

Audited Financial Statements of

# **School District No. 10 (Arrow Lakes)**

June 30, 2016

# School District No. 10 (Arrow Lakes)

June 30, 2016

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# School District No. 10 (Arrow Lakes)

## MANAGEMENT REPORT

Version: 6753-6007-4025

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)

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Signature of the Chairperson of the Board of Education

Date Signed

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Signature of the Superintendent

Date Signed

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Signature of the Secretary Treasurer

Date Signed



KPMG LLP  
200 - 3200 Richter Street  
Kelowna BC V1W 5K9  
Canada  
Telephone (250) 979-7150  
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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, 2016, 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, 2016 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.



Chartered Professional Accountants

September 13, 2016

Kelowna, Canada

# School District No. 10 (Arrow Lakes)

## Statement of Financial Position

As at June 30, 2016

	2016 Actual	2015 Actual (Recast - Note 19)
	\$	\$
<b>Financial Assets</b>		
Cash and Cash Equivalents	859,101	1,195,273
Accounts Receivable		
Due from Province - Ministry of Education	21,503	16,535
Other (Note 3)	142,330	87,334
Portfolio Investments (Note 4)	2,125,733	2,077,037
<b>Total Financial Assets</b>	<b>3,148,667</b>	<b>3,376,179</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	704,821	684,615
Unearned Revenue (Note 6)	72,510	13,000
Deferred Revenue (Note 7)	234,832	249,794
Deferred Capital Revenue (Note 8)	5,833,701	5,013,207
Employee Future Benefits (Note 9)	176,612	165,606
<b>Total Liabilities</b>	<b>7,022,476</b>	<b>6,126,222</b>
<b>Net Financial Assets (Debt)</b>	<b>(3,873,809)</b>	<b>(2,750,043)</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 10)	8,660,355	7,914,872
Prepaid Expenses	47,007	43,647
<b>Total Non-Financial Assets</b>	<b>8,707,362</b>	<b>7,958,519</b>
<b>Accumulated Surplus (Deficit) (Note 16)</b>	<b>4,833,553</b>	<b>5,208,476</b>

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 of Operations  
Year Ended June 30, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual (Recast - Note 19)
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	7,623,605	<b>7,764,604</b>	7,587,688
Tuition	36,000	<b>63,800</b>	33,945
Other Revenue	208,672	<b>236,154</b>	187,057
Rentals and Leases	12,000	<b>4,221</b>	5,610
Investment Income	50,000	<b>52,276</b>	55,718
Amortization of Deferred Capital Revenue	339,943	<b>341,146</b>	336,848
<b>Total Revenue</b>	<u>8,270,220</u>	<u><b>8,462,201</b></u>	<u>8,206,866</u>
<b>Expenses (Note 15)</b>			
Instruction	6,190,358	<b>6,201,879</b>	5,670,717
District Administration	720,910	<b>679,622</b>	704,665
Operations and Maintenance	1,753,568	<b>1,590,172</b>	1,626,150
Transportation and Housing	263,393	<b>365,451</b>	335,115
<b>Total Expense</b>	<u>8,928,229</u>	<u><b>8,837,124</b></u>	<u>8,336,647</u>
<b>Surplus (Deficit) for the year</b>	<u>(658,009)</u>	<u><b>(374,923)</b></u>	<u>(129,781)</u>
<b>Accumulated Surplus (Deficit) from Operations, beginning of year</b>		<b>5,208,476</b>	5,338,257
<b>Accumulated Surplus (Deficit) from Operations, end of year</b>		<u><u><b>4,833,553</b></u></u>	<u>5,208,476</u>

**School District No. 10 (Arrow Lakes)**

## Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual (Recast - Note 19)
	\$	\$	\$
<b>Surplus (Deficit) for the year</b>	(658,009)	<b>(374,923)</b>	(129,781)
<b>Effect of change in Tangible Capital Assets</b>			
Acquisition of Tangible Capital Assets	(207,770)	<b>(1,234,586)</b>	(362,076)
Amortization of Tangible Capital Assets	499,406	<b>489,103</b>	487,525
<b>Total Effect of change in Tangible Capital Assets</b>	291,636	<b>(745,483)</b>	125,449
Acquisition of Prepaid Expenses		<b>(3,360)</b>	(10,090)
<b>Total Effect of change in Other Non-Financial Assets</b>	-	<b>(3,360)</b>	(10,090)
<b>(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)</b>	<u>(366,373)</u>	<b>(1,123,766)</b>	(14,422)
<b>Net Remeasurement Gains (Losses)</b>			
<b>(Increase) Decrease in Net Financial Assets (Debt)</b>		<b>(1,123,766)</b>	(14,422)
<b>Net Financial Assets (Debt), beginning of year</b>		<b>(2,750,043)</b>	(2,735,621)
<b>Net Financial Assets (Debt), end of year</b>		<b><u>(3,873,809)</u></b>	<u>(2,750,043)</u>



# School District No. 10 (Arrow Lakes)

Statement of Cash Flows  
Year Ended June 30, 2016

	2016 Actual	2015 Actual (Recast - Note 19)
	\$	\$
<b>Operating Transactions</b>		
Surplus (Deficit) for the year	(374,923)	(129,781)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(59,964)	10,981
Prepaid Expenses	(3,360)	(10,090)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	20,206	(45,544)
Unearned Revenue	59,510	1,000
Deferred Revenue	(14,962)	35,633
Employee Future Benefits	11,006	22,914
Amortization of Tangible Capital Assets	489,103	487,525
Amortization of Deferred Capital Revenue	(341,146)	(336,848)
<b>Total Operating Transactions</b>	<u>(214,530)</u>	<u>35,790</u>
<b>Capital Transactions</b>		
Tangible Capital Assets Purchased	(1,234,586)	(362,076)
<b>Total Capital Transactions</b>	<u>(1,234,586)</u>	<u>(362,076)</u>
<b>Financing Transactions</b>		
Capital Revenue Received	1,161,640	299,052
<b>Total Financing Transactions</b>	<u>1,161,640</u>	<u>299,052</u>
<b>Investing Transactions</b>		
Investments in Portfolio Investments	(48,696)	(26,738)
<b>Total Investing Transactions</b>	<u>(48,696)</u>	<u>(26,738)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(336,172)	(53,972)
<b>Cash and Cash Equivalents, beginning of year</b>	1,195,273	1,249,245
<b>Cash and Cash Equivalents, end of year</b>	<u>859,101</u>	<u>1,195,273</u>
<b>Cash and Cash Equivalents, end of year, is made up of:</b>		
Cash	859,101	1,195,273
	<u>859,101</u>	<u>1,195,273</u>

## School District No. 10 (Arrow Lakes)

Notes to Financial Statements  
Year Ended June 30, 2016

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### **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, 2016

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### 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, 2016

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### 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 (k).

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, 2019. The next valuation will be performed at March 31, 2019 for use at June 30, 2019. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

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

## School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2016

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### 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 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, 2016

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### 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, 2016

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### 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, 2016

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### 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, 2016 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, 2016

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### Note 3      Accounts Receivable – Other Receivables

	2016	2015
Due from Federal Government	\$ 50,859	\$ 24,490
Other	91,471	62,844
	<u>\$ 142,330</u>	<u>\$ 87,334</u>

### Note 4      Portfolio Investments

	2016	2015
Investments in the cost and amortized cost category:		
Term deposits	<u>\$ 2,125,733</u>	<u>\$ 2,077,037</u>

### Note 5      Accounts Payable and Accrued Liabilities - Other

	2016	2015
Trade payables	\$ 138,903	\$ 136,731
Salaries and benefits payable	474,586	459,583
Accrued vacation pay	91,332	88,301
	<u>\$ 704,821</u>	<u>\$ 684,615</u>

### Note 6      Unearned Revenue

	2016	2015
Balance, beginning of year	\$ 13,000	\$ 12,000
Increase: International student fees	135,978	34,945
Increase: Unearned revenue for services	11,532	-
Decrease: International student fees	(88,000)	(33,945)
	<u>\$ 72,510</u>	<u>\$ 13,000</u>

## School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2016

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### 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.

	2016	2015
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued Benefit Obligation – April 1	\$ 193,192	\$ 172,767
Service Cost	15,851	13,878
Interest Cost	4,525	5,863
Benefit Payments	(14,444)	(2,015)
Increase in obligation due to Plan Amendment	1,709	-
Actuarial Loss (Gain)	(78,253)	2,699
	<hr/>	<hr/>
Accrued Benefit Obligation – March 31	\$ 122,580	\$ 193,192
	<hr/>	<hr/>
<b>Reconciliation of Funded Status at End of Fiscal Year</b>		
Accrued Benefit Obligation – March 31	\$ (122,580)	\$ (193,192)
Employer Contributions After Measurement Date	-	-
Benefits Expense After Measurement Date	(3,104)	(5,094)
Unamortized Net Actuarial Loss (Gain)	(50,928)	32,680
	<hr/>	<hr/>
Accrued Benefit Asset (Liability) – June 30	\$ (176,612)	\$ (165,606)
	<hr/>	<hr/>

## School District No. 10 (Arrow Lakes)

Notes to Financial Statements  
Year Ended June 30, 2016

**Note 9**      **Employee Future Benefits** *(Continued)*

	2016	2015
<b>Reconciliation of Change in Accrued Benefit Liability</b>		
Accrued Benefit Liability – July 1	\$ 165,606	\$ 142,692
Net expense for Fiscal Year	25,450	24,929
Employer Contributions	(14,444)	(2,015)
	\$ 176,612	\$ 165,606
 <b>Components of Net Benefit Expense</b>		
Service Cost	\$ 14,217	\$ 14,372
Interest Cost	4,170	5,528
Immediate Recognition of Plan Amendment	1,709	-
Amortization of Net Actuarial (Gain)/Loss	5,354	5,029
	\$ 25,450	\$ 24,929

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

Discount Rate – April 1	2.25%	3.25%
Discount Rate – March 31	2.50%	2.25%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	7.9 years	8.3 years

## School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2016

### Note 10      Tangible Capital Assets

#### Net Book Value:

	Net Book Value 2016	Net Book Value 2015
Sites	\$ 362,514	\$ 362,514
Buildings	7,322,893	6,815,771
Furniture & Equipment	239,381	194,679
Vehicles	634,158	473,732
Computer Software	-	2,269
Computer Hardware	101,409	65,907
<b>Total</b>	<b>\$ 8,660,355</b>	<b>\$ 7,914,872</b>

#### 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
<b>Total</b>	<b>\$18,238,989</b>	<b>\$ 1,234,586</b>	<b>\$ 148,285</b>	<b>\$19,325,290</b>

	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
<b>Total</b>	<b>\$ 10,324,117</b>	<b>\$489,103</b>	<b>\$ 148,285</b>	<b>\$10,664,935</b>

**School District No. 10 (Arrow Lakes)**

Notes to Financial Statements

Year Ended June 30, 2016

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**Note 10      Tangible Capital Assets (Continued)**

**June 30, 2015**

	Opening Cost	Additions	Disposals	Total 2015
Sites	\$ 362,514	\$ -	\$ -	\$ 362,514
Buildings	16,022,920	338,279	-	16,361,199
Furniture & Equipment	347,104	-	35,476	311,628
Vehicles	1,098,960	-	14,122	1,084,838
Computer Software	11,337	-	-	11,337
Computer Hardware	101,957	23,797	18,281	107,473
<b>Total</b>	<b>\$17,944,792</b>	<b>\$ 362,076</b>	<b>\$ 67,879</b>	<b>\$18,238,989</b>

	Opening Accumulated Amortization	Additions	Disposals	Total 2015
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	9,225,167	320,261	-	9,545,428
Furniture & Equipment	117,715	34,710	35,476	116,949
Vehicles	515,332	109,896	14,122	611,106
Computer Software	6,801	2,267	-	9,068
Computer Hardware	39,456	20,391	18,281	41,566
<b>Total</b>	<b>\$9,904,471</b>	<b>\$ 487,525</b>	<b>\$ 67,879</b>	<b>\$10,324,117</b>

## School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2016

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### 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, 2014, the Teachers' Pension Plan has about 45,000 active members and approximately 35,000 retired members. As of December 31, 2014, the Municipal Pension Plan has about 185,000 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. Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

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

The School District paid \$693,157 for employer contributions to the plans for the year ended June 30, 2016 (2015: \$604,424)

## School District No. 10 (Arrow Lakes)

Notes to Financial Statements  
Year Ended June 30, 2016

### 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 30, 2015. An amended annual budget, which reflected minor adjustments in revenues and expenses, was adopted by the Board on February 23, 2016.

	2016 Annual Budget	Adjustments	2016 Amended Budget
Revenues:			
Provincial Grants – Ministry of Education	\$ 7,623,605	\$ 13,800	\$ 7,637,405
Tuition	36,000	26,500	62,500
Other Revenue	208,672	2,758	211,430
Rentals and Leases	12,000	(6,000)	6,000
Investment Income	50,000	8,100	58,100
Amortization of Deferred Capital Revenue	339,943	1,993	341,936
Total Revenue	8,270,220	47,151	8,317,371
Expenses:			
Instruction	6,190,358	155,918	6,346,276
District Administration	720,910	6,471	727,381
Operations and Maintenance	1,753,568	(124,875)	1,628,693
Transportation and Housing	263,393	71,933	335,326
Total Expenses	8,928,229	109,447	9,037,676
Deficit for the year	\$ (658,009)	\$ (62,296)	\$ (720,305)

## School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2016

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### 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, 2016 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 with an expiry date of June 30, 2017. The annual support and maintenance fee under this contract for the 2016-2017 fiscal year is \$31,382. After the expiry date, 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. If notice is not given 90 days prior to the expiry date of June 30, 2017, 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 \$58,772.

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

2017	\$ 58,772
2018	\$ 58,772
2019	\$ 2,184

### Note 15 Expense By Object

	2016	2015
Salaries and benefits	\$ 6,593,416	\$ 6,217,474
Services and supplies	1,754,605	1,607,459
Amortization	489,103	487,525
	<u>\$ 8,837,124</u>	<u>\$ 8,312,458</u>

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## School District No. 10 (Arrow Lakes)

Notes to Financial Statements  
Year Ended June 30, 2016

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### Note 16 Internally Restricted Surplus – Operating Fund

Internally Restricted (appropriated) by Board for:

Utilities, Equipment & Capital Projects	\$ 115,670	
Emergency	250,000	
Strategic Planning/School Reconfiguration	100,000	
Professional Learning	190,000	
Long Range Facilities Plan	100,000	
Board Scholarship	33,150	
Subtotal Internally Restricted		788,820
Unrestricted Operating Surplus		644,273
Total Available for Future Operations		<u>\$ 1,433,093</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, 2016

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### **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.

### **Note 19**      **Comparative Figures**

Certain balances of the comparative figures have been reclassified to conform with the current year's financial statement presentation.

# School District No. 10 (Arrow Lakes)

Schedule 1 (Unaudited)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2016 Actual	2015 Actual (Recast - Note 19)
	\$	\$	\$	\$	\$
<b>Accumulated Surplus (Deficit), beginning of year</b>	1,813,314		3,395,162	<b>5,208,476</b>	5,338,257
<b>Changes for the year</b>					
Surplus (Deficit) for the year	(262,359)	33,507	(146,071)	<b>(374,923)</b>	(129,781)
Interfund Transfers					
Tangible Capital Assets Purchased	(117,862)	(33,507)	151,369	-	
<b>Net Changes for the year</b>	<b>(380,221)</b>	-	<b>5,298</b>	<b>(374,923)</b>	<b>(129,781)</b>
<b>Accumulated Surplus (Deficit), end of year - Statement 2</b>	<b>1,433,093</b>	-	<b>3,400,460</b>	<b>4,833,553</b>	5,208,476

# School District No. 10 (Arrow Lakes)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2016

	2016 Budget (Note 13) \$	2016 Actual \$	2015 Actual (Recast - Note 19) \$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	7,195,076	<b>7,265,516</b>	7,149,979
Tuition	36,000	<b>63,800</b>	33,945
Other Revenue	8,672	<b>24,374</b>	26,562
Rentals and Leases	12,000	<b>4,221</b>	5,610
Investment Income	50,000	<b>50,390</b>	53,727
<b>Total Revenue</b>	<u>7,301,748</u>	<u><b>7,408,301</b></u>	<u>7,269,823</u>
<b>Expenses</b>			
Instruction	5,629,599	<b>5,558,781</b>	5,141,885
District Administration	720,910	<b>679,622</b>	704,665
Operations and Maintenance	1,254,162	<b>1,066,806</b>	1,114,436
Transportation and Housing	263,393	<b>365,451</b>	335,115
<b>Total Expense</b>	<u>7,868,064</u>	<u><b>7,670,660</b></u>	<u>7,296,101</u>
<b>Operating Surplus (Deficit) for the year</b>	<u>(566,316)</u>	<u><b>(262,359)</b></u>	<u>(26,278)</u>
<b>Budgeted Appropriation (Retirement) of Surplus (Deficit)</b>	<u>706,316</u>		
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	(140,000)	<b>(117,862)</b>	(23,797)
<b>Total Net Transfers</b>	<u>(140,000)</u>	<u><b>(117,862)</b></u>	<u>(23,797)</u>
<b>Total Operating Surplus (Deficit), for the year</b>	<u>-</u>	<u><b>(380,221)</b></u>	<u>(50,075)</u>
<b>Operating Surplus (Deficit), beginning of year</b>		<b>1,813,314</b>	1,863,389
<b>Operating Surplus (Deficit), end of year</b>		<u><b>1,433,093</b></u>	<u>1,813,314</u>
<b>Operating Surplus (Deficit), end of year</b>			
Internally Restricted		<b>788,820</b>	1,448,150
Unrestricted		<b>644,273</b>	365,164
<b>Total Operating Surplus (Deficit), end of year</b>		<u><b>1,433,093</b></u>	<u>1,813,314</u>

# School District No. 10 (Arrow Lakes)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual (Recast - Note 19)
	\$	\$	\$
<b>Provincial Grants - Ministry of Education</b>			
Operating Grant, Ministry of Education	7,154,516	<b>7,173,321</b>	7,166,920
Strike Savings Recovery			(181,303)
Other Ministry of Education Grants			
Labour Settlement Funding			98,887
Pay Equity	40,560	<b>40,560</b>	40,560
Economic Stability Dividend		<b>3,289</b>	
Foundation Skills Assessment		<b>4,348</b>	4,348
Carbon Tax		<b>9,898</b>	11,119
Education Guarantee			2,631
Skills Training Assessment		<b>5,000</b>	5,000
Teacher Benefit Levelling Up			1,817
Curriculum Implementation		<b>4,100</b>	
Shoulder Tapping		<b>25,000</b>	
<b>Total Provincial Grants - Ministry of Education</b>	<u>7,195,076</u>	<u><b>7,265,516</b></u>	<u>7,149,979</u>
<b>Tuition</b>			
Offshore Tuition Fees	36,000	<b>63,800</b>	33,945
<b>Total Tuition</b>	<u>36,000</u>	<u><b>63,800</b></u>	<u>33,945</u>
<b>Other Revenues</b>			
Other School District/Education Authorities		<b>2,000</b>	2,400
Miscellaneous			
ArtStart Grants	8,672	<b>7,430</b>	20,212
Donations		<b>12,944</b>	1,750
Growing Innovations		<b>2,000</b>	2,200
<b>Total Other Revenue</b>	<u>8,672</u>	<u><b>24,374</b></u>	<u>26,562</u>
<b>Rentals and Leases</b>	<u>12,000</u>	<u><b>4,221</b></u>	<u>5,610</u>
<b>Investment Income</b>	<u>50,000</u>	<u><b>50,390</b></u>	<u>53,727</u>
<b>Total Operating Revenue</b>	<u><u>7,301,748</u></u>	<u><u><b>7,408,301</b></u></u>	<u><u>7,269,823</u></u>

# School District No. 10 (Arrow Lakes)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual (Recast - Note 19)
	\$	\$	\$
<b>Salaries</b>			
Teachers	2,457,459	<b>2,551,179</b>	2,392,024
Principals and Vice Principals	687,245	<b>638,961</b>	553,675
Educational Assistants	384,753	<b>388,898</b>	369,329
Support Staff	725,729	<b>706,737</b>	725,638
Other Professionals	474,049	<b>506,727</b>	439,657
Substitutes	325,918	<b>196,167</b>	261,191
<b>Total Salaries</b>	<b>5,055,153</b>	<b>4,988,669</b>	<b>4,741,514</b>
<b>Employee Benefits</b>	<b>1,301,727</b>	<b>1,266,887</b>	<b>1,198,914</b>
<b>Total Salaries and Benefits</b>	<b>6,356,880</b>	<b>6,255,556</b>	<b>5,940,428</b>
<b>Services and Supplies</b>			
Services	468,322	<b>368,201</b>	456,151
Student Transportation	4,000	<b>2,400</b>	3,659
Professional Development and Travel	224,938	<b>248,733</b>	157,463
Rentals and Leases	350	<b>351</b>	367
Dues and Fees	14,500	<b>20,524</b>	22,874
Insurance	40,500	<b>30,080</b>	28,746
Supplies	507,974	<b>544,609</b>	479,231
Utilities	250,600	<b>200,206</b>	207,182
<b>Total Services and Supplies</b>	<b>1,511,184</b>	<b>1,415,104</b>	<b>1,355,673</b>
<b>Total Operating Expense</b>	<b>7,868,064</b>	<b>7,670,660</b>	<b>7,296,101</b>

# School District No. 10 (Arrow Lakes)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
<b>1 Instruction</b>							
1.02 Regular Instruction	2,311,267	294,196		100,182	19,341	107,838	2,832,824
1.03 Career Programs							-
1.07 Library Services				37,196			37,196
1.08 Counselling	34,222						34,222
1.10 Special Education	156,370	33,843	388,898			28,658	607,769
1.31 Aboriginal Education	39,157	5,641					44,798
1.41 School Administration		269,093		62,543			331,636
1.62 Offshore Students	10,163	24,907					35,070
1.64 Other							-
<b>Total Function 1</b>	<b>2,551,179</b>	<b>627,680</b>	<b>388,898</b>	<b>199,921</b>	<b>19,341</b>	<b>136,496</b>	<b>3,923,515</b>
<b>4 District Administration</b>							
4.11 Educational Administration		11,281			175,687		186,968
4.40 School District Governance					38,155		38,155
4.41 Business Administration					111,702		111,702
<b>Total Function 4</b>	<b>-</b>	<b>11,281</b>	<b>-</b>	<b>-</b>	<b>325,544</b>	<b>-</b>	<b>336,825</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration					75,262		75,262
5.50 Maintenance Operations				314,372	85,259	40,063	439,694
5.52 Maintenance of Grounds				18,298			18,298
5.56 Utilities							-
<b>Total Function 5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>332,670</b>	<b>160,521</b>	<b>40,063</b>	<b>533,254</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration					1,321		1,321
7.70 Student Transportation				174,146		19,608	193,754
<b>Total Function 7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,146</b>	<b>1,321</b>	<b>19,608</b>	<b>195,075</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>2,551,179</b>	<b>638,961</b>	<b>388,898</b>	<b>706,737</b>	<b>506,727</b>	<b>196,167</b>	<b>4,988,669</b>

# School District No. 10 (Arrow Lakes)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2016 Actual	2016 Budget (Note 13)	2015 Actual (Recast - Note 19)
	\$	\$	\$	\$	\$	\$	\$
<b>1 Instruction</b>							
1.02 Regular Instruction	2,832,824	745,042	3,577,866	470,693	4,048,559	4,066,433	3,685,841
1.03 Career Programs	-	-	-	1,094	1,094	3,400	1,758
1.07 Library Services	37,196	10,628	47,824	10,266	58,090	66,357	56,635
1.08 Counselling	34,222	9,799	44,021	425	44,446	30,019	27,639
1.10 Special Education	607,769	152,795	760,564	70,418	830,982	850,603	818,162
1.31 Aboriginal Education	44,798	11,759	56,557	21,118	77,675	66,920	83,520
1.41 School Administration	331,636	83,214	414,850	18,337	433,187	461,106	387,165
1.62 Offshore Students	35,070	8,946	44,016	20,732	64,748	63,856	69,381
1.64 Other	-	-	-	-	-	20,905	11,784
<b>Total Function 1</b>	<b>3,923,515</b>	<b>1,022,183</b>	<b>4,945,698</b>	<b>613,083</b>	<b>5,558,781</b>	<b>5,629,599</b>	<b>5,141,885</b>
<b>4 District Administration</b>							
4.11 Educational Administration	186,968	41,637	228,605	43,892	272,497	255,083	251,126
4.40 School District Governance	38,155	765	38,920	62,067	100,987	112,150	82,500
4.41 Business Administration	111,702	29,902	141,604	164,534	306,138	353,677	371,039
<b>Total Function 4</b>	<b>336,825</b>	<b>72,304</b>	<b>409,129</b>	<b>270,493</b>	<b>679,622</b>	<b>720,910</b>	<b>704,665</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration	75,262	17,328	92,590	9,814	102,404	107,881	104,232
5.50 Maintenance Operations	439,694	105,196	544,890	182,442	727,332	856,618	765,083
5.52 Maintenance of Grounds	18,298	5,182	23,480	13,384	36,864	39,063	37,939
5.56 Utilities	-	-	-	200,206	200,206	250,600	207,182
<b>Total Function 5</b>	<b>533,254</b>	<b>127,706</b>	<b>660,960</b>	<b>405,846</b>	<b>1,066,806</b>	<b>1,254,162</b>	<b>1,114,436</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration	1,321	291	1,612	-	1,612	1,594	1,589
7.70 Student Transportation	193,754	44,403	238,157	125,682	363,839	261,799	333,526
<b>Total Function 7</b>	<b>195,075</b>	<b>44,694</b>	<b>239,769</b>	<b>125,682</b>	<b>365,451</b>	<b>263,393</b>	<b>335,115</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>4,988,669</b>	<b>1,266,887</b>	<b>6,255,556</b>	<b>1,415,104</b>	<b>7,670,660</b>	<b>7,868,064</b>	<b>7,296,101</b>



# School District No. 10 (Arrow Lakes)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual (Recast - Note 19)
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	428,529	<b>499,088</b>	437,709
Other Revenue	200,000	<b>211,780</b>	160,495
Investment Income			144
<b>Total Revenue</b>	<u>628,529</u>	<u><b>710,868</b></u>	<u>598,348</u>
<b>Expenses</b>			
Instruction	560,759	<b>643,098</b>	528,832
Operations and Maintenance		<b>34,263</b>	24,189
<b>Total Expense</b>	<u>560,759</u>	<u><b>677,361</b></u>	<u>553,021</u>
<b>Special Purpose Surplus (Deficit) for the year</b>	<u>67,770</u>	<u><b>33,507</b></u>	<u>45,327</u>
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	(67,770)	<b>(33,507)</b>	(45,327)
<b>Total Net Transfers</b>	<u>(67,770)</u>	<u><b>(33,507)</b></u>	<u>(45,327)</u>
<b>Total Special Purpose Surplus (Deficit) for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special Purpose Surplus (Deficit), beginning of year</b>			
<b>Special Purpose Surplus (Deficit), end of year</b>		<u>-</u>	<u>-</u>

# School District No. 10 (Arrow Lakes)

Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2016

	Annual Facility Grant \$	Learning Improvement Fund \$	Special Education Equipment \$	School Generated Funds \$	Strong Start \$	Ready, Set, Learn \$	OLEP \$	Community- LINK \$	Service Delivery Transformation \$
<b>Deferred Revenue, beginning of year</b>		13,220	890	156,489	46,161	8,034			25,000
<b>Add:</b> Restricted Grants									
Provincial Grants - Ministry of Education	67,770	150,168	211		96,000	9,800	7,043	104,791	
Other				260,123					
	67,770	150,168	211	260,123	96,000	9,800	7,043	104,791	-
<b>Less:</b> Allocated to Revenue	67,770	163,388	1,101	211,780	137,161	17,834	7,043	104,791	-
<b>Deferred Revenue, end of year</b>	-	-	-	<b>204,832</b>	<b>5,000</b>	-	-	-	<b>25,000</b>
<b>Revenues</b>									
Provincial Grants - Ministry of Education	67,770	163,388	1,101		137,161	17,834	7,043	104,791	
Other Revenue				211,780					
	67,770	163,388	1,101	211,780	137,161	17,834	7,043	104,791	-
<b>Expenses</b>									
Salaries									
Teachers		104,371					5,502	68,805	
Educational Assistants		24,031			60,402				
	-	128,402	-	-	60,402	-	5,502	68,805	-
Employee Benefits		34,986			18,412		1,541	19,810	
Services and Supplies	34,263		1,101	211,780	58,347	17,834		16,176	
	34,263	163,388	1,101	211,780	137,161	17,834	7,043	104,791	-
<b>Net Revenue (Expense) before Interfund Transfers</b>	33,507	-	-	-	-	-	-	-	-
<b>Interfund Transfers</b>									
Tangible Capital Assets Purchased	(33,507)								
	(33,507)	-	-	-	-	-	-	-	-
<b>Net Revenue (Expense)</b>	-	-	-	-	-	-	-	-	-

# School District No. 10 (Arrow Lakes)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2016

Schedule 3A (Unaudited)

	<u>TOTAL</u>
	<u>\$</u>
<b>Deferred Revenue, beginning of year</b>	249,794
<b>Add:</b> Restricted Grants	
Provincial Grants - Ministry of Education	435,783
Other	260,123
	<u>695,906</u>
<b>Less:</b> Allocated to Revenue	710,868
<b>Deferred Revenue, end of year</b>	<u><u>234,832</u></u>
<b>Revenues</b>	
Provincial Grants - Ministry of Education	499,088
Other Revenue	211,780
	<u>710,868</u>
<b>Expenses</b>	
Salaries	
Teachers	178,678
Educational Assistants	84,433
	<u>263,111</u>
Employee Benefits	74,749
Services and Supplies	339,501
	<u>677,361</u>
<b>Net Revenue (Expense) before Interfund Transfers</b>	<u>33,507</u>
<b>Interfund Transfers</b>	
Tangible Capital Assets Purchased	<u>(33,507)</u>
	(33,507)
<b>Net Revenue (Expense)</b>	<u><u>-</u></u>

# School District No. 10 (Arrow Lakes)

Schedule 4 (Unaudited)

## Schedule of Capital Operations

Year Ended June 30, 2016

	2016	2016 Actual			2015
	Budget (Note 13)	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual (Recast - Note 19)
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Provincial Grants					
Investment Income			1,886	1,886	1,847
Amortization of Deferred Capital Revenue	339,943	341,146		341,146	336,848
<b>Total Revenue</b>	<u>339,943</u>	<u>341,146</u>	<u>1,886</u>	<u>343,032</u>	<u>338,695</u>
<b>Expenses</b>					
Amortization of Tangible Capital Assets					
Operations and Maintenance	499,406	489,103		489,103	487,525
<b>Total Expense</b>	<u>499,406</u>	<u>489,103</u>	<u>-</u>	<u>489,103</u>	<u>487,525</u>
<b>Capital Surplus (Deficit) for the year</b>	<u>(159,463)</u>	<u>(147,957)</u>	<u>1,886</u>	<u>(146,071)</u>	<u>(148,830)</u>
<b>Net Transfers (to) from other funds</b>					
Tangible Capital Assets Purchased	207,770	151,369		151,369	69,124
<b>Total Net Transfers</b>	<u>207,770</u>	<u>151,369</u>	<u>-</u>	<u>151,369</u>	<u>69,124</u>
<b>Total Capital Surplus (Deficit) for the year</b>	<u>48,307</u>	<u>3,412</u>	<u>1,886</u>	<u>5,298</u>	<u>(79,706)</u>
<b>Capital Surplus (Deficit), beginning of year</b>		<u>3,315,384</u>	<u>79,778</u>	<u>3,395,162</u>	<u>3,474,868</u>
<b>Capital Surplus (Deficit), end of year</b>		<u>3,318,796</u>	<u>81,664</u>	<u>3,400,460</u>	<u>3,395,162</u>

# School District No. 10 (Arrow Lakes)

Schedule 4A (Unaudited)

Tangible Capital Assets  
Year Ended June 30, 2016

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost, beginning of year</b>	362,514	16,361,199	311,628	1,084,838	11,337	107,473	<b>18,238,989</b>
<b>Changes for the Year</b>							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		814,307		268,910			<b>1,083,217</b>
Operating Fund			75,865			41,997	<b>117,862</b>
Special Purpose Funds		18,507				15,000	<b>33,507</b>
	-	832,814	75,865	268,910	-	56,997	<b>1,234,586</b>
Decrease:							
Deemed Disposals			5,459	131,489	11,337		<b>148,285</b>
	-	-	5,459	131,489	11,337	-	<b>148,285</b>
<b>Cost, end of year</b>	362,514	17,194,013	382,034	1,222,259	-	164,470	<b>19,325,290</b>
<b>Work in Progress, end of year</b>							-
<b>Cost and Work in Progress, end of year</b>	362,514	17,194,013	382,034	1,222,259	-	164,470	<b>19,325,290</b>
<b>Accumulated Amortization, beginning of year</b>		9,545,428	116,949	611,106	9,068	41,566	<b>10,324,117</b>
<b>Changes for the Year</b>							
Increase: Amortization for the Year		325,692	31,163	108,484	2,269	21,495	<b>489,103</b>
Decrease:							
Deemed Disposals			5,459	131,489	11,337		<b>148,285</b>
			5,459	131,489	11,337	-	<b>148,285</b>
<b>Accumulated Amortization, end of year</b>		9,871,120	142,653	588,101	-	63,061	<b>10,664,935</b>
<b>Tangible Capital Assets - Net</b>	<b>362,514</b>	<b>7,322,893</b>	<b>239,381</b>	<b>634,158</b>	<b>-</b>	<b>101,409</b>	<b>8,660,355</b>

# School District No. 10 (Arrow Lakes)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2016

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
<b>Deferred Capital Revenue, beginning of year</b>	\$ 4,712,840	\$	\$ 31,605	\$ 4,744,445
<b>Changes for the Year</b>				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,083,217			1,083,217
	1,083,217	-	-	1,083,217
Decrease:				
Amortization of Deferred Capital Revenue	340,356		790	341,146
	340,356	-	790	341,146
<b>Net Changes for the Year</b>	742,861	-	(790)	742,071
<b>Deferred Capital Revenue, end of year</b>	5,455,701	-	30,815	5,486,516
<b>Work in Progress, beginning of year</b>				-
<b>Changes for the Year</b>				
<b>Net Changes for the Year</b>	-	-	-	-
<b>Work in Progress, end of year</b>	-	-	-	-
<b>Total Deferred Capital Revenue, end of year</b>	5,455,701	-	30,815	5,486,516

# School District No. 10 (Arrow Lakes)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2016

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
<b>Balance, beginning of year</b>	\$ 5,349	\$ 263,413	\$	\$	\$	\$ 268,762
<b>Changes for the Year</b>						
Increase:						
Provincial Grants - Ministry of Education	1,154,454					1,154,454
Investment Income	958	6,228				7,186
	1,155,412	6,228	-	-	-	1,161,640
Decrease:						
Transferred to DCR - Capital Additions	1,083,217					1,083,217
	1,083,217	-	-	-	-	1,083,217
<b>Net Changes for the Year</b>	72,195	6,228	-	-	-	78,423
<b>Balance, end of year</b>	<b>77,544</b>	<b>269,641</b>	-	-	-	<b>347,185</b>