



REGULAR MEETING OF THE BOARD OF SCHOOL DISTRICT 10 (Arrow Lakes)

MINUTES

School Board Office

Date: Tuesday Sept 12, 2017
7:00 pm

PRESENT

TRUSTEES: L. Brekke, Q. De Courcy, M. Teindl, J. Struck, R. Farrell

STAFF: T. Taylor, M. Grenier, L. Newman

OTHERS: D. Bond – KPMG, R. Bardati - ALTA

1. CALL TO ORDER:

L. Brekke called the meeting to order at 7:29 pm.

2. ADOPTION OF AGENDA:

Moved by M. Teindl seconded by Q. De Courcy that the agenda be adopted as presented.

CARRIED

3. ADOPTION OF MINUTES:

Moved by J. Struck seconded by M. Teindl that the minutes of the Regular Meeting of June 23, 2017 be adopted as presented.

CARRIED

Moved by R. Farrell seconded by M. Teindl that the minutes of the Special Regular Meeting of June 27, 2017 be adopted as presented.

CARRIED

4. PRESENTATIONS

Nil

5. DISPOSITION OF PREVIOUS PRESENTATIONS

Nil

6. FINANCIAL UPDATE: (Susan Brenna-Smith)

a) KPMG – Dave Bond – Audited Year End Financials

7. QUESTIONS REGARDING FINANCIAL

Nil

8. REPORTS

a) **Chairperson:**

- Report attached

b) **Education Partnership Committee**

Nil

c) **Parent Advisory Council / Trustee Liaison Reports:**

i) Southern Zone (Q. De Courcy)

No report

ii) Nakusp Elementary School (J. Struck)

No report

iii) Lucerne Elementary-Secondary School (R. Farrell)

No report

iv) Nakusp Secondary School (M. Teindl)

No report

v) District Parent Advisory Council (L. Brekke)

No report

vi) CUPE/Board Liaison (L. Brekke)

- Report attached

vii) ALTA/Board Liaison Meeting (Q. De Courcy)

- 4 Day LOU has been signed off – final sign off on CA now expected
- Discussion re Teacher Professional Growth Framework
- Discussed a new model of counselling support
- No CEF Funding
- Next meeting Oct 10, 2017

viii) Occupational Health and Safety Committee (L. Brekke)

No report

ix) Chamber of Commerce

- Nakusp: No report
- New Denver/Silverton: No report

- x) Strong Start Centres
 - Report attached
- xi) Arrow Lakes Aboriginal Educational Advisory Council (M. Teindl)
 - L. Newman reported on the success of the June 20, 2017, Aboriginal Education Day.
- d) Branch / BCSTA / BCPSEA
 - i) Branch: KBB AGM Sept 15-17, 2017
 - ii) BCSTA: No report
 - iii) BCPSEA: No report
- e) Superintendent/Secretary-Treasurer: (T. Taylor)

The Superintendent/Secretary-Treasurer Report was presented at the Education Partnership Committee Meeting. A copy of this report will be included as part of the Regular Meeting Minutes.

9. OLD BUSINESS:

Nil

10. NEW BUSINESS:

- a) Audit Committee

This item was deferred to the October 10, 2017, Regular meeting.

- b) Surplus Policy

The Board is in agreement that some examples of District Surplus Policies would be helpful in considering the potential of a Surplus Policy.

This item will continue at the October 10, 2017, Regular meeting.

- c) Meeting Locations

The Board will look at potential meeting dates to take place in New Denver and Edgewood in the Spring.

11. NEXT MEETING DATES:

- a) Education Partnership Committee Meeting: Tuesday October 10, 2017 6:00pm
- b) Regular Meeting of the Board: Tuesday October 10, 2017 7:00pm

12. QUESTIONS FROM PUBLIC:

Nil

13. ADJOURNMENT:

L. Brekke adjourned the meeting at 8:44 pm.

L. Brekke
Chairperson

T. Taylor
Superintendent/Secretary-Treasurer



School District No. 10 (Arrow Lakes)

Audit Findings Report

September 12, 2017



The contacts at KPMG in connection with this report are:

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Executive summary

Purpose of this report*

The purpose of this Audit Findings Report is to assist you, as a member of the Board, in your review of the results of our audit of the financial statements of School District No. 10 (Arrow Lakes) (“the School District”) as at and for the year ended June 30, 2017.

Materiality

We determine materiality in order to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. For the 2017 audit, we have determined materiality of \$212,000.

Areas of focus and results

We identified certain **areas of audit focus**, which included future employee benefits and payroll and related costs, which were addressed in our audit.

Key audit findings are summarized on page 5.

Adjustments and differences

Adjustments and differences include corrected and uncorrected adjustments to financial statement presentation and disclosure arising during our audit and communicated to management.

Adjustments and differences are summarized on page 7.

Independence

As required by professional standards, we have considered all relationships between KPMG and the School District that may have a bearing on independence. We confirm that we are independent with respect to the District within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from July 1, 2016 up to the date of this report.

* This Audit Findings Report should not be used for any other purpose or by anyone other than the Board of Education. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Executive summary

Finalizing the audit

As of September 12, 2017, we have substantially completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- completion of subsequent event review procedures
- obtaining signed management representation letter
- completing our discussions with the Board ;
- obtaining evidence of the Board's approval of the financial statements.

In addition to our audit report on the District's financial statements, we will be completing other reporting to the Office of the Auditor General for the purposes of their reliance on our audit opinion in the audit of the summary financial statements of the Province.

Significant accounting estimates

Significant accounting estimates are summarized in note 2 (l) to the financial statements and include the estimated employee future benefits, tangible capital asset amortization rates and estimates for contingent liabilities.

Overall, we are satisfied with the reasonability of significant accounting estimates.

Significant accounting policies and practices

There have been no new or changes to, significant accounting policies and practices to bring to your attention impacting the 2017 financial statements.

Areas of focus

Areas of focus	Our significant findings from the audit
Employees future benefits	<ul style="list-style-type: none"> The Ministry of Education, on behalf of all School Districts in BC, engages an external actuary to determine the obligations and related costs for both vested and non-vested benefits, which include sick leave, retirement incentive, severance and vacation offered as part of the District’s collective agreements. In the 2016 fiscal year, a full actuarial valuation of the obligation was performed at March 31, 2016 based on data submitted to the actuary by the District. In 2017, a projection of the obligation was performed based on data submitted in 2016. We assessed the competence, capabilities and objectivity of the actuary in performing the actuarial valuation. We assessed the use of significant assumptions used for the valuing the obligation, including estimated inflation rate, discount rate, earnings growth and service life of employees. We agreed the amounts disclosed in the notes to the financial statements to the actuarial extrapolation based on the March 31, 2016 valuation and 2017 projection. No errors or issues were noted arising from the audit procedures performed.
Tangible capital assets – Additions	<ul style="list-style-type: none"> During the year the District reported \$1.1 million in tangible capital additions, mainly relating to building additions. We selected a sample of additions and inspected supporting documentation to determine if additions were capital in nature and eligible if funded by restricted funding. No issues or differences were noted with respect to the additions tested.
Implementation of Priority Measures funding	<ul style="list-style-type: none"> We inspected the Memorandum of Agreement between the Ministry of Education, BCPSEA, and BCTF dated January 5, 2017 outlining the eligibility of expenditures related to the Priority Measures funding. The total amount of funding received in the fiscal year was \$71,295. We agreed the amount of funds received to confirmation from the Ministry. We noted the amounts have been correctly classified as an increase in deferred revenue of the Special Purpose Fund in accordance with Ministry requirements. We noted a total of \$39,759 was spent, with an equivalent amount of revenue recognized during the year. The unspent balance of \$31,536 remains in deferred revenue at June 30, 2017.
Auditors’ Opinion – Compliance Framework	<ul style="list-style-type: none"> The financial statements are prepared under Canadian Public Sector Accounting (“PSA”) standards, supplemented by the requirements of Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. These regulations direct the District to apply PSA, except in regard to accounting for restricted contributions. Under the regulations, capital contributions are to be deferred and amortized on the same basis as the amortization of the related tangible capital assets, not in accordance with the underlying stipulations on the funding, as required under PSA. As a result, the District’s revenue recognized in the statement of operations and certain related deferred capital revenue would have been recorded differently under Canadian Public Sector Accounting Standards. The Office of the Auditor General (“OAG”) has requested additional reporting, under the Group Auditor requirements, in order to perform the consolidation of the Provincial Accounts under the PSA standards. No differences greater than OAG’s reporting threshold were identified.

Critical accounting estimates

Under Public Sector Accounting Standards, management is required to disclose information in the financial statements about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year. Generally, these are considered to be “critical accounting estimates.”

Critical accounting estimates

Asset / liability	Balance (\$'000s)	KPMG comment
Tangible capital asset amortization rates	\$9,225	Amortization on tangible capital assets is based on the estimated useful lives of the underlying assets. We compared the estimated useful lives to the prior year, and assessed the amortization expense for reasonableness. We identified an uncorrected audit difference relating to the timing of amortization of tangible capital assets and deferred capital contributions. See page 7 for detail.
Future costs to settle employee benefit obligations	\$168	The liability for employee future benefits is based on underlying actuarial assumptions. The estimate is subject to variability and measurement uncertainty including changes in actual future benefit costs realized and discount rates. We obtained the valuation report as prepared by management’s actuary, and reviewed the assumptions for reasonableness.
Asset retirement obligation	-	The School District has several facilities that may contain asbestos. However, no asset retirement obligation has been recorded as the timing of the future demolition or renovation of the facilities is unknown and therefore the current value of the future obligation cannot be reasonably estimated.

Adjustments and differences

Adjustments and differences identified during the audit have been categorized as Corrected “adjustments” or Uncorrected “differences.” These include disclosure adjustments and differences.

Professional standards require that we request of management and the Board that all identified adjustments or differences be corrected. We have already made this request of management.

Summaries of corrected and uncorrected differences are included with the management representation letter in the appendices.

Corrected adjustments

We did not identify any accounting adjustments that were subsequently corrected by management. During the course of our audit we did identify various financial statement disclosure recommendations that were reviewed with and adjusted by management.

We did not identify any concerns regarding the form, arrangement and content of the financial statements in accordance with the financial reporting framework.

Uncorrected differences

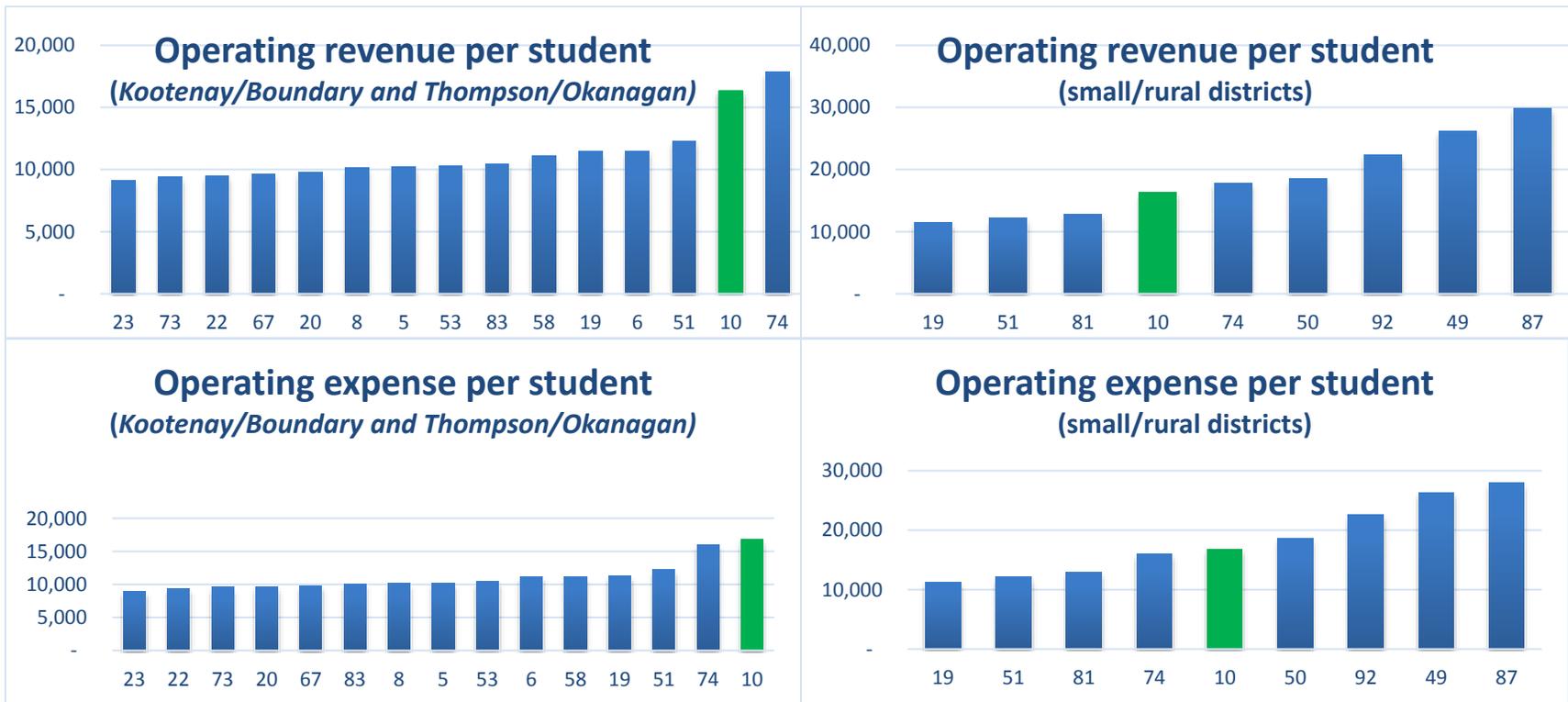
Similar to other school districts in BC, we identified an uncorrected difference relating to the timing of amortization of tangible capital assets and deferred capital contributions, where figures are provided by the Ministry of Education’s amortization tool. The net impact of the timing difference is summarized below

As at and year ended June 30, 2017	Income effect	Financial position		
		Assets	Liabilities	Equity
Description of differences	(Decrease) Increase	(Decrease) Increase	(Decrease) Increase	(Decrease) Increase
Tangible capital assets and deferred capital revenue - Ministry of Education amortization tool	(3,022)	(166,936)	(95,671)	(71,265)
Total	(3,022)	(166,936)	(95,671)	(71,265)

Selected financial information

As part of the audit, there are certain key ratios and trends that we review. We share these ratios with the Board and welcome any questions related to our interpretation of trends.

Note: the following financial information is taken from the annual audited financial statements prepared in accordance with Public Sector Accounting Standards and Treasury Board Regulations. The comparative data for Kootenay/Boundary and Thompson/Okanagan Districts as well as small/rural districts are taken from data reported to the BC Government and is available to the public on the Ministry of Education financial reporting website. At the time of issuance of this report the provincial data for fiscal 2017 was not yet available, as such all charts comparing the district and the Kootenay/Boundary and Thompson/Okanagan Districts as well as small/rural districts are based on fiscal 2016 data. They have been included for comparative purposes.



Appendices

Appendix 1: Internal Control over Financial Reporting

Appendix 2: Current developments

Appendix 3: Audit trends

Appendix 4: Required communications

Appendix 5: Audit Quality and Risk Management

Appendix 1: Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

Appendix 2: Current developments

Please visit the [Audit Committee Institute](#) page for recent developments in Canadian auditing and other professional standards. The following is a summary of relevant current developments:

Standard	Summary and implications
<p>Related Party Transactions and Inter-entity Transactions</p>	<ul style="list-style-type: none"> ➤ Two new Handbook sections were approved in December 2014, effective for fiscal years beginning on or after April 1, 2017. ➤ Related parties include entities that control or are controlled by a reporting entity, entities that are under common control and entities that have shared control over or that are subject to shared control of a reporting entity. ➤ Individuals that are members of key management personnel and close members of their family are related parties. Disclosure of key management personnel compensation arrangements, expense allowances and other similar payments routinely paid in exchange for services rendered is not required. ➤ Determining which related party transactions to disclose is a matter of judgment based on assessment of: <ul style="list-style-type: none"> • the terms and conditions underlying the transactions; • the financial significance of the transactions; • the relevance of the information; and • the need for the information to enable users' understanding of the financial statements and for making comparisons. ➤ A related party transaction, with the exception of contributed goods and services, should normally be recognized by both a provider organization and a recipient organization on a gross basis. ➤ Related party transactions, if recognized, should be recorded at the exchange amount. A public sector entity's policy, budget practices or accountability structures may dictate that the exchange amount is the carrying amount, consideration paid or received or fair value.

Assets, Contingent Assets and Contractual Rights

- Three new Handbook sections were approved in March 2015, effective for fiscal years beginning on or after April 1, 2017.
- The intended outcome of the three new Handbook Sections is improved consistency and comparability.
- The standard includes enhanced guidance on the definition of assets and disclosure of assets to provide users with better information about the types of resources available to the public sector entity.
- Disclosure of contingent assets and contractual rights is required to provide users with information about the nature, extent and timing of future assets and potential assets and revenues available to the public sector entity when the terms of those contracts are met.

Employee Future Benefit Obligations

- Given the complexity of issues involved and potential implications of any changes that may arise from review of PS3250 Retirement Benefits and PS3255 Post-Employment Benefits, PSAB is undertaking this project in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits.
- An Invitation to Comment was issued in November 2016, closing March 2017, seeking guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets.
- Separate invitations to comment will be issued in the future on discount rate and other aspects of the PSAB project.
- The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.

Asset Retirement Obligations

- A new standard is under development addressing the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB current contains no specific guidance in this area.
 - PSAB recently released an Exposure Draft following the consideration of comments received in response to the previously released Statement of Principles.
 - The proposed ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA").
 - As a result of the proposed standard, the public sector entity will have to:
 - consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;
 - carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;
 - begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
 - The standard has a proposed effective date of April 1, 2021.
-

**Financial Governance and
Accountability – New
Requirements**

In March 2017, the Ministry of Education released a letter to all BC School Districts outlining policies to strengthen the financial accountability framework of school districts. The target date of implementation of these policies is June 30, 2018, which include:

- Establish a policy for budget monitoring and reporting. At a minimum, quarterly reporting to the Board, with projections to year end and status of capital projects.
 - Establish a policy for Operating surplus to guide accumulation, reporting and spending of funds.
 - Formally assess the merits of establishing an audit committee, including policy for internal audit procedures.
 - Provide regular training to Trustees on governance and financial literacy.
 - Provide training to trustees and senior staff on BC Government's Taxpayer Accountability Principles.
 - Prepare formal MD&A to accompany financial reporting.
 - Undertake strategic planning to establish a vision, plan and key performance indicators, to be used to guide budgeting and financial monitoring.
 - Complete comprehensive risk assessment and establish risk management practices.
-

Appendix 3: Audit trends

KPMG understands the wide range of challenges and evolving trends that you face as the Board of Education of School District No. 10. We also understand that sometimes keeping up with critical issues as they emerge can be difficult.

As your auditors, it is incumbent upon us to provide you with any information that will help you further strengthen corporate governance, enhance your oversight and add greater value within your organization.

As such, KPMG's Audit Committee Institute ([ACI](#)) provides information, resources and opportunities for you to share knowledge with your peers. First, you are welcome to attend our Audit Committee Roundtable sessions, which are held in major cities across the country. In addition, you will also benefit from our monthly article series ([Audit Point of View](#)) and quarterly videos ([FrontPage Video Series](#)) that focus on the most pressing audit committee agenda items.

More information on all of these can easily be found at www.kpmg.ca/audit.

Our discussions with you, our audit opinion and what KPMG is seeing in the marketplace—both from an audit and industry perspective—indicate the following is specific information that will be of particular interest to the School District. We would, of course, be happy to further discuss this information with you at your convenience.

Thought Leadership	Overview	Links
	<p>This publication highlights four areas that higher education audit committees should consider as they carry out their 2017 agendas.</p>	<p>On the 2017 Higher Education Audit Committee Agenda</p>
	<p>This new paper offers an inside look at why colleges and universities need to be more vigilant in managing who can access their networks.</p>	<p>Getting schooled: Identity and access management</p>

Appendix 4: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.
- **Audit Findings report** – summarizing the key findings and results of our audit.
- **Engagement letter** – a copy of the engagement letter received is included as part of the appendix
- **Management representation letter** –In accordance with professional standards, copies of the management representation letter are provided to the Board of Education. The management representation letter is attached.

Appendix 5: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources page](#) for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

- Other controls include:
 - Before the firm issues its audit report, the Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits.
 - Technical department and specialist resources provide real-time support to audit teams in the field.
- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm’s standards of quality.
- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.



- We do not offer services that would impair our independence.
- The processes we employ to help retain and develop people include:
 - Assignment based on skills and experience;
 - Rotation of partners;
 - Performance evaluation;
 - Development and training; and
 - Appropriate supervision and coaching.
- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.
- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

kpmg.ca/audit



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Audited Financial Statements of

School District No. 10 (Arrow Lakes)

June 30, 2017

School District No. 10 (Arrow Lakes)

June 30, 2017

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School District No. 10 (Arrow Lakes)

MANAGEMENT REPORT

Version: 9779-9033-7051

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 10 (Arrow Lakes) 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. 10 (Arrow Lakes) (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, KPMG 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. 10 (Arrow Lakes) 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. 10 (Arrow Lakes)

Signature of the Chairperson of the Board of Education

Date Signed

Signature of the Superintendent

Date Signed

Signature of the Secretary Treasurer

Date Signed



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INDEPENDENT AUDITORS' REPORT

To the Board of Education of School District No. 10 (Arrow Lakes), and
To the Minister of Education, Province of British Columbia

We have audited the accompanying financial statements of School District No. 10 (Arrow Lakes), which comprise the statement of financial position as at June 30, 2017, the statement of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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. 10 (Arrow Lakes) as at and for the year ended June 30, 2017 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(a) 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.

A handwritten signature in black ink, appearing to read 'KPMG LLP'.

Chartered Professional Accountants

September 12, 2017

Kelowna, Canada

School District No. 10 (Arrow Lakes)

Statement 1

Statement of Financial Position

As at June 30, 2017

	2017 Actual	2016 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	1,304,027	859,101
Accounts Receivable		
Due from Province - Ministry of Education	11,276	21,503
Other (Note 3)	106,375	142,330
Portfolio Investments (Note 4)	1,914,814	2,125,733
Total Financial Assets	3,336,492	3,148,667
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	712,213	704,821
Unearned Revenue (Note 6)	-	72,510
Deferred Revenue (Note 7)	248,323	234,832
Deferred Capital Revenue (Note 8)	6,610,949	5,833,701
Employee Future Benefits (Note 9)	167,983	176,612
Total Liabilities	7,739,468	7,022,476
Net Financial Assets (Debt)	(4,402,976)	(3,873,809)
Non-Financial Assets		
Tangible Capital Assets (Note 10)	9,224,932	8,660,355
Prepaid Expenses	49,745	47,007
Total Non-Financial Assets	9,274,677	8,707,362
Accumulated Surplus (Deficit) (Note 16)	4,871,701	4,833,553

Contractual Obligations and Contingencies (Note 14)

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. 10 (Arrow Lakes)

Statement 2

Statement of Operations
Year Ended June 30, 2017

	2017 Budget (Note 13)	2017 Actual	2016 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	7,477,007	7,756,515	7,764,604
Other		19,500	
Tuition	62,500	25,500	63,800
Other Revenue	207,430	271,344	236,154
Rentals and Leases	6,000	4,694	4,221
Investment Income	52,000	43,160	52,276
Amortization of Deferred Capital Revenue	331,343	372,217	341,146
Total Revenue	<u>8,136,280</u>	<u>8,492,930</u>	<u>8,462,201</u>
Expenses (Note 15)			
Instruction	6,125,220	5,709,738	6,201,879
District Administration	778,384	693,330	679,622
Operations and Maintenance	1,693,804	1,551,580	1,590,172
Transportation and Housing	336,300	500,134	365,451
Total Expense	<u>8,933,708</u>	<u>8,454,782</u>	<u>8,837,124</u>
Surplus (Deficit) for the year	<u>(797,428)</u>	<u>38,148</u>	<u>(374,923)</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		4,833,553	5,208,476
Accumulated Surplus (Deficit) from Operations, end of year		<u>4,871,701</u>	<u>4,833,553</u>

School District No. 10 (Arrow Lakes)

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

	2017 Budget (Note 13) \$	2017 Actual \$	2016 Actual \$
Surplus (Deficit) for the year	<u>(797,428)</u>	<u>38,148</u>	<u>(374,923)</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(51,822)	(1,101,386)	(1,234,586)
Amortization of Tangible Capital Assets	538,322	536,809	489,103
Total Effect of change in Tangible Capital Assets	<u>486,500</u>	<u>(564,577)</u>	<u>(745,483)</u>
Acquisition of Prepaid Expenses		(2,738)	(3,360)
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(2,738)</u>	<u>(3,360)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(310,928)</u>	<u>(529,167)</u>	<u>(1,123,766)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(529,167)</u>	<u>(1,123,766)</u>
Net Financial Assets (Debt), beginning of year		<u>(3,873,809)</u>	<u>(2,750,043)</u>
Net Financial Assets (Debt), end of year		<u>(4,402,976)</u>	<u>(3,873,809)</u>

School District No. 10 (Arrow Lakes)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2017

	2017 Actual	2016 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	38,148	(374,923)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	46,182	(59,964)
Prepaid Expenses	(2,738)	(3,360)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	7,392	20,206
Unearned Revenue	(72,510)	59,510
Deferred Revenue	13,491	(14,962)
Employee Future Benefits	(8,629)	11,006
Amortization of Tangible Capital Assets	536,809	489,103
Amortization of Deferred Capital Revenue	(372,217)	(341,146)
Total Operating Transactions	<u>185,928</u>	<u>(214,530)</u>
Capital Transactions		
Tangible Capital Assets Purchased	(1,101,386)	(1,234,586)
Total Capital Transactions	<u>(1,101,386)</u>	<u>(1,234,586)</u>
Financing Transactions		
Capital Revenue Received	1,149,465	1,161,640
Total Financing Transactions	<u>1,149,465</u>	<u>1,161,640</u>
Investing Transactions		
Investments in Portfolio Investments	210,919	(48,696)
Total Investing Transactions	<u>210,919</u>	<u>(48,696)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>444,926</u>	<u>(336,172)</u>
Cash and Cash Equivalents, beginning of year	<u>859,101</u>	<u>1,195,273</u>
Cash and Cash Equivalents, end of year	<u>1,304,027</u>	<u>859,101</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	<u>1,304,027</u>	<u>859,101</u>
Supplementary Cash Flow Information	<u>1,304,027</u>	<u>859,101</u>

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 1 Authority and Purpose

The School District operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 10 (Arrow Lakes)", and operates as "School District No. 10 (Arrow Lakes)." A board of education ("Board") elected for a four-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district, and is principally funded by the Province of British Columbia through the Ministry of Education. School District No. 10 (Arrow Lakes) is exempt from federal and provincial corporate income taxes.

Note 2 Summary of Significant Accounting Policies

The financial statements of the School District are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the School District are as follows:

a) Basis of Accounting

The financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 2 Summary of Significant Accounting Policies *(Continued)*

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue recognized in the statement of operations and certain related deferred capital revenue would be recorded differently under Canadian Public Sector Accounting Standards.

b) Basis of Presentation

These financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities. Inter-departmental balances and organizational transactions have been eliminated. The School District does not control any significant external entities and accordingly no entities have been consolidated with the financial statements. The School District does not administer any trust activities on behalf of external parties.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid securities that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

d) Unearned Revenue

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

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 2 Summary of Significant Accounting Policies *(Continued)*

e) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in Regulation 198/2011 issued by the Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2 (i).

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.

f) 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-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2016 and projected to June 30, 2017. The next valuation will be performed at March 31, 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.

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 2 Summary of Significant Accounting Policies *(Continued)*

g) Tangible Capital Assets

Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value. Buildings that are demolished or destroyed are written-off.

Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.

Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.

Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.

The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

Buildings	40 years
Furniture & Equipment	10 years
Vehicles	10 years
Computer Software	5 years
Computer Hardware	5 years

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 2 Summary of Significant Accounting Policies *(Continued)*

h) 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.

i) 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.

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.

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 2 Summary of Significant Accounting Policies *(Continued)*

j) 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, Secretary-Treasurers, Trustees and other employees excluded from union contracts 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 related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2017

Note 2 Summary of Significant Accounting Policies *(Continued)*

k) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The School District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, and accounts payable and accrued liabilities. Portfolio investments include GICs, term deposits and bonds that have a maturity of greater than 3 months at the time of acquisition.

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. Interest and dividends attributable to financial instruments are reported in the statement of operations. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

For financial instruments recorded at fair value, 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. For the year ended June 30, 2017 the School District did not have any financial instruments recorded at fair value. Accordingly, a statement of remeasurement gains and losses has not been presented.

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 portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

l) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2 a) requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the 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

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 3 Accounts Receivable – Other Receivables

	<u>2017</u>	<u>2016</u>
Due from Federal Government	\$ 37,517	\$ 50,859
Other	68,858	91,471
	<u>\$ 106,375</u>	<u>\$ 142,330</u>

Note 4 Portfolio Investments

	<u>2017</u>	<u>2016</u>
Investments in the cost and amortized cost category:		
Term deposits, interest at 1.6% to 2.0%	\$ 1,914,814	\$ 2,125,733

Note 5 Accounts Payable and Accrued Liabilities - Other

	<u>2017</u>	<u>2016</u>
Trade payables	\$ 176,778	\$ 138,903
Salaries and benefits payable	434,307	474,586
Accrued vacation pay	101,128	91,332
	<u>\$ 712,213</u>	<u>\$ 704,821</u>

Note 6 Unearned Revenue

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 72,510	\$ 13,000
Increase: International student fees	18,494	135,978
Increase: Unearned revenue for services	-	11,532
Decrease: International student fees	(79,472)	(88,000)
Decrease: Unearned revenue for services	(11,532)	-
Balance, end of year	<u>\$ -</u>	<u>\$ 72,510</u>

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 7 **Deferred Revenue**

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in Regulation 198/2011 issued by the 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.

Note 8 **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 Regulation 198/2011 issued by the 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 Schedules 4C and 4D.

Note 9 **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.

	2017	2016
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 122,580	\$ 193,192
Service Cost	9,314	15,851
Interest Cost	3,104	4,525
Benefit Payments	(16,533)	(14,444)
Increase in obligation due to Plan Amendment	-	1,709
Actuarial Loss (Gain)	(888)	(78,253)
	<hr/>	<hr/>
Accrued Benefit Obligation – March 31	\$ 117,577	\$ 122,580
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ (117,577)	\$ (122,580)
Employer Contributions After Measurement Date	-	-
Benefits Expense After Measurement Date	(3,142)	(3,104)
Unamortized Net Actuarial Loss (Gain)	(47,264)	(50,928)
	<hr/>	<hr/>
Accrued Benefit Asset (Liability) – June 30	\$ (167,983)	\$ (176,612)

School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2017

Note 9 Employee Future Benefits (Continued)

	2017	2016
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 176,612	\$ 165,606
Net expense for Fiscal Year	7,904	25,450
Employer Contributions	(16,533)	(14,444)
	<hr/>	<hr/>
Accrued Benefit Liability – June 30	\$ 167,983	\$ 176,612
	<hr/>	<hr/>
Components of Net Benefit Expense		
Service Cost	\$ 9,309	\$ 14,217
Interest Cost	3,146	4,170
Immediate Recognition of Plan Amendment	-	1,709
Amortization of Net Actuarial (Gain)/Loss	(4,551)	5,354
	<hr/>	<hr/>
Net Benefit Expense (Income)	\$ 7,904	\$ 25,450
	<hr/>	<hr/>

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

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
EARSL – March 31	7.9 years	7.9 years

School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2017

Note 10 Tangible Capital Assets

Net Book Value:

	Net Book Value 2017	Net Book Value 2016
Sites	\$ 362,514	\$ 362,514
Buildings	7,879,621	7,322,893
Furniture & Equipment	228,643	239,381
Vehicles	666,840	634,158
Computer Hardware	87,314	101,409
Total	\$ 9,224,932	\$ 8,660,355

June 30, 2017

	Opening Cost	Additions	Disposals	Total 2017
Sites	\$ 362,514	\$ -	\$ -	\$ 362,514
Buildings	17,194,013	900,214	-	18,094,227
Furniture & Equipment	382,034	27,465	24,491	385,008
Vehicles	1,222,259	154,908	20,137	1,357,030
Computer Hardware	164,470	18,799	40,474	142,795
Total	\$19,325,290	\$ 1,101,386	\$ 85,102	\$20,341,574

	Opening Accumulated Amortization	Additions	Disposals	Total 2017
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	9,871,120	343,486	-	10,214,606
Furniture & Equipment	142,653	38,203	24,491	156,365
Vehicles	588,101	122,226	20,137	690,190
Computer Hardware	63,061	32,894	40,474	55,481
Total	\$ 10,664,935	\$536,809	\$ 85,102	\$11,116,642

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 10 Tangible Capital Assets (Continued)

June 30, 2016

	Opening Cost	Additions	Disposals	Total 2016
Sites	\$ 362,514	\$ -	\$ -	\$ 362,514
Buildings	16,361,199	832,814	-	17,194,013
Furniture & Equipment	311,628	75,865	5,459	382,034
Vehicles	1,084,838	268,910	131,489	1,222,259
Computer Software	11,337	-	11,337	-
Computer Hardware	107,473	56,997	-	164,470
Total	\$18,238,989	\$1,234,586	\$ 148,285	\$19,325,290

	Opening Accumulated Amortization	Additions	Disposals	Total 2016
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	9,545,428	325,692	-	9,871,120
Furniture & Equipment	116,949	31,163	5,459	142,653
Vehicles	611,106	108,484	131,489	588,101
Computer Software	9,068	2,269	11,337	-
Computer Hardware	41,566	21,495	-	63,061
Total	\$10,324,117	\$ 489,103	\$ 148,285	\$10,664,935

School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2017

Note 11 Employee Pension Plans

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2015, the Teachers' Pension Plan has about 45,000 active members and approximately 36,000 retired members. As of December 31, 2015, the Municipal Pension Plan has about 189,000 active members, including approximately 24,000 from school districts.

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

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014, indicated a \$449 million surplus for basic pension benefits on a going concern basis.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The School District paid \$581,408 for employer contributions to the plans for the year ended June 30, 2017 (2016: \$693,157)

The next valuation for the Teachers' Pension Plan will be as at December 31, 2017, with results available in 2018. The next valuation for the Municipal Pension Plan will be as at December 31, 2018, with results available in 2019.

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

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 12 Related Party Transactions

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

Note 13 Budget Figures

Budget figures included in the financial statements were approved by the Board through the adoption of the annual budget on April 26, 2016. An amended annual budget, which reflected adjustments in revenues and expenses, was adopted by the Board on February 14, 2017.

	2017 Annual Budget	Adjustments	2017 Amended Budget
Revenues:			
Provincial Grants – Ministry of Education	\$ 7,477,007	\$ 149,964	\$ 7,626,971
Provincial Grants - Other	-	18,000	18,000
Tuition	62,500	(37,000)	25,500
Other Revenue	207,430	24,170	231,600
Rentals and Leases	6,000	-	6,000
Investment Income	52,000	(10,500)	41,500
Amortization of Deferred Capital Revenue	331,343	40,877	372,220
Total Revenue	8,136,280	185,511	8,321,791
Expenses:			
Instruction	6,125,220	(273,031)	5,852,189
District Administration	778,384	6,442	784,826
Operations and Maintenance	1,693,804	(122,946)	1,570,858
Transportation and Housing	336,300	149,276	485,576
Total Expenses	8,933,708	(240,259)	8,693,449
Deficit for the year	\$ (797,428)	\$ (425,770)	\$ (371,658)

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 14 Contractual obligations, commitments and contingencies

a) Asset retirement obligation

Legal liabilities may exist for the removal/disposal of asbestos in schools that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred. As at June 30, 2017 the liability is not reasonably determinable.

b) Operating commitments

i) Software support and maintenance contract

The School District has an ongoing agreement for software support and maintenance related to the School District's accounting system. The contract will automatically renew on an annual basis unless terminated by either party upon giving to the other not less than 90 days written notice prior to the end of the initial term or any subsequent anniversary of such date. No notice was given prior to the expiry date of June 30, 2017 and the annual support and maintenance fee for the 2017-2018 fiscal year will be \$32,873.

ii) Propane contract

The School District, in partnership with School District No. 8, has entered into a contract for the purchase of propane with an expiry date of September 30, 2018. Based on minimum contracted volumes and fixed contracted prices, the annual fee for the School Districts would be \$60,956.

The future estimated payments for this contract over the next two years are as follows:

2018	\$ 58,772
2019	\$ 2,184

Note 15 Expense By Object

	2017	2016
Salaries and benefits	\$ 6,229,509	\$ 6,593,416
Services and supplies	1,688,464	1,754,605
Amortization	536,809	489,103
	<u>\$ 8,454,782</u>	<u>\$ 8,837,124</u>

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2017

Note 16 Internally Restricted Surplus – Operating Fund

Internally Restricted (appropriated) by Board for:		
Utilities, Equipment & Capital Projects	\$ 305,500	
Emergency	250,000	
Professional Learning/Student Learning Grant	112,103	
Financial Software Transition	100,000	
Strategic Planning/School Reconfiguration	100,000	
Long Range Facilities Plan	100,000	
Board Scholarship	30,000	
	<hr/>	
Subtotal Internally Restricted		997,603
Unrestricted Operating Surplus		562,018
Total Available for Future Operations		<hr/> <u>\$ 1,559,621</u>

Note 17 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.

Note 18 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.

a) Credit risk:

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, 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 in recognized British Columbia institutions and the School District invests solely in term deposits.

School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2017

Note 18 Risk Management *(Continued)*

b) Market risk:

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

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

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 term deposits that have a maturity date of no more than 3 years.

c) Liquidity risk:

Liquidity risk is the risk that the School District will not be able to meet its financial obligations as they become due.

The School District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the School District's reputation.

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

School District No. 10 (Arrow Lakes)

Schedule 1 (Unaudited)

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	1,433,093		3,400,460	4,833,553	5,208,476
Changes for the year					
Surplus (Deficit) for the year	172,753	28,327	(162,932)	38,148	(374,923)
Interfund Transfers	(46,225)	(28,327)	74,552	-	
Tangible Capital Assets Purchased	126,528	-	(88,380)	38,148	(374,923)
Net Changes for the year	1,559,621	-	3,312,080	4,871,701	4,833,553
Accumulated Surplus (Deficit), end of year - Statement 2					

School District No. 10 (Arrow Lakes)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2017

	2017 Budget (Note 13) \$	2017 Actual \$	2016 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	7,051,957	7,253,927	7,265,516
Other		19,500	
Tuition	62,500	25,500	63,800
Other Revenue	7,430	40,623	24,374
Rentals and Leases	6,000	4,694	4,221
Investment Income	50,000	41,500	50,390
Total Revenue	<u>7,177,887</u>	<u>7,385,744</u>	<u>7,408,301</u>
Expenses			
Instruction	5,551,992	5,044,199	5,558,781
District Administration	778,384	693,330	679,622
Operations and Maintenance	1,155,482	1,097,554	1,066,806
Transportation and Housing	336,300	377,908	365,451
Total Expense	<u>7,822,158</u>	<u>7,212,991</u>	<u>7,670,660</u>
Operating Surplus (Deficit) for the year	<u>(644,271)</u>	<u>172,753</u>	<u>(262,359)</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>644,271</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(46,225)	(117,862)
Total Net Transfers	-	<u>(46,225)</u>	<u>(117,862)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>126,528</u>	<u>(380,221)</u>
Operating Surplus (Deficit), beginning of year		1,433,093	1,813,314
Operating Surplus (Deficit), end of year		<u>1,559,621</u>	<u>1,433,093</u>
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 16)		997,603	788,820
Unrestricted		562,018	644,273
Total Operating Surplus (Deficit), end of year		<u>1,559,621</u>	<u>1,433,093</u>

School District No. 10 (Arrow Lakes)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source
Year Ended June 30, 2017

	2017 Budget (Note 13)	2017 Actual	2016 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	7,011,397	7,067,546	7,173,321
Other Ministry of Education Grants			
Pay Equity	40,560	40,560	40,560
Funding for Graduated Adults		856	
Transportation Supplement		42,675	
Economic Stability Dividend		2,389	3,289
Return of Administrative Savings		36,091	
Carbon Tax Grant		10,113	9,898
Student Learning Grant		22,103	
Foundation Skills Assessment		4,094	4,348
Skills Training Assessment			5,000
Curriculum Implementation			4,100
Shoulder Tappers Grant		17,500	25,000
Regional Outreach		10,000	
Total Provincial Grants - Ministry of Education	<u>7,051,957</u>	<u>7,253,927</u>	<u>7,265,516</u>
Provincial Grants - Other		<u>19,500</u>	
Tuition			
International and Out of Province Students	62,500	25,500	63,800
Total Tuition	<u>62,500</u>	<u>25,500</u>	<u>63,800</u>
Other Revenues			
Other School District/Education Authorities			2,000
Miscellaneous			
ArtStart Grants	7,430	15,600	7,430
Donations		2,470	12,944
Growing Innovations		1,000	2,000
Sale of Assets		21,553	
Total Other Revenue	<u>7,430</u>	<u>40,623</u>	<u>24,374</u>
Rentals and Leases	<u>6,000</u>	<u>4,694</u>	<u>4,221</u>
Investment Income	<u>50,000</u>	<u>41,500</u>	<u>50,390</u>
Total Operating Revenue	<u>7,177,887</u>	<u>7,385,744</u>	<u>7,408,301</u>

School District No. 10 (Arrow Lakes)

Schedule 2B (Unaudited)

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

	2017 Budget (Note 13) \$	2017 Actual \$	2016 Actual \$
Salaries			
Teachers	2,421,665	2,357,645	2,551,179
Principals and Vice Principals	709,386	591,678	638,961
Educational Assistants	363,071	346,124	388,898
Support Staff	705,147	680,264	706,737
Other Professionals	514,851	554,172	506,727
Substitutes	329,988	220,329	196,167
Total Salaries	5,044,108	4,750,212	4,988,669
Employee Benefits	1,261,402	1,101,650	1,266,887
Total Salaries and Benefits	6,305,510	5,851,862	6,255,556
Services and Supplies			
Services	461,977	348,787	368,201
Student Transportation	4,000	4,853	2,400
Professional Development and Travel	296,246	273,780	248,733
Rentals and Leases	350	259	351
Dues and Fees	19,500	16,508	20,524
Insurance	36,115	35,490	30,080
Supplies	466,460	451,384	544,609
Utilities	232,000	230,068	200,206
Total Services and Supplies	1,516,648	1,361,129	1,415,104
Total Operating Expense	7,822,158	7,212,991	7,670,660

School District No. 10 (Arrow Lakes)

Operating Expense by Function, Program and Object

Year Ended June 30, 2017

Schedule 2C (Unaudited)

	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	2,113,634	274,701		80,816	19,368	128,018	2,616,537
1.03 Career Programs							
1.07 Library Services				37,028			37,028
1.08 Counselling	70,358						70,358
1.10 Special Education	149,213	39,200	331,257			28,355	548,025
1.31 Aboriginal Education	24,440	6,315	14,867				45,622
1.41 School Administration		243,331		64,847			308,178
1.62 International and Out of Province Students		15,130					15,130
1.64 Other							
Total Function 1	2,357,645	578,677	346,124	182,691	19,368	156,373	3,640,878
4 District Administration							
4.11 Educational Administration		13,001			188,270		201,271
4.40 School District Governance					56,195		56,195
4.41 Business Administration					121,726		121,726
Total Function 4	-	13,001	-	-	366,191	-	379,192
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration					82,260		82,260
5.50 Maintenance Operations				299,998	68,313	50,930	419,241
5.52 Maintenance of Grounds				17,706			17,706
5.56 Utilities							
Total Function 5	-	-	-	317,704	150,573	50,930	519,207
7 Transportation and Housing							
7.41 Transportation and Housing Administration					18,040		18,040
7.70 Student Transportation				179,869		13,026	192,895
Total Function 7	-	-	-	179,869	18,040	13,026	210,935
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	2,357,645	591,678	346,124	680,264	554,172	220,329	4,750,212

School District No. 10 (Arrow Lakes)

Operating Expense by Function, Program and Object

Year Ended June 30, 2017

Schedule 2C (Unaudited)

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2017 Actual	2017 Budget (Note 13)	2016 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	2,616,537	613,629	3,230,166	407,202	3,637,368	3,918,842	4,048,559
1.03 Career Programs	-	-	-	6,549	6,549	1,000	1,094
1.07 Library Services	37,028	8,772	45,800	11,835	57,635	66,048	58,090
1.08 Counselling	70,358	16,321	86,679	217	86,896	68,462	44,446
1.10 Special Education	548,025	137,907	685,932	79,276	765,208	841,908	830,982
1.31 Aboriginal Education	45,622	11,724	57,346	15,854	73,200	77,675	77,675
1.41 School Administration	308,178	66,942	375,120	21,923	397,043	509,895	433,187
1.62 International and Out of Province Students	15,130	3,377	18,507	1,793	20,300	68,162	64,748
1.64 Other	-	-	-	-	-	-	-
Total Function 1	3,640,878	858,672	4,499,550	544,649	5,044,199	5,551,992	5,558,781
4 District Administration							
4.11 Educational Administration	201,271	39,140	240,411	32,289	272,700	273,477	272,497
4.40 School District Governance	56,195	940	57,135	30,982	88,117	115,650	100,987
4.41 Business Administration	121,726	29,900	151,626	180,887	332,513	389,257	306,138
Total Function 4	379,192	69,980	449,172	244,158	693,330	778,384	679,622
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	82,260	17,009	99,269	1,623	100,892	100,310	102,404
5.50 Maintenance Operations	419,241	101,430	520,671	186,738	707,409	783,999	727,332
5.52 Maintenance of Grounds	17,706	5,351	23,057	16,190	39,247	39,173	36,864
5.56 Utilities	-	-	-	250,006	250,006	232,000	200,206
Total Function 5	519,207	123,790	642,997	454,557	1,097,554	1,155,482	1,066,806
7 Transportation and Housing							
7.41 Transportation and Housing Administration	18,040	3,398	21,438	-	21,438	1,626	1,612
7.70 Student Transportation	192,895	45,810	238,705	117,765	356,470	334,674	363,839
Total Function 7	210,935	49,208	260,143	117,765	377,908	336,300	365,451
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	4,750,212	1,101,650	5,851,862	1,361,129	7,212,991	7,822,158	7,670,660

School District No. 10 (Arrow Lakes)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations
Year Ended June 30, 2017

	2017 Budget (Note 13) \$	2017 Actual \$	2016 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	425,050	502,588	499,088
Other Revenue	200,000	230,721	211,780
Total Revenue	<u>625,050</u>	<u>733,309</u>	<u>710,868</u>
Expenses			
Instruction	573,228	665,539	643,098
Operations and Maintenance		39,443	34,263
Total Expense	<u>573,228</u>	<u>704,982</u>	<u>677,361</u>
Special Purpose Surplus (Deficit) for the year	<u>51,822</u>	<u>28,327</u>	<u>33,507</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(51,822)	(28,327)	(33,507)
Total Net Transfers	<u>(51,822)</u>	<u>(28,327)</u>	<u>(33,507)</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>	<u>-</u>

School District No. 10 (Arrow Lakes)
 Changes in Special Purpose Funds and Expense by Object
 Year Ended June 30, 2017

Schedule 3A (Unaudited)

	Annual Facility Grant	Learning Improvement Fund	Service Delivery Transformation	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Coding and Curriculum Implementation
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year			25,000	204,832	5,000				
Add: Restricted Grants									
Provincial Grants - Ministry of Education	67,770	144,170			96,736	12,250	7,043	104,860	29,563
Other				213,113					
Less: Allocated to Revenue	67,770	144,170		213,113	96,736	12,250	7,043	104,860	29,563
Deferred Revenue, end of year			25,000	230,721	101,736	12,250	7,043	104,860	
				187,224					29,563
Revenues									
Provincial Grants - Ministry of Education	67,770	144,170	25,000	230,721	101,736	12,250	7,043	104,860	
Other Revenue									
Expenses									
Salaries									
Teachers		90,817							
Educational Assistants		23,442							
Other Professionals			5,110		64,193		5,546	75,053	
Employee Benefits		114,259	5,110		64,193		5,546	75,053	
Services and Supplies	39,443	29,911	1,328		22,148		1,497	18,843	
	39,443	144,170	18,562	230,721	15,395	12,250	7,043	10,964	
			25,000	230,721	101,736	12,250	7,043	104,860	
Net Revenue (Expense) before Interfund Transfers	28,327								
Interfund Transfers									
Tangible Capital Assets Purchased	(28,327)								
Net Revenue (Expense)									

School District No. 10 (Arrow Lakes)
 Changes in Special Purpose Funds and Expense by Object
 Year Ended June 30, 2017

	Priority Measures \$	TOTAL \$
Deferred Revenue, beginning of year		234,832
Add: Restricted Grants		
Provincial Grants - Ministry of Education	71,295	533,687
Other		213,113
	71,295	746,800
Less: Allocated to Revenue	39,759	733,309
Deferred Revenue, end of year	31,536	248,323
Revenues		
Provincial Grants - Ministry of Education	39,759	502,588
Other Revenue		230,721
	39,759	733,309
Expenses		
Salaries		
Teachers	34,771	206,187
Educational Assistants		87,635
Other Professionals		5,110
	34,771	298,932
Employee Benefits	4,988	78,715
Services and Supplies	39,759	327,335
	39,759	704,982
Net Revenue (Expense) before Interfund Transfers	-	28,327
Interfund Transfers		
Tangible Capital Assets Purchased		(28,327)
	-	(28,327)
Net Revenue (Expense)	-	-

School District No. 10 (Arrow Lakes)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2017

	2017 Budget (Note 13)	2017 Actual			2016 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	2,000		1,660	1,660	1,886
Amortization of Deferred Capital Revenue	331,343	372,217		372,217	341,146
Total Revenue	<u>333,343</u>	<u>372,217</u>	<u>1,660</u>	<u>373,877</u>	<u>343,032</u>
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	538,322	414,583		414,583	489,103
Transportation and Housing		122,226		122,226	
Total Expense	<u>538,322</u>	<u>536,809</u>	<u>-</u>	<u>536,809</u>	<u>489,103</u>
Capital Surplus (Deficit) for the year	<u>(204,979)</u>	<u>(164,592)</u>	<u>1,660</u>	<u>(162,932)</u>	<u>(146,071)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	51,822	74,552		74,552	151,369
Total Net Transfers	<u>51,822</u>	<u>74,552</u>	<u>-</u>	<u>74,552</u>	<u>151,369</u>
Total Capital Surplus (Deficit) for the year	<u>(153,157)</u>	<u>(90,040)</u>	<u>1,660</u>	<u>(88,380)</u>	<u>5,298</u>
Capital Surplus (Deficit), beginning of year		<u>3,318,796</u>	<u>81,664</u>	<u>3,400,460</u>	<u>3,395,162</u>
Capital Surplus (Deficit), end of year		<u>3,228,756</u>	<u>83,324</u>	<u>3,312,080</u>	<u>3,400,460</u>

School District No. 10 (Arrow Lakes)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2017

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	362,514	17,194,013	382,034	1,222,259	-	164,470	19,325,290
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		849,887		127,482			977,369
Deferred Capital Revenue - Other		22,000	27,465				49,465
Operating Fund				27,426		18,799	46,225
Special Purpose Funds		28,327					28,327
Total		900,214	27,465	154,908		18,799	1,101,386
Decrease:							
Deemed Disposals			24,491	20,137		40,474	85,102
Total			24,491	20,137		40,474	85,102
Cost, end of year	362,514	18,094,227	385,008	1,357,030		142,795	20,341,574
Work in Progress, end of year							
Cost and Work in Progress, end of year	362,514	18,094,227	385,008	1,357,030		142,795	20,341,574
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		9,871,120	142,653	588,101		63,061	10,664,935
Decrease:							
Deemed Disposals		343,486	38,203	122,226		32,894	536,809
Total							
Accumulated Amortization, end of year							
Deemed Disposals			24,491	20,137		40,474	85,102
Total			24,491	20,137		40,474	85,102
Accumulated Amortization, end of year		10,214,606	156,365	690,190		55,481	11,116,642
Tangible Capital Assets - Net	362,514	7,879,621	228,643	666,840		87,314	9,224,932

School District No. 10 (Arrow Lakes)

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	5,455,701	-	30,815	5,486,516
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	977,369	49,465	-	1,026,834
	<u>977,369</u>	<u>49,465</u>	<u>-</u>	<u>1,026,834</u>
Decrease:				
Amortization of Deferred Capital Revenue	371,427	-	790	372,217
	<u>371,427</u>	<u>-</u>	<u>790</u>	<u>372,217</u>
Net Changes for the Year	<u>605,942</u>	<u>49,465</u>	<u>(790)</u>	<u>654,617</u>
Deferred Capital Revenue, end of year	<u>6,061,643</u>	<u>49,465</u>	<u>30,025</u>	<u>6,141,133</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>6,061,643</u>	<u>49,465</u>	<u>30,025</u>	<u>6,141,133</u>

School District No. 10 (Arrow Lakes)

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	77,544	269,641				347,185
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	901,760		241,863			901,760
Provincial Grants - Other						241,863
Investment Income	364	5,478				5,842
	902,124	5,478	241,863	-	-	1,149,465
Decrease:						
Transferred to DCR - Capital Additions	977,369		49,465			1,026,834
	977,369	-	49,465	-	-	1,026,834
	(75,245)	5,478	192,398	-	-	122,631
Net Changes for the Year	2,299	275,119	192,398	-	-	469,816
Balance, end of year						

September 12, 2017

BOARD CHAIR REPORT –

Welcome back to another exciting school year

I find it hard to believe summer is gone already – but probably not as much as the students

We are off to a great start.

In July, the Board met and did more work on the Strategic Plan, and will begin public meetings in October.

Once the new BC government was formed, the new Minister of Education, Rob Fleming, had phone conversations with all the Board Chairs. I talked with Minister Fleming, his Deputy Minister and his assistant at the end of July – we discussed the 2002 language and how the Supreme Court decision affected our district (I shared that we hired a teacher librarian, and that our class size is okay)

-funding formula

-size and layout of our district

-the MOU between the Ministry and BCSTA, and the joys of our small district.

-I also had a telephone conversation with our BCSTA rep Stephanie Higginson, who checks in regularly to make sure things are going okay

-I was contacted by a former director of education for the BCSTA, to whom our district had given a flasher made by our outdoor ed class on his retirement. He lost the flasher on a recent fishing trip so was hoping to replace it – I directed him to Dorian Boswell. Good to know our products are well liked.

Correspondence:

-several letters received from BCSTA and other Boards to BCSTA or Ministry of Education or the government

-thank you card from Joanne Martin for her retirement gift

-thank you from Brianne McKay for receipt of District Authority Scholarship at Grad in June

CUPE Board Liaison

-met Sept 12

-discussed call-out list and procedures, changes to the Lucerne Eastern Zone bus route, the professional day and curriculum support day set for Sept 25- activities for teachers, EA's, secretaries,

-and strong start coordinators for a regional conference in October

-next meeting will be October 10

DPAC – next meeting scheduled for November 9

OH&S –

-next meeting is tentatively October 2

Strong Start Coordinators Report

The SS Coordinators will report three times each over the course of the school year.

All of our coordinators reported that they are thrilled to be back in the classroom and welcoming returning and new families. A high-level attendance snapshot includes:

New Denver - slow start in the first week with three families attending, however, by Monday, 9 families had attended with a total of 10 children.

Nakusp – started off the first day with 17 children and 13 parents in attendance!

Southern Zone – there are 15 children enrolled in SZ SS.

The coordinators paired with their school Kindergarten teacher are very excited to be attending the Early Learning Transitions Conference in October.

On behalf of Nancy Bone, Jodi McLean, Charlene Alexander



World Class Learning in a Rural Environment

September 12, 2017
Superintendent/Secretary Treasurer Report
*Presented at the Education Partnership Committee,
 and Regular Meeting of the Board of Education*

My Education BC: Student Enrollment Numbers														
As of:	Sept 12-17													
Grade:	Gr.K	Gr.1	Gr.2	Gr.3	Gr.4	Gr.5	Gr.6	Gr.7	Gr.8	Gr.9	Gr.10	Gr.11	Gr.12	TOTALS
BAS														0
DL	1	5	1	2	3	3	1	3	0	1	5	3	7	35
EES	1	3	1	1	0	8	4	4						22
LESS	10	6	4	12	6	13	9	6	5	4	7	5	0	87
NES	10	16	24	20	20	25	23	16						154
NSS									32	28	26	23	29	138
TOTAL Per Grade	22	30	30	35	29	49	37	29	37	33	38	31	36	
District Total														436

1. Enrollment notes –

- We are very close to our enrollment projections from June 2017 which were: 141 at NSS; 149 at NES; 88 at Lucerne; 22 at EES; 27 at DL, and 4.375 (equal to 14 students) at BAS for a total of 431 FTE
As of Sept 12th, 2017:
- Burton Academy School enrolment is 14 students or 5.25 FTE
- While enrolment at EES, Lucerne, DL and NES is as projected or stable, NSS enrollment is down due to projected students moving or transferring to other schools

2. Welcome to a New School Year and Welcome to SD 10!

- A number of new employees join us this year, or current employees in new roles. Please welcome:
 - EES
 - Brent Cook - Vice-Principal/Intermediate teacher
 - Tracey Wallis – Intermediate Gr 4-7 teacher (back to EES)
 - Keith Greenhalf – .1 Elementary Counsellor (reassigned from NES LRT)
 - NES
 - Mike Hibberson – Principal (new to NES)
 - Sean Johnston – Grade 5
 - Jenna Arnold – Grade 2 (new position)
 - Stella Oosterhoff – PE teacher
 - Anne Marie Paul – Education Assistant, new to NES
 - Megan Martin – Teacher Librarian
 - Keith Greenhalf – .4 Elementary Counsellor (reassigned from LRT)
 - NSS
 - Robin Stille – French and Drama
 - Luke Stace – Math, Science and Leadership
 - Jarrett Bass – PE and Athletic Director
 - Lucerne
 - Nicholas Graves – Principal (new to LESS)
 - Robert Babic – Technology/Shop and Visual Arts

- Richelle Johnston - .1 Elementary and .1 Secondary counselling (.1 reassigned from teaching)
 - Maintenance
 - Riley Gerber, Carpenter
 - Custodial Staff
 - Tracey Fetters, Lucerne Regular Position; NES/Board Office Temporary position
 - Christina Hilbourne, NSS Regular position
 - Tina Simpson, LESS Temporary position
 - As per the collective agreement, seven new teachers will participate in the New Teacher Orientation taking place October 2nd, 2017 with ALTA, Board Chair, Superintendent and Director of Learning
 - District elementary counselling position has been redesigned to be school-based to better meet the needs of the school communities
 - Many thanks to Richelle Johnston at Lucerne and Keith Greenhalf at NES for taking on the .7 FTE that had been assigned to counselling! We are so grateful for their leadership and commitment...
 - Superintendent Taylor is working with BCPSEA to access Rural and Remote Workforce Sustainability Funding to support these two new school counsellors in professional learning
- 3. Eastern Zone Bus Route Changes**
- This year, the bus route to Lucerne is picking up students from Hills to Enterprise Creek as more families are living in the southern reaches of the district again
 - Due to some challenges around length of ride, the route has recently been altered to allow less time on the bus for the Red Mountain/Enterprise Creek students
 - Parents on both the Hills/Rosebery and southern end of the route are happy with the changes
- 4. Classroom Enhancement Fund – Supreme Court of Canada decision**
- In mid-May, the District submitted an application to the Ministry of Education for CEF funding to provide additional teachers to restore class size and composition as per the Supreme Court Decision.
 - Unfortunately, the Ministry only awarded SD 10 funding for a .6 FTE teacher librarian and overhead costs; actual funding will be determined through the submission in October based on payroll costs
 - No further CEF funding was allowed, as it was determined that the district did not have specific class size and composition language that was part of the Collective Agreement in 2003
 - We are therefore one of the few districts in BC who received no funding for additional classroom teachers and who will receive less funding than in the previous LIF funding model
- 5. Fauquier School Property Update**
- The Agricultural Land Commission has submitted their final review and denied the requested exclusion from the Agricultural Land Reserve, while approving subdivision of the Fauquier School land into a smaller sized lot
 - Susan Brenna-Smith, our Assistant Secretary-Treasurer, is working with the RDCK on lot size variance, and the District has begun the subdivision process
 - The plan remains for the Fauquier School building to remain as an asset for the community of Fauquier, and for the District to sell the remaining parcel of land
- 6. Curriculum Support Day – September 25th, 2017**
- Overview to Curriculum, Assessment and Reporting Student Learning Changes**
- This September, Kindergarten to Grade 9 students are immersed in the second year of the implementation of the redesigned BC curriculum, while in Grade 10-12, the first year of official “exploration” of the curriculum takes place
 - Along with new curriculum, BC has also redesigned provincial assessments: a redesigned FSA for Grades 4 and 7 will be in place in November this year, while a new graduation years Numeracy assessment is slated to be in place January 2018

- Similarly, the Ministry of Education in the revised Interim Reporting Order has allowed schools and districts to move towards more timely, regular, and helpful feedback and reporting on student learning. Approaches such as using e-portfolios including Fresh Grade, student-led conferences, and regular communication with parents about their children's learning, as well as the flexibility to have no letter grades K-9 till the final reporting period in June – all these changes are big transformations in our educational system, each based on sound educational research
 - As a result, two years ago, the Ministry put in place additional days in the school calendar for Curriculum Support
- Our plan for supporting the new curriculum, assessment and reporting**
- Based on feedback from the Educational Transformation Committee at the May 30th meeting, when members sought input from their school staffs in the spring of 2017, the following areas are highlighted areas of professional learning in our upcoming Curriculum Support Day:
 - **Coding** – our two Coding Lead teachers, Scott Kipkie and Keith Greenhalf will offer a two hour break out session on integrating coding – with and without computers – in the curriculum
 - **Fresh Grade** – both an introductory session for teaching beginning to use this ePortfolio software to report on student learning, and an advanced session will be offered by the folks at Fresh Grade
 - **Grade K-9 curriculum** learning, networking and sharing sessions
 - **Grade 10-12 curriculum** learning, networking and sharing sessions for secondary teachers
 - **Success for all students** with Shelley Moore
 - **Overview and Ministry Update on curriculum, assessment and communicating student learning**
- 7. Design Thinking: Making a Difference in the World district film now released**
- Our cross-district project integrating *Design Thinking: Making a Difference in the World* into classrooms across SD 10, and featuring residencies with 13 local artists, tradespeople, crafters and builders is now complete!
 - A short documentary film documents this Design Thinking Initiative and can be seen at <http://sd10.bc.ca/video> and on our SD 10 YouTube Channel at <https://www.youtube.com/watch?v=WVkXlv8pECg&feature=youtu.be>
 - Thanks to all the students, and the many talented local artists and tradespeople for sharing their passions with our young people, and to Sheena Delong for her artful coordination.
 - Our children and youth learned critical and creative thinking skills and created everything from inspiring sculptures to mouth-watering pasta! We hope to continue the design thinking foundations going forward as this is a key part of the new K-12 Applied Skills and Design Technology curriculum
- 8. Kootenay Boundary Environmental Education Initiative**
- The six school districts in the Kootenay-Boundary region (SD 5, 6, 8, 10, 20, 51) have been working for the past two years on shared goals around environmental education
 - With support from the Columbia Basin Trust, Columbia Basin Environmental Education Network and the Vancouver Foundation, the KBEE <http://kbee.ca> has held two Leadership Clinics in Environmental Education, birthed and nurtured Take Me Outside Day and Week Challenges, and now, produced a series of short films sharing the amazing environmental education taking place in all six school districts connecting EE to the redesigned curriculum
 - The [Kootenay Boundary Environmental Education Network](#) is coordinated by the KB Chapter of the BC School Superintendents' Association, with members, Lorna Newman and Terry Taylor, both on the KBEE Steering Committee
 - In SD 10, our local teachers have recently founded an EE Local Specialist Association under the leadership of teachers Katrina Sumrall (Lucerne), and Erika Momeyer (EES) with the aim of furthering our EE work in the district
 - Our Environmental Education Leadership Clinic in May 2016 created a powerful vision statement for the district which we are working towards:
 - To become a Green district that regularly practices innovative place-conscious outdoor learning, embodies ecological and sustainability principles in all classrooms, schools and district operations,

incorporates First Peoples Principles of Learning in outdoor experience, and improves student self-regulation and health through outdoor experiences.

9. Local Teacher Selected to Attend World Environment Congress in Vancouver

- Erika Momeyer was selected to be the Kootenay representative for the World Environment Congress held in Vancouver September 9-12th
- This international conference features environmental gurus including Dr. David Suzuki and Dr. Wade Davis from Canada, and researchers from around the world
- Erika continues to be recognized for her groundbreaking leadership in environmental education – Bravo, Erika!

10. Burton Academy School Outdoor Education Class purchases canoes and gear for district

- Teacher Dorian Boswell and the Burton Outdoor Education and Entrepreneurship Academy program have recently purchased \$17,000 of 8 brand new canoes, paddles and gear for use by all students in the school district, all safely stored in the \$10,000 BAS canoe trailer purchased two years ago
- Over the years, the Outdoor Ed Academy has conducted a very successful small business selling and marketing their fishing flashers and EZ Lighter fire starter kits
- They wanted to give back to the schools and community, and so under the leadership of their teacher, Mr. Boswell, this talented group of students have bought complete gear and paddling equipment for use by classes across the district
- Dorian is in process of arranging for Canoe Instructor training for any teachers wanting to take their learners out on the water in the new canoes
- Kudos to the Outdoor Ed Academy and their innovative teacher leader and champion, Dorian Boswell for making a difference for the learning of so many others!

11. Enrolment Audit Appeal

- The district has received an August 16th letter from the Ministry of Education indicating that over \$41,000 will be “reclaimed” as a result of the January 2017 audit
- Variances in 1701 claims for 4 credit vs 2 credit courses and Work Experience reporting were cited
- Given that under Funding Protection no additional funds were received, and a range of other factors, the Superintendent is appealing this decision

12. WKTEP Consortium – in situ and teacher candidates in SD 10

- Four West Kootenay districts belong to the UBC-WKTEP Consortium, a Committee of Superintendents, the WKTEP Program Coordinators, Academic Advisor, and the Dean and Assistant Dean of UBC’s Faculty of Education
- This year, WKTEP has doubled its enrolment, with 55 new teacher candidates just beginning their year of teacher education at the UBC-Nelson campus and across the four Consortium districts
- As a way to get more exposure to rural teaching and also contribute to rural districts, the student teachers will begin their second year of a three-session “In Situ Learning” series
- This year, 15 SD 10 teachers have volunteered to host a small team of WKTEP teachers in their classrooms for three consecutive weeks
- In their in situ sessions, WKTEPers will do some initial observation and teach short activities as part of the annual Class Review Process, and assist in the fall Reading Assessments for grades K-9
- This work follows up on the recommendations of our 2016 Student Services review report to conduct class reviews, helps our teachers, and also assists the district with teacher recruitment
- Many thanks for the warm welcome to our teacher candidate colleagues from WKTEP!
- There is a keen interest in the WKTEP Consortium to place teacher candidates in schools across SD 10, enhancing the professional learning of early career and experienced teachers alike

13. Superintendent Invited to be on UBC External Advisory Board to the Dean of Education

- SD 10 Superintendent Terry Taylor has been asked to join the External Advisory Board to the Dean of Education at UBC
- Dean Blye Frank requested Ms. Taylor join the Board based on her contribution over the years to the West Kootenay Teacher Education Program Consortium of the 4 West Kootenay school districts and her leadership in working with Professor Emeritus Linda Farr Darling (Farr Darling and Taylor, *Becoming a History Education Teacher*, 2014, University of Toronto Press and Farr Darling and Taylor, *Handbook of Canadian research in initial teacher education*, 2015, Canadian Association for Teacher Education) and with current UBC-WKTEP Academic Advisor, Dr. Leyton Schnellert

14. Early Learning Transitions Conference – October 27, 2017

- We have received \$4,000 in funding to support TOC and travel costs for Kindergarten, pre-school and Strong Start to attend an innovative Early Years Transitions conference to be held in Creston
- Though in small-is-amazing SD 10, it is common practice that Kindergarten teachers work closely with Strong Start and pre-school educators, this is not the case across the province
- Maureen Dockendorf, Superintendent of the Early Years, and cross-appointed to the Ministry of Education and Office of the Early Years at MCFD is hosting the event
- This is an incredible opportunity to learn from other early learning educators in the province and to bring together our team
- David Sobel, the “guru” on Place-Conscious Learning, will also be doing a session at the Early Years conference on how this pedagogical framework situates in early learning