,279,964
4 District Administration							
4.11 Educational Administration	1,113,425	252,538	1,365,963	194,186	1,560,149	1,511,607	1,495,058
4.40 School District Governance	130,326	2,160	132,486	112,249	244,735	264,742	242,531
4.41 Business Administration	2,037,898	477,986	2,515,884	1,023,671	3,539,555	3,726,339	3,516,089
Total Function 4	3,281,649	732,684	4,014,333	1,330,106	5,344,439	5,502,688	5,253,678
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	632,447	151,743	784,190	556,831	1,341,021	1,360,379	1,270,248
5.50 Maintenance Operations	8,307,225	2,528,997	10,836,222	2,902,015	13,738,237	14,061,428	13,415,413
5.52 Maintenance of Grounds	514,817	156,121	670,938	451,410	1,122,348	1,399,958	1,278,771
5.56 Utilities	200,926	37,805	238,731	4,620,541	4,859,272	3,737,318	4,026,311
Total Function 5	9,655,415	2,874,666	12,530,081	8,530,797	21,060,878	20,559,083	19,990,743
7 Transportation and Housing							
7.41 Transportation and Housing Administration	235,670	55,372	291,042	3,288	294,330	322,280	317,015
7.70 Student Transportation	1,841,090	631,345	2,472,435	1,133,656	3,606,091	3,524,571	3,473,038
Total Function 7	2,076,760	686,717	2,763,477	1,136,944	3,900,421	3,846,851	3,790,053
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	142,938,780	35,874,540	178,813,320	21,673,258	200,486,578	197,935,985	194,314,438

School District No. 23 (Central Okanagan)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	7,134,644	9,002,460	6,948,030
Other Revenue	7,300,000	7,208,174	8,167,062
Investment Income		440	1,861
Total Revenue	<u>14,434,644</u>	<u>16,211,074</u>	<u>15,116,953</u>
Expenses			
Instruction	13,534,554	15,547,390	14,676,540
Total Expense	<u>13,534,554</u>	<u>15,547,390</u>	<u>14,676,540</u>
Special Purpose Surplus (Deficit) for the year	<u>900,090</u>	<u>663,684</u>	<u>440,413</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(900,090)	(663,684)	(440,413)
Total Net Transfers	<u>(900,090)</u>	<u>(663,684)</u>	<u>(440,413)</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, 2017

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Service Delivery Transformation	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community Link
Deferred Revenue, beginning of year	\$ 19,754	\$ 51,087	\$ 131,005	\$ 3,177,068	\$ 66,583	\$ 31,930	\$ 154,094	\$ 17,523	
Add: Restricted Grants									
Provincial Grants - Ministry of Education	852,202	3,872,671		7,431,789	257,963	75,950	316,871	1,236,689	
Other Investment Income								440	
Less: Allocated to Revenue Recovered	852,202	3,872,671		7,431,789	257,963	75,950	316,871	1,237,129	
	852,202	3,870,026	12,035	15,978	7,208,174	313,104	470,965	1,228,664	
Deferred Revenue, end of year	-	22,399	39,052	115,027	3,400,683	11,442	-	-	25,988
Revenues	852,202	3,870,026	12,035	15,978	7,208,174	313,104	470,965	1,228,224	
Provincial Grants - Ministry of Education									
Other Revenue	852,202	3,870,026	12,035	15,978	7,208,174	313,104	470,965	1,228,664	
Investment Income								440	
Expenses									
Salaries									
Teachers		2,481,942			64,711		80,238	47,945	
Educational Assistants		666,921							
Support Staff		15,580							
Substitutes		3,164,443			226,595				
Employee Benefits		705,583			1,175				
Services and Supplies	200,553				64,711	80,238	265,857	65,078	
	200,553	3,870,026		15,978	17,571	18,138	21,065	12,536	
				15,978	7,125,892	26,111	184,043	1,151,050	
				15,978	7,208,174	313,104	470,965	1,228,664	
Net Revenue (Expense) before Interfund Transfers	651,649	-	12,035	-	-	-	-	-	
Interfund Transfers									
Tangible Capital Assets Purchased	(651,649)		(12,035)						
	(651,649)		(12,035)						
Net Revenue (Expense)	-	-	-	-	-	-	-	-	

School District No. 23 (Central Okanagan)
 Changes in Special Purpose Funds and Expense by Object
 Year Ended June 30, 2017

	Coding and Curriculum Implementation	Priority Measures	Provincial Resource Program	TOTAL
	\$	\$	\$	\$
Deferred Revenue, beginning of year				
Add: Restricted Grants				
Provincial Grants - Ministry of Education	137,831	1,959,582	169,790	8,879,549
Other Investment Income			440	7,431,789
Less: Allocated to Revenue Recovered	137,831	1,959,582	169,790	16,311,778
	3,469	1,959,582	168,995	16,211,074
			6,782	6,782
Deferred Revenue, end of year	134,362	-	795	3,749,748
Revenues				
Provincial Grants - Ministry of Education	3,469	1,959,582	168,995	9,002,460
Other Revenue			440	7,208,174
Investment Income	3,469	1,959,582	168,995	16,211,074
Expenses				
Salaries				
Teachers		1,555,571	87,151	4,424,696
Educational Assistants				666,921
Support Staff				226,595
Substitutes				192,607
Employee Benefits		1,555,571	87,151	5,510,819
Services and Supplies	3,469	404,011	20,921	1,259,048
	3,469	1,959,582	168,995	8,777,523
				15,547,390
Net Revenue (Expense) before Interfund Transfers	-	-	-	663,684
Interfund Transfers				
Tangible Capital Assets Purchased				(663,684)
Net Revenue (Expense)	-	-	-	-

School District No. 23 (Central Okanagan)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2017

	2017 Budget	2017 Actual			2016 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education				-	975
Other Revenue			33,407	33,407	884,007
Investment Income	25,000		91,217	91,217	43,168
Amortization of Deferred Capital Revenue	7,727,000	7,956,135		7,956,135	7,814,955
Gain (Loss) on Disposal of Tangible Capital Assets			1,400,113	1,400,113	
Total Revenue	7,752,000	7,956,135	1,524,737	9,480,872	8,743,105
Expenses					
Operations and Maintenance			144,731	144,731	88,186
Amortization of Tangible Capital Assets					
Operations and Maintenance	12,400,000	12,589,228		12,589,228	12,490,598
Total Expense	12,400,000	12,589,228	144,731	12,733,959	12,578,784
Capital Surplus (Deficit) for the year	(4,648,000)	(4,633,093)	1,380,006	(3,253,087)	(3,835,679)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	900,090	1,830,585		1,830,585	1,391,043
Tangible Capital Assets - Work in Progress	1,102,296			-	
Local Capital	2,752,415		2,627,415	2,627,415	3,264,000
Total Net Transfers	4,754,801	1,830,585	2,627,415	4,458,000	4,655,043
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		1,597,437	(1,597,437)	-	
Tangible Capital Assets WIP Purchased from Local Capital		3,427,367	(3,427,367)	-	
Total Other Adjustments to Fund Balances		5,024,804	(5,024,804)	-	
Total Capital Surplus (Deficit) for the year	106,801	2,222,296	(1,017,383)	1,204,913	819,364
Capital Surplus (Deficit), beginning of year		96,436,739	3,630,916	100,067,655	99,248,291
Capital Surplus (Deficit), end of year		98,659,035	2,613,533	101,272,568	100,067,655

School District No. 23 (Central Okanagan)

Tangible Capital Assets
Year Ended June 30, 2017

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	54,787,848	357,088,249	10,733,039	6,223,568	92,633	14,153,101	443,078,438
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		4,862,456	2,374	1,405,064			6,269,894
Deferred Capital Revenue - Other			74,529				74,529
Operating Fund		256,579	501,659			408,663	1,166,901
Special Purpose Funds	140,944	510,705	12,035				663,684
Local Capital	2,345	172	99,713	47,237	14,429	1,433,541	1,597,437
	143,289	5,629,912	690,310	1,452,301	14,429	1,842,204	9,772,445
Decrease:							
Dispos of	299,887						299,887
Deemed Disposals			964,886	40,216	60,344	2,895,325	3,960,771
	299,887		964,886	40,216	60,344	2,895,325	4,260,658
Cost, end of year	54,631,250	362,718,161	10,458,463	7,635,653	46,718	13,099,980	448,590,225
Work in Progress, end of year		3,427,367					3,427,367
Cost and Work in Progress, end of year	54,631,250	366,145,528	10,458,463	7,635,653	46,718	13,099,980	452,017,592
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		8,044,420	1,073,304	622,356	18,528	2,830,620	12,589,228
Decrease:							
Deemed Disposals			964,886	40,216	60,344	2,895,325	3,960,771
			964,886	40,216	60,344	2,895,325	3,960,771
Accumulated Amortization, end of year		159,654,597	5,378,431	3,088,615	20,549	5,887,446	174,029,638
Tangible Capital Assets - Net	54,631,250	206,490,931	5,080,032	4,547,038	26,169	7,212,534	277,987,954

School District No. 23 (Central Okanagan)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress
Year Ended June 30, 2017

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year					-
Changes for the Year					
Increase:					
Local Capital	3,427,367				3,427,367
	<u>3,427,367</u>	-	-	-	<u>3,427,367</u>
Net Changes for the Year	<u>3,427,367</u>	-	-	-	<u>3,427,367</u>
Work in Progress, end of year	<u>3,427,367</u>	-	-	-	<u>3,427,367</u>

School District No. 23 (Central Okanagan)

Schedule 4C (Unaudited)

Deferred Capital Revenue
Year Ended June 30, 2017

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	175,613,265	4,697,551	428,447	180,739,263
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	6,269,894	11,389	63,140	6,344,423
	<u>6,269,894</u>	<u>11,389</u>	<u>63,140</u>	<u>6,344,423</u>
Decrease:				
Amortization of Deferred Capital Revenue	7,702,289	144,659	109,187	7,956,135
	<u>7,702,289</u>	<u>144,659</u>	<u>109,187</u>	<u>7,956,135</u>
Net Changes for the Year	<u>(1,432,395)</u>	<u>(133,270)</u>	<u>(46,047)</u>	<u>(1,611,712)</u>
Deferred Capital Revenue, end of year	<u>174,180,870</u>	<u>4,564,281</u>	<u>382,400</u>	<u>179,127,551</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>174,180,870</u>	<u>4,564,281</u>	<u>382,400</u>	<u>179,127,551</u>

School District No. 23 (Central Okanagan)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2017

Schedule 4D (Unaudited)

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	79,133			3,644		82,777
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	6,247,960		153,921			6,247,960
Provincial Grants - Other				91		91
Investment Income				991,201		991,201
School Site Acquisition Charges					63,140	63,140
Other				991,292	63,140	7,456,313
Decrease:						
Transferred to DCR - Capital Additions	6,269,894		11,389		63,140	6,344,423
	6,269,894		11,389		63,140	6,344,423
Net Changes for the Year	(21,934)		142,532	991,292		1,111,890
Balance, end of year	57,199		142,532	994,936		1,194,667