

Audited Financial Statements of

School District No. 23 (Central Okanagan)

June 30, 2014

School District No. 23 (Central Okanagan)

June 30, 2014

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School District No. 23 (Central Okanagan)

MANAGEMENT REPORT

Version: 2069-1324-8341

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.

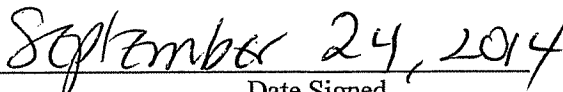
The Board of Education of School District No. 23 (Central Okanagan) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial 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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.

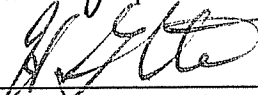
On behalf of School District No. 23 (Central Okanagan)



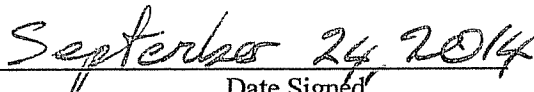
Signature of the Chairperson of the Board of Education



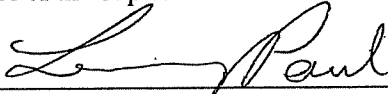
Date Signed



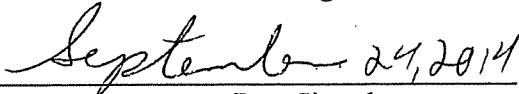
Signature of the Superintendent



Date Signed



Signature of the Secretary Treasurer



Date Signed



Grant Thornton

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Independent auditors' report

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, 2014 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, 2014 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 22, 2014

Grant Thornton LLP

Chartered Accountants

School District No. 23 (Central Okanagan)

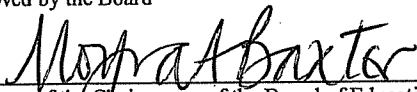
Statement of Financial Position

As at June 30, 2014

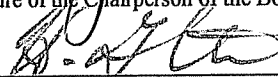
	2014 Actual	2013 Actual (Restated - Note 22)
	\$	\$
Financial Assets		
Cash and Cash Equivalents (Note 3)	32,048,672	30,368,201
Accounts Receivable		
Due from Province - Ministry of Education	3,218,497	96,958
Due from Province - Other (Note 4)	484,769	711,898
Portfolio Investments	11,254,604	12,418,217
Total Financial Assets	47,006,542	43,595,274
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	19,325,560	10,658,135
Unearned Revenue (Note 7)	1,355,289	1,168,116
Deferred Revenue (Note 8)	4,164,494	4,053,159
Deferred Capital Revenue (Note 9)	177,797,202	164,192,739
Employee Future Benefits (Note 10)	8,233,266	7,636,138
Other Liabilities (Note 11)	5,935,937	7,740,283
Total Liabilities	216,811,748	195,448,570
Net Financial Assets (Debt)	(169,805,206)	(151,853,296)
Non-Financial Assets		
Tangible Capital Assets (Note 12)	276,245,122	255,199,973
Prepaid Expenses (Note 13)	196,015	853,774
Supplies Inventory	259,789	227,568
Total Non-Financial Assets	276,700,926	256,281,315
Accumulated Surplus (Deficit)	106,895,720	104,428,019
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	105,361,088	102,935,881
Accumulated Remeasurement Gains (Losses)	1,534,632	1,492,138
	106,895,720	104,428,019

Contractual Obligations and Contingencies (Note 20 & 21)

Approved by the Board


 Signature of the Chairperson of the Board of Education

September 24, 2014
 Date Signed


 Signature of the Superintendent

September 24, 2014
 Date Signed


 Signature of the Secretary Treasurer

September 24, 2014
 Date Signed

School District No. 23 (Central Okanagan)Statement of Operations
Year Ended June 30, 2014

Statement 2

	2014 Budget	2014 Actual	2013 Actual (Restated - Note 22)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	179,956,703	180,035,891	181,825,724
Other	746,148	687,525	757,750
Tuition	3,172,500	2,861,484	3,032,772
Other Revenue	10,672,691	9,932,827	10,137,265
Rentals and Leases	460,000	463,307	476,221
Investment Income	700,000	764,009	425,687
Amortization of Deferred Capital Revenue	6,750,000	7,166,315	7,017,825
Total Revenue	202,458,042	201,911,358	203,673,244
Expenses			
Instruction	167,346,827	159,891,442	164,740,992
District Administration	5,058,302	4,902,952	4,549,956
Operations and Maintenance	31,555,796	30,984,310	30,917,585
Transportation and Housing	3,713,548	3,707,447	3,517,262
Total Expense	207,674,473	199,486,151	203,725,795
Surplus (Deficit) for the year	(5,216,431)	2,425,207	(52,551)
Accumulated Surplus (Deficit) from Operations, beginning of year		102,935,881	104,574,860
Reclassify Accumulated other Comprehensive (Income) Loss to Statement of Remeasurement Gains and Losses			(1,586,428)
Accumulated Surplus (Deficit) from Operations, end of year		105,361,088	102,935,881

School District No. 23 (Central Okanagan)

Statement 3

Statement of Remeasurement Gains and Losses
Year Ended June 30, 2014

	2014 Actual	2013 Actual (Restated - Note 22)
	\$	\$
Accumulated Remeasurement Gains (Losses) at beginning of year	<u>1,492,138</u>	
Accumulated Other Comprehensive Income (Loss) July 1, 2012		<u>1,586,428</u>
Unrealized Gains (Losses) attributable to: Portfolio Investments	(415,789)	(201,291)
Amounts Reclassified to the Statement of Operations: Realized Gains Attributable to Portfolio Investments	458,283	107,001
Net Remeasurement Gains (Losses) for the year	<u>42,494</u>	<u>(94,290)</u>
Accumulated Remeasurement Gains (Losses) at end of year	<u>1,534,632</u>	<u>1,492,138</u>

School District No. 23 (Central Okanagan)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Restated - Note 22)
	\$	\$	\$
Surplus (Deficit) for the year	<u>(5,216,431)</u>	<u>2,425,207</u>	<u>(52,551)</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(11,031,781)	(32,977,831)	(12,299,497)
Amortization of Tangible Capital Assets	11,900,000	11,932,682	11,968,266
Total Effect of change in Tangible Capital Assets	<u>868,219</u>	<u>(21,045,149)</u>	<u>(331,231)</u>
Acquisition of Prepaid Expenses		(104,203)	(832,080)
Use of Prepaid Expenses		761,962	98,590
Acquisition of Supplies Inventory		(1,151,743)	(1,153,200)
Use of Supplies Inventory		1,119,522	1,179,286
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>625,538</u>	<u>(707,404)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(4,348,212)</u>	<u>(17,994,404)</u>	<u>(1,091,186)</u>
Net Remeasurement Gains (Losses)		<u>42,494</u>	<u>(94,290)</u>
(Increase) Decrease in Net Financial Assets (Debt)		<u>(17,951,910)</u>	<u>(1,185,476)</u>
Net Financial Assets (Debt), beginning of year		<u>(151,853,296)</u>	<u>(150,667,820)</u>
Net Financial Assets (Debt), end of year		<u><u>(169,805,206)</u></u>	<u><u>(151,853,296)</u></u>

School District No. 23 (Central Okanagan)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2014

	2014 Actual	2013 Actual
		(Restated - Note 22)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	2,425,207	(52,551)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(2,894,410)	(116,143)
Supplies Inventories	(32,221)	26,086
Prepaid Expenses	657,759	(733,490)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	8,667,425	1,590,095
Unearned Revenue	187,173	114,634
Deferred Revenue	111,335	561,349
Employee Future Benefits	597,128	527,323
Other Liabilities	(1,804,346)	(399,363)
Amortization of Tangible Capital Assets	11,932,682	11,968,266
Amortization of Deferred Capital Revenue	(7,166,315)	(7,017,825)
Recognition of Deferred Capital Revenue Spent on Sites	(1,581,754)	(402,246)
Loss (Gain) on Disposal of Inventory Held for Resale	-	(17,153)
Total Operating Transactions	11,099,663	6,048,982
Capital Transactions		
Tangible Capital Assets Purchased	(15,673,810)	(9,380,810)
Tangible Capital Assets -WIP Purchased	(17,304,021)	(2,918,687)
Total Capital Transactions	(32,977,831)	(12,299,497)
Financing Transactions		
Capital Revenue Received	22,352,532	6,412,370
Total Financing Transactions	22,352,532	6,412,370
Investing Transactions		
Decrease in Portfolio Investments, Net	1,163,613	437,594
Decrease (Increase) in Remeasurement Gains (Losses)	42,494	(94,290)
Proceeds on Disposal of Inventory Held for Resale	-	235,000
Total Investing Transactions	1,206,107	578,304
Net Increase (Decrease) in Cash and Cash Equivalents	1,680,471	740,159
Cash and Cash Equivalents, beginning of year	30,368,201	29,628,042
Cash and Cash Equivalents, end of year	32,048,672	30,368,201
Cash and Cash Equivalents, end of year, is made up of:		
Cash	32,048,672	30,368,201
	32,048,672	30,368,201

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2014

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 three-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, 2013 - decrease in annual surplus by	<u>\$ (3,755,147)</u>
June 30, 2013 - increase in accumulated surplus & decrease in deferred contributions by	<u>\$ 160,582,447</u>
Year ended June 30, 2014 - decrease in annual surplus by	<u>\$ (1,808,088)</u>
June 30, 2014 - increase in accumulated surplus & decrease in deferred contributions by	<u>\$ 158,774,357</u>

(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.

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

(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.

Short term 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 short term investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the short term 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.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written off.

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

(g) Tangible capital assets (*continued*)

- 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.

(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.

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

(j) Employee future benefits (*continued*)

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, 2013 and projected to June 30, 2016. The next valuation will be performed at March 31, 2016 for use at June 30, 2016. 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) 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.

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

(l) Revenue recognition (*continued*)

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

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

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 is 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.

(m) 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.

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

(m) Expenditures (*continued*)

- 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.

(n) 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.

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.

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

(o) 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.

(p) 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 \$299,789 (2013 - \$308,806), restricted and paid out to staff who contribute and take part in the District's deferred self-funded leave plan.

Also included in cash and cash equivalents are funds in the amount of \$6,059,632 (2013 - \$6,679,496), restricted and paid out to teachers who contribute and take part in the District's self-funded summer saving plan.

4. Other receivable

	2014	2013
GST receivable	\$ 127,434	\$ 136,294
Invoices receivable	349,475	372,535
Long term receivable	11,000	-
Other receivable	36,467	242,676
Allowance for doubtful accounts	(39,607)	(39,607)
Total other receivables	\$ 484,769	\$ 711,898

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2014

5. Accounts payable and accrued liabilities - other

	2014	2013
Trade	\$ 5,298,713	\$ 1,970,269
International Education	561,245	454,925
Summer Savings program	6,059,632	6,679,496
Deferred Salary Leave program	299,789	308,806
Ministry of Education strike savings recovery	4,709,863	-
Miscellaneous	2,396,318	1,244,639
Total accounts payable and accrued liabilities	\$ 19,325,560	\$ 10,658,135

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, 2014 the balance outstanding under this credit facility was \$nil (2013 – \$nil).

7. Unearned revenue

	2014	2013
Balance, beginning of year	\$ 1,168,116	\$ 1,053,482
Changes for the year;		
Increase:		
Transportation fees	151,725	160,867
Tuition fees	3,021,352	2,976,173
Other	32,515	24,979
	<u>3,205,592</u>	<u>3,162,019</u>
Decrease:		
Transportation fees	(160,867)	(138,092)
Tuition fees	(2,814,332)	(2,895,274)
Other	(43,220)	(14,019)
	<u>(3,018,419)</u>	<u>(3,047,385)</u>
Balance, end of year	\$ 1,355,289	\$ 1,168,116
	2014	2013
Unearned revenue comprised of:		
Transportation fees	\$ 151,725	\$ 160,867
Tuition fees	1,203,309	996,289
Other	255	10,960
	<u>\$ 1,355,289</u>	<u>\$ 1,168,116</u>

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2014

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.

	2014	2013
Balance, beginning of year	\$ 4,053,159	\$ 3,491,810
Contributions received during the year	11,689,832	13,556,436
Revenue recognized from deferred contributions	(11,578,497)	(12,995,087)
	<u>111,335</u>	<u>561,349</u>
Balance, end of year	\$ 4,164,494	\$ 4,053,159

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.

	2014	2013
Balance, beginning of year	\$ 164,192,739	\$ 165,200,440
Contributions received during the year	22,352,532	6,396,814
Investment income	-	15,556
Revenue recognized from deferred contributions	(7,166,315)	(7,017,825)
Site purchases	(1,581,754)	(402,246)
Balance, end of year	\$ 177,797,202	\$ 164,192,739

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, 2014

10. Employee future benefits (continued)

	2014	2013 (Restated - Note 22)
Reconciliation of accrued benefit obligation		
Accrued benefit obligation - April 1	\$ 8,711,606	\$ 6,994,495
Service cost	691,708	510,772
Interest cost	267,535	303,357
Benefit payments		
April 1 to March 31 - non vested	(313,348)	(491,598)
Actuarial (gain) loss	(802,381)	1,394,580
Accrued benefit obligation - March 31	<u>\$ 8,555,120</u>	<u>\$ 8,711,606</u>
Reconciliation of funded status at end of fiscal year		
Accrued benefit obligation - March 31	\$ 8,555,120	\$ 8,711,606
Market value of plan assets - March 31	-	-
Funded status - surplus (deficit)	(8,555,120)	(8,711,606)
Employer contributions after measurement date	214,179	31,093
Benefit expense after measurement date - April to June 30	(244,512)	(239,811)
Unamortized net actuarial (gain) loss	352,187	1,284,186
Accrued benefit obligation - June 30	<u>\$ (8,233,266)</u>	<u>\$ (7,636,138)</u>
Reconciliation of change in accrued benefit liability		
Accrued benefit liability - July 1	\$ 7,636,138	\$ 6,905,283
Recognize benefit expense April 1 - June 30, 2012	-	203,532
Accrued benefit liability - July 1 (restated)	7,636,138	7,108,815
Net expense for fiscal year	1,093,562	836,255
Employer contributions		
July 1 to March 31	(282,255)	(277,839)
April 1 to June 30	(214,179)	(31,093)
Accrued benefit liability - June 30	<u>\$ 8,233,266</u>	<u>\$ 7,636,138</u>
Components of net benefit expense		
Service cost - July 1 to March 31	518,781	383,079
Service cost - April 1 to June 30	172,855	172,927
Interest cost - July 1 to March 31	200,651	227,518
Interest cost - April 1 to June 30	71,657	66,884
Amortization of net actuarial (gain)/loss	129,618	(14,153)
Net benefit expense	<u>1,093,562</u>	<u>836,255</u>

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2014

10. Employee future benefits (continued)

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

	2014	2013
Discount rate - April 1	3.00%	4.25%
Discount rate - March 31	3.25%	3.00%
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 (EARS�) - March 31	9.7	9.7

11. Other liabilities

	2014	2013
Accrued vacation payable	\$ 1,030,177	\$ 983,926
Benefits payable	2,370,477	5,391,898
Wages payable	2,084,504	965,370
Other payables	429,779	282,291
Total other liabilities	\$ 5,914,937	\$ 7,623,485

12. Tangible capital assets

	2014	2013
Net Book Value		
Sites	\$ 54,648,515	\$ 48,732,774
Buildings	184,339,311	185,137,291
Buildings - WIP	20,222,708	2,918,687
Computer hardware	8,392,177	8,953,101
Computer software	71,137	105,834
Furniture & equipment	5,379,528	5,936,368
Vehicles	3,191,745	3,415,918
Total	\$ 276,245,121	\$ 255,199,973

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2014

12. Tangible capital assets (continued)

	Balance at July 1, 2013	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2014
Cost					
Sites	\$ 48,732,774	\$ 5,915,741	\$ -	\$ -	\$ 54,648,515
Buildings	314,599,832	23,579,311	-	(17,304,021)	320,875,122
Buildings - WIP	2,918,687	-	-	17,304,021	20,222,708
Computer hardware	15,356,132	2,510,302	(4,157,755)	-	13,708,679
Computer software	173,483	-	(41,387)	-	132,096
Furniture & equipment	10,889,304	532,092	(458,109)	-	10,963,287
Vehicles	6,645,582	440,385	(1,559,772)	-	5,526,195
Total	\$ 399,315,794	\$ 32,977,831	\$ (6,217,023)	\$ -	\$ 426,076,602

Acc. Amortization

Buildings	\$ 129,462,541	\$ 7,073,270	\$ -	\$ -	\$ 136,535,811
Computer hardware	6,403,031	3,071,226	(4,157,755)	-	5,316,502
Computer software	67,649	34,697	(41,387)	-	60,959
Furniture & equipment	4,952,936	1,088,931	(458,109)	-	5,583,758
Vehicles	3,229,664	664,558	(1,559,772)	-	2,334,450
Total	\$ 144,115,821	\$ 11,932,682	\$ (6,217,023)	\$ -	\$ 149,831,480

	Balance at July 1, 2012	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2013
Cost					
Sites	\$ 48,158,820	\$ 573,954	\$ -	\$ -	\$ 48,732,774
Buildings	310,335,773	7,182,746	-	(2,918,687)	314,599,832
Buildings - WIP	-	-	-	2,918,687	2,918,687
Computer hardware	15,397,869	3,306,359	(3,348,096)	-	15,356,132
Computer software	229,475	19,083	(75,075)	-	173,483
Furniture & equipment	12,378,012	651,471	(2,140,179)	-	10,889,304
Vehicles	6,079,698	565,884	-	-	6,645,582
Total	\$ 392,579,647	\$ 12,299,497	\$ (5,563,350)	\$ -	\$ 399,315,794

Acc. Amortization

Buildings	\$ 122,465,515	\$ 6,997,026	\$ -	\$ -	\$ 129,462,541
Computer hardware	6,671,553	3,079,574	(3,348,096)	-	6,403,031
Computer software	96,829	45,895	(75,075)	-	67,649
Furniture & equipment	5,855,314	1,237,801	(2,140,179)	-	4,952,936
Vehicles	2,621,694	607,970	-	-	3,229,664
Total	\$ 137,710,905	\$ 11,968,266	\$ (5,563,350)	\$ -	\$ 144,115,821

Buildings - WIP having a value of \$20,222,708 (2013 - \$2,918,687) 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, 2014

13. Prepaid expenses

	2014	2013
Deposits on land purchases	\$ -	\$ 575,600
Prepaid licensing	196,015	278,174
Total prepaid expenses	\$ 196,015	\$ 853,774

14. Employee pension plans

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trusted 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 contributory pension plans. Basic pension benefits provided are based on a formula. The Teachers' Pension Plan has about 45,000 active members from school districts and approximately 32,000 retired members from school districts. The Municipal Plan has about 179,000 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, 2011 indicated a \$855 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2014 with results available in 2015. The most recent valuation for the Municipal Pension Plan as at December 31, 2012 indicated an unfunded liability of \$1,370 million for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan. The School District paid \$16,822,528 (2013 - \$16,277,787) for employer contributions to these plans in the year ended June 30, 2014.

15. Internally restricted surplus - operating fund

	2014	2013
		(Restated - Note 22)
Internally restricted (appropriated) by Board for:		
Net school surpluses	\$ 542,906	\$ 1,819,137
Operating budget	5,860,260	5,098,212
Aboriginal support	174,516	322,749
CUPE training funds	286,450	286,661
Distributed learning	107,308	303,136
Trustee travel	17,804	14,400
Subtotal (internally restricted)	6,989,244	7,844,295
Unrestricted operating surplus	689,385	710,456
Total available for future operations	\$ 7,678,629	\$ 8,554,751

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2014

16. Expense by object

	2014	2013
		(Restated - Note 22)
Salaries and benefits	\$ 159,392,838	\$ 162,700,546
Services and supplies	28,160,631	29,056,983
Amortization on tangible capital assets	<u>11,932,682</u>	<u>11,968,266</u>
Total expenses by object	<u>\$ 199,486,151</u>	<u>\$ 203,725,795</u>

17. Interfund transfers

Inter-fund transfers between operating, special purpose and capital funds are for the year ended June 30, 2013 were as follows:

- Transfers in the amount of \$394,011 (2013 - \$984,166) 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 \$1,823,396 (2013 - \$817,637) were made from the Operating Fund to the Capital Fund for capital asset purchases funded by the Operating Fund.
 - Transfers in the amount of \$4,000,000 (2013 - \$4,260,666) 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, 2014, 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 the construction of Mar Jok Elementary and an addition to Okanagan Mission Secondary, result in commitments of \$13,556,023 at June 30, 2014 (2013 - \$26,846,755). These 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 \$1,031,211 at June 30, 2014 (2013 - \$163,432). This commitment was funded by local capital and paid in full subsequent to year end.
- Agreements to lease certain office equipment and a vehicle for various periods until 2014. The annual lease of the equipment and vehicle over the next year consists of a minimum rent or lease plus taxes of \$517,257 (2013 - \$649,146).

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 has one letter of credit with the Royal Bank of Canada in the amount of \$308,048 (2013 - \$308,048) payable to the District of West Kelowna. This letter of credit is 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. This letter of credit will expire on July 16, 2014 however it is a condition of this letter of credit that it may automatically extend, without amendment, for one year from the present or any future expire date, unless written notice is received from District of West Kelowna that it is no longer required.

22. Prior period adjustment

In prior years, school districts reported annual Employee Future Benefits (EFB) expense equal to the 12 months ended March 31 expenses as determined by the actuary rather than the 12 months ended June 30. An adjustment was made to increase the Employee Future Benefit (EFB) liability to include benefits expense incurred after the early measurement date of March 31 (see the *"Employee Future Benefit"* note above). The June 30, 2013 EFB liability increased by \$239,811 representing the EFB expenses April 1 to June 30, 2013. The opening surplus as of July 1, 2012 was decreased by \$203,532 representing the April 1 - June 2012 EFB expenses. The surplus (deficit) for the year ended June 30, 2013 was decreased by \$36,278 representing the April 1 - June 2013 EFB expense minus the April 1 - June 2012 EFB expense.

23. 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, amounts receivable and investments.

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

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits 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 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.

24. 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.

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 26, 2013.

26. 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)
Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2014

Schedule 1

	Operating Fund	Special Purpose Fund	Capital Fund	2014 Actual	2013 Actual (Restated - Note 22)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year					
Prior Period Adjustments	8,554,751		94,381,130	102,935,881	104,778,392
Accumulated Surplus (Deficit), beginning of year, as restated	8,554,751	-	94,381,130	102,935,881	(203,532)
					104,574,860
Changes for the year					
Surplus (Deficit) for the year	4,947,274	394,011	(2,916,078)	2,425,207	(52,551)
Interfund Transfers					
Tangible Capital Assets Purchased	(1,823,396)	(394,011)	2,217,407	-	-
Local Capital	(4,000,000)		4,000,000	-	-
Reclassify Accumulated other Comprehensive (Income) Loss to Statement of Remeasurement Gains and Losses					(1,586,428)
Net Changes for the year	(876,122)	-	3,301,329	2,425,207	(1,638,979)
Accumulated Surplus (Deficit), end of year - Statement 2	7,678,629	-	97,682,459	105,361,088	102,935,881
Accumulated Remeasurement Gains (Losses) - Statement 3	1,534,632			1,534,632	1,492,138
	9,213,261	-	97,682,459	106,895,720	104,428,019

School District No. 23 (Central Okanagan)

Schedule of Operating Operations

Year Ended June 30, 2014

Schedule 2

	2014 Budget	2014 Actual	2013 Actual (Restated - Note 22)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	174,902,595	174,252,072	176,191,931
Other	746,148	687,525	757,750
Tuition	3,172,500	2,861,484	3,032,772
Other Revenue	1,672,691	2,321,710	2,321,445
Rentals and Leases	460,000	463,307	476,221
Investment Income	700,000	696,634	395,184
Total Revenue	181,653,934	181,282,732	183,175,303
Expenses			
Instruction	154,063,533	148,706,956	152,730,071
District Administration	5,058,302	4,902,952	4,549,956
Operations and Maintenance	19,655,796	19,018,103	18,949,240
Transportation and Housing	3,713,548	3,707,447	3,517,262
Total Expense	182,491,179	176,335,458	179,746,529
Operating Surplus (Deficit) for the year	(837,245)	4,947,274	3,428,774
Budgeted Appropriation (Retirement) of Surplus (Deficit)	5,098,212		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(1,000,301)	(1,823,396)	(817,637)
Local Capital	(3,260,666)	(4,000,000)	(4,260,666)
Total Net Transfers	(4,260,967)	(5,823,396)	(5,078,303)
Reclassify Accumulated other Comprehensive (Income) Loss to Statement of Remeasurement Gains and Losses			(1,586,428)
Total Operating Surplus (Deficit), for the year	-	(876,122)	(3,235,957)
Operating Surplus (Deficit), beginning of year		8,554,751	11,994,240
Prior Period Adjustments			
Recognize EFB Expense After Measurement Date			(203,532)
Operating Surplus (Deficit), beginning of year, as restated		8,554,751	11,790,708
Operating Surplus (Deficit), end of year		7,678,629	8,554,751
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 15)		6,989,244	7,844,295
Unrestricted		689,385	710,456
Total Operating Surplus (Deficit), end of year		7,678,629	8,554,751

School District No. 23 (Central Okanagan)

Schedule 2A

Schedule of Operating Revenue by Source
Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Restated - Note 22)
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	174,240,963	173,668,433	175,449,518
AANDC/LEA Recovery	(696,691)	(923,396)	(790,987)
Other Ministry of Education Grants			
Carbon Tax Rebate	120,000	157,493	137,045
Education Guarantee	-	82,231	93,044
FSA & Exam	-	28,988	28,988
Pay Equity Funding	1,238,323	1,238,323	1,238,323
Special Education Innovation Program	-	-	36,000
Total Provincial Grants - Ministry of Education	174,902,595	174,252,072	176,191,931
Provincial Grants - Other	746,148	687,525	757,750
Tuition			
Offshore Tuition Fees	3,172,500	2,861,484	3,032,772
Total Tuition	3,172,500	2,861,484	3,032,772
Other Revenues			
Other School District/Education Authorities	400,000	557,687	536,944
LEA/Direct Funding from First Nations	696,691	923,396	790,987
Miscellaneous			
Transportation Fees	436,000	459,269	438,747
Interior Health Authority	30,000	111,839	108,141
Funding from Apprenticeships	-	275	25,000
City of Kelowna	40,000	40,000	40,000
District of Lake Country	70,000	70,000	70,000
Other	-	159,244	311,626
Total Other Revenue	1,672,691	2,321,710	2,321,445
Rentals and Leases	460,000	463,307	476,221
Investment Income	700,000	696,634	395,184
Total Operating Revenue	181,653,934	181,282,732	183,175,303

School District No. 23 (Central Okanagan)

Schedule 2B

Schedule of Operating Expense by Object

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Restated - Note 22)
	\$	\$	\$
Salaries			
Teachers	83,996,164	79,811,289	85,945,056
Principals and Vice Principals	9,097,561	9,251,083	8,782,871
Educational Assistants	9,572,783	10,643,640	9,935,020
Support Staff	18,380,026	17,924,506	17,599,012
Other Professionals	2,455,608	2,480,478	2,446,923
Substitutes	6,233,206	5,196,092	5,173,697
Total Salaries	129,735,348	125,307,088	129,882,579
Employee Benefits	32,883,751	31,710,811	30,160,626
Total Salaries and Benefits	162,619,099	157,017,899	160,043,205
Services and Supplies			
Services	3,741,081	3,423,268	3,686,696
Student Transportation	450,564	278,777	293,684
Professional Development and Travel	1,547,192	2,061,450	1,950,871
Rentals and Leases	287,500	93,453	264,515
Dues and Fees	136,900	277,575	245,373
Insurance	545,000	464,919	490,060
Interest	-	-	-
Supplies	9,828,843	9,294,140	9,651,864
Bad Debts	-	-	12,760
Utilities	3,335,000	3,423,977	3,107,501
Total Services and Supplies	19,872,080	19,317,559	19,703,324
Total Operating Expense	182,491,179	176,335,458	179,746,529

School District No. 23 (Central Okanagan)

Operating Expense by Function, Program and Object

Year Ended June 30, 2014

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	65,700,263	866,822	16,176	2,405,441	-	4,679,679	73,668,381
1.03 Career Programs	706,900	-	34,987	334,589	-	13,444	1,089,920
1.07 Library Services	1,933,700	144,039	-	1,316,396	87,503	11,729	3,493,367
1.08 Counselling	2,060,400	-	-	-	-	-	2,060,400
1.10 Special Education	8,585,132	135,671	9,257,107	598,836	-	307,256	18,884,002
1.30 English Language Learning	287,156	40,872	-	39,533	-	690	368,251
1.31 Aboriginal Education	467,424	102,243	1,335,370	28,544	-	1,464	1,935,045
1.41 School Administration	-	7,352,922	-	1,732,885	-	58,651	9,144,458
1.60 Summer School	-	-	-	-	-	-	-
1.61 Continuing Education	-	-	-	-	-	-	-
1.62 Off Shore Students	70,314	111,900	-	42,425	165,946	676	391,261
1.64 Other	-	-	-	-	-	-	-
Total Function 1	79,811,289	8,754,469	10,643,640	6,498,649	253,449	5,073,589	111,035,085
4 District Administration							
4.11 Educational Administration	-	253,582	-	112,993	424,007	53,395	843,977
4.40 School District Governance	-	-	-	-	128,780	-	128,780
4.41 Business Administration	-	243,032	-	844,217	974,656	69,108	2,131,013
Total Function 4	-	496,614	-	957,210	1,527,443	122,503	3,103,770
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	181,501	467,072	-	648,573
5.50 Maintenance Operations	-	-	-	7,633,276	75,110	-	7,708,386
5.52 Maintenance of Grounds	-	-	-	748,990	-	-	748,990
5.56 Utilities	-	-	-	22,208	84,144	-	106,352
Total Function 5	-	-	-	8,585,975	626,326	-	9,212,301
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	152,358	73,260	-	225,618
7.70 Student Transportation	-	-	-	1,730,314	-	-	1,730,314
7.73 Housing	-	-	-	-	-	-	-
Total Function 7	-	-	-	1,882,672	73,260	-	1,955,932
9 Debt Services							
9.92 Interest on Bank Loans	-	-	-	-	-	-	-
9.94 Interest on Temporary Borrowing	-	-	-	-	-	-	-
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	79,811,289	9,251,083	10,643,640	17,924,506	2,480,478	5,196,092	125,307,088

School District No. 23 (Central Okanagan)

Operating Expense by Function, Program and Object

Year Ended June 30, 2014

Schedule 2C

	Total Salaries \$	Employee Benefits \$	Total Salaries and Benefits \$	Services and Supplies \$	2014 Actual \$	2014 Budget \$	2013 Actual \$ (Restated - Note 22)
1 Instruction							
1.02 Regular Instruction	73,668,381	17,816,852	91,485,233	7,634,843	99,120,076	107,294,823	105,256,899
1.03 Career Programs	1,089,920	297,906	1,387,826	112,570	1,500,396	1,524,610	1,715,866
1.07 Library Services	3,493,367	936,925	4,430,292	707,863	5,138,155	4,858,353	4,962,104
1.08 Counselling	2,060,400	509,960	2,570,360	3,709	2,574,069	2,573,559	2,491,361
1.10 Special Education	18,884,002	5,093,203	23,977,205	659,774	24,636,979	22,746,148	23,607,886
1.30 English Language Learning	368,251	87,634	455,885	26,766	482,651	527,187	424,588
1.31 Aboriginal Education	1,935,045	535,921	2,470,966	274,453	2,745,419	2,626,331	2,506,953
1.41 School Administration	9,144,458	2,175,896	11,320,354	142,886	11,463,240	10,745,543	10,489,378
1.60 Summer School	-	-	-	-	-	-	-
1.61 Continuing Education	-	-	-	-	-	-	-
1.62 Off Shore Students	391,261	99,073	490,334	555,637	1,045,971	1,166,979	1,275,036
1.64 Other	-	-	-	-	-	-	-
Total Function 1	111,035,085	27,553,370	138,588,455	10,118,501	148,706,956	154,063,533	152,730,071
4 District Administration							
4.11 Educational Administration	843,977	218,869	1,062,846	251,309	1,314,155	1,349,911	1,237,168
4.40 School District Governance	128,780	1,712	130,492	120,989	251,481	252,083	249,713
4.41 Business Administration	2,131,013	528,282	2,659,295	678,021	3,337,316	3,456,308	3,063,075
Total Function 4	3,103,770	748,863	3,852,633	1,050,319	4,902,952	5,058,302	4,549,956
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	648,573	164,404	812,977	435,641	1,248,618	1,302,881	1,209,884
5.50 Maintenance Operations	7,708,386	2,392,683	10,101,069	2,786,921	12,887,990	13,495,417	13,147,971
5.52 Maintenance of Grounds	748,990	206,967	955,957	370,363	1,326,320	1,319,287	1,371,965
5.56 Utilities	106,352	23,567	129,919	3,423,256	3,555,175	3,538,211	3,219,420
Total Function 5	9,212,301	2,787,621	11,999,922	7,018,181	19,018,103	19,655,796	18,949,240
7 Transportation and Housing							
7.41 Transportation and Housing Administration	225,618	54,137	279,755	5,583	285,338	403,261	311,833
7.70 Student Transportation	1,730,314	566,820	2,297,134	1,124,975	3,422,109	3,310,287	3,205,429
7.73 Housing	-	-	-	-	-	-	-
Total Function 7	1,955,932	620,957	2,576,889	1,130,558	3,707,447	3,713,548	3,517,262
9 Debt Services							
9.92 Interest on Bank Loans	-	-	-	-	-	-	-
9.94 Interest on Temporary Borrowing	-	-	-	-	-	-	-
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	125,307,088	31,710,811	157,017,899	19,317,559	176,335,458	182,491,179	179,746,529

School District No. 23 (Central Okanagan)

Schedule 3

Schedule of Special Purpose Operations

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Restated - Note 22)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	5,054,108	4,202,065	5,231,547
Other Revenue	9,000,000	7,376,096	7,762,546
Investment Income		336	994
Total Revenue	<u>14,054,108</u>	<u>11,578,497</u>	<u>12,995,087</u>
Expenses			
Instruction	13,283,294	11,184,486	12,010,921
Total Expense	<u>13,283,294</u>	<u>11,184,486</u>	<u>12,010,921</u>
Special Purpose Surplus (Deficit) for the year	<u>770,814</u>	<u>394,011</u>	<u>984,166</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(770,814)	(394,011)	(984,166)
Total Net Transfers	<u>(770,814)</u>	<u>(394,011)</u>	<u>(984,166)</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, 2014

Schedule 3A

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community- LINK	PRP
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	129,538	-	18,821	3,642,932	172,952	6,929	57,063	24,924	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education	230,489	2,154,436	25,515	7,242,271	258,500	73,500	317,253	1,228,032	159,500
Other Investment Income								336	
Less: Allocated to Revenue	360,027	1,874,902	15,376	7,376,096	287,130	41,027	234,471	1,228,368	159,500
Deferred Revenue, end of year	-	279,534	28,960	3,509,107	144,322	39,402	139,845	17,878	5,446
Revenues									
Provincial Grants - Ministry of Education	360,027	1,874,902	15,376	7,376,096	287,130	41,027	234,471	1,235,078	154,054
Other Revenue								336	
Investment Income	360,027	1,874,902	15,376	7,376,096	287,130	41,027	234,471	1,235,414	154,054
Expenses									
Salaries									
Teachers		1,270,648					31,687	29,976	77,264
Support Staff		217,871			202,524		43,185		
Substitutes								30,360	
Employee Benefits	-	1,488,519	-	-	202,524	-	74,872	60,336	77,264
Services and Supplies		361,768			50,176		7,610	8,034	19,223
		24,615			29,067	41,027	138,744	1,167,044	57,567
	-	1,874,902	-	7,376,096	281,767	41,027	221,226	1,235,414	154,054
Net Revenue (Expense) before Interfund Transfers	360,027	-	15,376	-	5,363	-	13,245	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(360,027)		(15,376)		(5,363)		(13,245)		
	(360,027)	-	(15,376)	-	(5,363)	-	(13,245)	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 23 (Central Okanagan)

Schedule 3A

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2014

	TOTAL
	\$
Deferred Revenue, beginning of year	4,053,159
Add: Restricted Grants	
Provincial Grants - Ministry of Education	4,447,225
Other	7,242,271
Investment Income	336
	11,689,832
Less: Allocated to Revenue	11,578,497
Deferred Revenue, end of year	4,164,494
Revenues	
Provincial Grants - Ministry of Education	4,202,065
Other Revenue	7,376,096
Investment Income	336
	11,578,497
Expenses	
Salaries	
Teachers	1,409,575
Support Staff	463,580
Substitutes	30,360
	1,903,515
Employee Benefits	446,811
Services and Supplies	8,834,160
	11,184,486
Net Revenue (Expense) before Interfund Transfers	394,011
Interfund Transfers	
Tangible Capital Assets Purchased	(394,011)
	(394,011)
Net Revenue (Expense)	-

School District No. 23 (Central Okanagan)

Schedule 4

Schedule of Capital Operations

Year Ended June 30, 2014

	2014 Budget	2014 Actual			2013 Actual (Restated - Note 22)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education		1,581,754		1,581,754	402,246
Other Revenue			235,021	235,021	53,274
Investment Income			67,039	67,039	29,509
Amortization of Deferred Capital Revenue	6,750,000	7,166,315		7,166,315	7,017,825
Total Revenue	<u>6,750,000</u>	<u>8,748,069</u>	<u>302,060</u>	<u>9,050,129</u>	<u>7,502,854</u>
Expenses					
Operations and Maintenance			33,525	33,525	79
Amortization of Tangible Capital Assets					
Operations and Maintenance	11,900,000	11,932,682		11,932,682	11,968,266
Total Expense	<u>11,900,000</u>	<u>11,932,682</u>	<u>33,525</u>	<u>11,966,207</u>	<u>11,968,345</u>
Capital Surplus (Deficit) for the year	<u>(5,150,000)</u>	<u>(3,184,613)</u>	<u>268,535</u>	<u>(2,916,078)</u>	<u>(4,465,491)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	1,771,115	2,217,407		2,217,407	1,801,803
Local Capital	3,260,666		4,000,000	4,000,000	4,260,666
Total Net Transfers	<u>5,031,781</u>	<u>2,217,407</u>	<u>4,000,000</u>	<u>6,217,407</u>	<u>6,062,469</u>
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		6,516,421	(6,516,421)	-	
Total Other Adjustments to Fund Balances		<u>6,516,421</u>	<u>(6,516,421)</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>(118,219)</u>	<u>5,549,215</u>	<u>(2,247,886)</u>	<u>3,301,329</u>	<u>1,596,978</u>
Capital Surplus (Deficit), beginning of year		<u>91,197,584</u>	<u>3,183,546</u>	<u>94,381,130</u>	<u>92,784,152</u>
Capital Surplus (Deficit), end of year		<u>96,746,799</u>	<u>935,660</u>	<u>97,682,459</u>	<u>94,381,130</u>

School District No. 23 (Central Okanagan)

Tangible Capital Assets

Year Ended June 30, 2014

Schedule 4A

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	48,732,774	314,599,832	10,889,304	6,645,582	173,483	15,356,132	396,397,107
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	114,236	4,766,489	197,841	393,898			5,472,464
Deferred Capital Revenue - Other	1,467,518						1,467,518
Operating Fund		1,332,684	239,758	46,487		204,467	1,823,396
Special Purpose Funds	166,930	145,946	16,703			64,432	394,011
Local Capital	4,167,057	30,171	77,790			2,241,403	6,516,421
Decrease:	5,915,741	6,275,290	532,092	440,385	-	2,510,302	15,673,810
Deemed Disposals			458,109	1,559,772	41,387	4,157,755	6,217,023
Cost, end of year	-	-	458,109	1,559,772	41,387	4,157,755	6,217,023
Work in Progress, end of year	54,648,515	320,875,122	10,963,287	5,526,195	132,096	13,708,679	405,853,894
Cost and Work in Progress, end of year	54,648,515	341,097,830	10,963,287	5,526,195	132,096	13,708,679	426,076,602
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		129,462,541	4,952,936	3,229,664	67,649	6,403,031	144,115,821
Decrease:							
Deemed Disposals		7,073,270	1,088,931	664,558	34,697	3,071,226	11,932,682
Accumulated Amortization, end of year							
Increase:							
Deemed Disposals			458,109	1,559,772	41,387	4,157,755	6,217,023
Decrease:							
Deemed Disposals			458,109	1,559,772	41,387	4,157,755	6,217,023
Accumulated Amortization, end of year		136,535,811	5,583,758	2,334,450	60,959	5,316,502	149,831,480
Tangible Capital Assets - Net	54,648,515	204,562,019	5,379,529	3,191,745	71,137	8,392,177	276,245,122

School District No. 23 (Central Okanagan)

Schedule 4B

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2014

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	2,918,687				2,918,687
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	17,304,021				17,304,021
	17,304,021	-	-	-	17,304,021
Net Changes for the Year	17,304,021	-	-	-	17,304,021
Work in Progress, end of year	20,222,708	-	-	-	20,222,708

School District No. 23 (Central Okanagan)

Schedule 4C

Deferred Capital Revenue

Year Ended June 30, 2014

	Bylaw Capital \$	Other Provincial \$	Other Capital \$	Total Capital \$
Deferred Capital Revenue, beginning of year	154,913,527	5,131,528	537,392	160,582,447
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	5,358,228			5,358,228
Transferred from Work in Progress	17,304,021			17,304,021
	22,662,249	-	-	22,662,249
Decrease:				
Amortization of Deferred Capital Revenue	6,929,876	144,659	91,780	7,166,315
	6,929,876	144,659	91,780	7,166,315
Net Changes for the Year	15,732,373	(144,659)	(91,780)	15,495,934
Deferred Capital Revenue, end of year	170,645,900	4,986,869	445,612	176,078,381
Work in Progress, beginning of year	2,918,687			2,918,687
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	17,304,021			17,304,021
	17,304,021	-	-	17,304,021
Decrease				
Transferred to Deferred Capital Revenue	17,304,021			17,304,021
	17,304,021	-	-	17,304,021
Net Changes for the Year	-	-	-	-
Work in Progress, end of year	2,918,687	-	-	2,918,687
Total Deferred Capital Revenue, end of year	173,564,587	4,986,869	445,612	178,997,068

School District No. 23 (Central Okanagan)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2014

Schedule 4D

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	(775,913)	1,058,678	408,840	-	-	691,605
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	22,352,532	-	-	-	-	22,352,532
Decrease:						
Transferred to DCR - Capital Additions	5,358,228	-	-	-	-	5,358,228
Transferred to DCR - Work in Progress	17,304,021	-	-	-	-	17,304,021
Transferred to Revenue - Site Purchases	114,236	1,058,678	408,840	-	-	1,581,754
	22,776,485	1,058,678	408,840	-	-	24,244,003
Net Changes for the Year	(423,953)	(1,058,678)	(408,840)	-	-	(1,891,471)
Balance, end of year	(1,199,866)	-	-	-	-	(1,199,866)