



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

MINUTES

School Board Office

Date: Tuesday September 18, 2018
7:00 pm

PRESENT

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

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

OTHERS: D. Bond – KPMG

1. CALL TO ORDER:

L. Brekke called the meeting to order at 7:12 pm.

Acknowledgement of Territory:

I wish to acknowledge the ancestral, traditional and unceded Aboriginal territories of the Interior Salish Peoples, and in particular, the Sinixt on whose territory we work, live and play, the Okanagan Band to the West, the Shuswap to the North and the Ktunaxa to the East.

2. ADOPTION OF AGENDA:

Moved by R. Farrell, seconded by M. Teindl that the agenda be adopted as presented.

CARRIED

3. ADOPTION OF MINUTES:

Moved by M. Teindl, seconded by R. Farrell that the Board of Education for School District 10 (Arrow Lakes) adopt the minutes of the Regular Meeting June 12, 2018.

CARRIED

Moved by Q. De Courcy, seconded by R. Farrell that the Board of Education for School District 10 (Arrow Lakes) adopt the minutes of the Special Regular Meeting June 27, 2018.

CARRIED

4. PRESENTATIONS

Nil

5. DISPOSITION OF PREVIOUS PRESENTATIONS

Nil

6. FINANCIAL UPDATE: (S.Woolf)

- a) KPMG – Dave Bond – Audited Year End Financials

Dave Bond of KPMG presented an overview of the 2017-2018 Audited Financials and the Audit Findings Report.

Moved by R. Farrell, seconded by Q. De Courcy that the Board of Education for School District 10 (Arrow Lakes) approve the 2017-2018 Audited Financial Statements as prepared by Shelly Woolf, Assistant Secretary Treasurer and as attached.

CARRIED

Moved by M. Teindl, seconded by J. Struck that the Board of Education for School District 10 (Arrow Lakes) approve the 2017-2018 Audit Findings Report as prepared and presented by KPMG.

CARRIED

7. QUESTIONS REGARDING FINANCIAL

Nil

8. REPORTS

- a) **Chairperson:**

- Report attached

- b) **Education Partnership Committee**

No report

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

- i) Southern Zone (Q. De Courcy)

No report

- ii) Nakusp Elementary School (J. Struck)

- September 19, 2018 PAC Meeting

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

- Report attached

- iv) Nakusp Secondary School (M. Teindl)

- September 26, 2018 PAC Meeting

- v) District Parent Advisory Council

No Report

- vi) CUPE/Board Liaison (M. Teindl)
 - Learning Improvement Fund (LIF) Plan
 - Professional development day plans
 - Updated Seniority List
 - Casual Call Out List
 - Monthly meeting dates
- vii) ALTA/Board Liaison Meeting (Q. De Courcy)
 - Enrolment update
 - Curriculum support day September 21st, 2018
 - Updated Seniority List
 - Teacher on Call (TOC) List
 - New teacher orientation day September 25th, 2018
- viii) Occupational Health and Safety Committee
No report
- ix) Chamber of Commerce
 - Nakusp: No report
 - New Denver/Silverton: No report
- x) Strong Start Centres
 - Reports from all centres attached
- xi) Arrow Lakes Aboriginal Educational Advisory Council
No report
- d) Branch / BCSTA / BCPSEA
 - i) Branch: Report attached
 - ii) BCSTA: Report attached
 - iii) BCPSEA: No report
- e) Superintendent/Secretary-Treasurer: (T. Taylor)
 - i) Report attached

9. OLD BUSINESS:

- a) 2018 Board Elections - Nominations Update
- b) Oath of Office

A Special Regular Meeting will be held November 5th for the Board of Education Trustees to take their Oath of Office.

10. NEW BUSINESS:

- a) Southern Zone PAC

Moved by J. Struck, seconded by R. Farrell that the Board of Education for School District 10 (Arrow Lakes) recognize the following School Parent Advisory Councils for the Southern Zone Schools:

**Edgewood Elementary School PAC – Edgewood Elementary School
Burton Elementary School PAC – Burton Elementary School**

CARRIED

- b) Community Use of School and District Facilities Protocol - Proposed Changes

The Board would like to review a more comprehensive Fee Schedule based on the various types of users. This item will be reviewed at the October Regular Meeting.

- c) 2018-2019 Board Meeting Locations

The Board deferred this item to the November Regular Meeting.

11. NEXT MEETING DATES:

- | | | | |
|----|--|---------------------------|--------|
| a) | Education Partnership Committee Meeting: | Tuesday October 16, 2018 | 6:00pm |
| b) | Regular Meeting of the Board: | Tuesday, October 16, 2018 | 7:00pm |
| c) | Special Regular Meeting of the Board | November 5, 2018 | TBD |

12. QUESTIONS FROM PUBLIC:

Nil

13. ADJOURNMENT:

R. Farrell adjourned the meeting at 9:15pm.

L. Brekke
Chairperson

T. Taylor
Superintendent/Secretary-Treasurer

Audited Financial Statements of

School District No. 10 (Arrow Lakes)

June 30, 2018

School District No. 10 (Arrow Lakes)

June 30, 2018

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School District No. 10 (Arrow Lakes)

MANAGEMENT REPORT

Version: 3721-2975-9993

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, 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, 2018, the statements 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, 2018 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 18, 2018

Kelowna, Canada

DRAFT

School District No. 10 (Arrow Lakes)

Statement 1

Statement of Financial Position

As at June 30, 2018

	2018 Actual	2017 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	992,281	1,304,027
Accounts Receivable		
Due from Province - Ministry of Education	-	11,276
Other (Note 3)	108,750	106,375
Portfolio Investments (Note 4)	1,952,901	1,914,814
Total Financial Assets	3,053,932	3,336,492
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	734,392	712,213
Unearned Revenue (Note 6)	19,555	-
Deferred Revenue (Note 7)	176,365	248,323
Deferred Capital Revenue (Note 8)	7,047,953	6,610,949
Employee Future Benefits (Note 9)	146,908	167,983
Total Liabilities	8,125,173	7,739,468
Net Financial Assets (Debt)	(5,071,241)	(4,402,976)
Non-Financial Assets		
Tangible Capital Assets (Note 10)	9,777,520	9,224,932
Prepaid Expenses	61,534	49,745
Total Non-Financial Assets	9,839,054	9,274,677
Accumulated Surplus (Deficit) (Note 16)	4,767,813	4,871,701

Contractual Obligations (Note 14)

Contingent Liabilities (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, 2018

	2018 Budget (Note 13) \$	2018 Actual \$	2017 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	7,715,449	7,606,489	7,756,515
Other	18,000	18,000	19,500
Tuition			25,500
Other Revenue	210,000	271,501	271,344
Rentals and Leases	6,000	4,822	4,694
Investment Income	41,600	45,837	43,160
Amortization of Deferred Capital Revenue	401,090	406,353	372,217
Total Revenue	8,392,139	8,353,002	8,492,930
Expenses (Note 15)			
Instruction	5,987,759	5,671,845	5,709,738
District Administration	764,143	735,879	693,330
Operations and Maintenance	1,564,340	1,491,964	1,551,580
Transportation and Housing	507,908	557,202	500,134
Total Expense	8,824,150	8,456,890	8,454,782
Surplus (Deficit) for the year	(432,011)	(103,888)	38,148
Accumulated Surplus (Deficit) from Operations, beginning of year		4,871,701	4,833,553
Accumulated Surplus (Deficit) from Operations, end of year		4,767,813	4,871,701

School District No. 10 (Arrow Lakes)

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2018

	2018 Budget (Note 13) \$	2018 Actual \$	2017 Actual \$
Surplus (Deficit) for the year	<u>(432,011)</u>	<u>(103,888)</u>	<u>38,148</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(786,094)	(1,118,317)	(1,101,386)
Amortization of Tangible Capital Assets	562,509	565,729	536,809
Total Effect of change in Tangible Capital Assets	<u>(223,585)</u>	<u>(552,588)</u>	<u>(564,577)</u>
Acquisition of Prepaid Expenses		(61,534)	(49,745)
Use of Prepaid Expenses		49,745	47,007
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(11,789)</u>	<u>(2,738)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(655,596)</u>	<u>(668,265)</u>	<u>(529,167)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(668,265)</u>	<u>(529,167)</u>
Net Financial Assets (Debt), beginning of year		<u>(4,402,976)</u>	<u>(3,873,809)</u>
Net Financial Assets (Debt), end of year		<u>(5,071,241)</u>	<u>(4,402,976)</u>

School District No. 10 (Arrow Lakes)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2018

	2018 Actual	2017 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(103,888)	38,148
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	8,901	46,182
Prepaid Expenses	(11,789)	(2,738)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	22,179	7,392
Unearned Revenue	19,555	(72,510)
Deferred Revenue	(71,958)	13,491
Employee Future Benefits	(21,075)	(8,629)
Amortization of Tangible Capital Assets	565,729	536,809
Amortization of Deferred Capital Revenue	(406,353)	(372,217)
Total Operating Transactions	1,301	185,928
Capital Transactions		
Tangible Capital Assets Purchased	(1,118,317)	(1,101,386)
Total Capital Transactions	(1,118,317)	(1,101,386)
Financing Transactions		
Capital Revenue Received	843,357	1,149,465
Total Financing Transactions	843,357	1,149,465
Investing Transactions		
Investments in Portfolio Investments	(38,087)	210,919
Total Investing Transactions	(38,087)	210,919
Net Increase (Decrease) in Cash and Cash Equivalents	(311,746)	444,926
Cash and Cash Equivalents, beginning of year	1,304,027	859,101
Cash and Cash Equivalents, end of year	992,281	1,304,027
Cash and Cash Equivalents, end of year, is made up of:		
Cash	992,281	1,304,027
	992,281	1,304,027

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2018

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, 2018

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, 2018

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, 2018. 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, 2018

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, 2018

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 is 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, 2018

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, 2018

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, 2018 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, 2018

Note 3 Accounts Receivable – Other Receivables

	2018	2017
Due from Federal Government	\$ 34,958	\$ 37,517
Other	73,792	68,858
	<u>\$ 108,750</u>	<u>\$ 106,375</u>

Note 4 Portfolio Investments

	2018	2017
Investments in the cost and amortized cost category:		
Term deposits, interest at 1.6% to 2.45%	\$ 1,952,901	\$ 1,914,814
	<u>\$ 1,952,901</u>	<u>\$ 1,914,814</u>

Note 5 Accounts Payable and Accrued Liabilities - Other

	2018	2017
Trade payables	\$ 130,437	\$ 176,778
Salaries and benefits payable	543,520	434,307
Accrued vacation pay	60,435	101,128
	<u>\$734,392</u>	<u>\$ 712,213</u>

Note 6 Unearned Revenue

	2018	2017
Balance, beginning of year	\$ -	\$ 72,510
Increase: International student fees	-	18,494
Increase: Unearned revenue for services	19,555	-
Decrease: International student fees	-	(79,472)
Decrease: Unearned revenue for services	-	(11,532)
	<u>\$ 19,555</u>	<u>\$ -</u>

School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2018

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.

	2018	2017
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 117,577	\$ 122,580
Service Cost	9,293	9,314
Interest Cost	3,275	3,104
Benefit Payments	(4,978)	(16,533)
Increase in obligation due to Plan Amendment	-	-
Actuarial Loss (Gain)	(10,870)	(888)
	<hr/>	<hr/>
Accrued Benefit Obligation – March 31	\$ 114,297	\$ 117,577
	<hr/>	<hr/>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ (114,297)	\$ (117,577)
Employer Contributions After Measurement Date	23,949	-
Benefits Expense After Measurement Date	(3,090)	(3,142)
Unamortized Net Actuarial Loss (Gain)	(53,470)	(47,264)
	<hr/>	<hr/>
Accrued Benefit Asset (Liability) – June 30	\$ (146,908)	\$ (167,983)
	<hr/>	<hr/>

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2018

Note 9 Employee Future Benefits (Continued)

	2018	2017
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 167,983	\$ 176,612
Net expense for Fiscal Year	7,853	7,904
Employer Contributions	(28,927)	(16,533)
	<hr/>	<hr/>
Accrued Benefit Liability – June 30	\$ 146,908	\$ 167,983
	<hr/>	<hr/>
Components of Net Benefit Expense		
Service Cost	\$ 9,268	\$ 9,309
Interest Cost	3,248	3,146
Immediate Recognition of Plan Amendment	-	-
Amortization of Net Actuarial (Gain)/Loss	(4,664)	(4,551)
	<hr/>	<hr/>
Net Benefit Expense (Income)	\$ 7,853	\$ 7,904
	<hr/>	<hr/>

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

Discount Rate – April 1	2.75%	2.50%
Discount Rate – March 31	2.75%	2.75%
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, 2018

Note 10 Tangible Capital Assets

Net Book Value

	Net Book Value 2018	Net Book Value 2017
Sites	\$ 362,514	\$ 362,514
Buildings	8,286,815	7,879,621
Furniture & Equipment	451,169	228,643
Vehicles	561,396	666,840
Computer Hardware	115,626	87,314
Total	\$ 9,777,520	\$ 9,224,932

June 30, 2018

	Opening Cost	Additions	Disposals	Total 2018
Sites	\$ 362,514	\$ -	\$ -	\$ 362,514
Buildings	18,094,227	770,160	-	18,864,387
Furniture & Equipment	385,008	261,027	30,225	615,810
Vehicles	1,357,030	30,259	382,453	1,004,836
Computer Hardware	142,795	56,871	43,202	156,464
Total	\$20,341,574	\$ 1,118,317	\$ 455,880	\$21,004,011

	Opening Accumulated Amortization	Additions	Disposals	Total 2018
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	10,214,606	362,966	-	10,577,572
Furniture & Equipment	156,365	38,501	30,225	164,641
Vehicles	690,190	135,703	382,453	443,440
Computer Hardware	55,481	28,559	43,202	40,838
Total	\$ 11,116,642	\$ 565,729	\$ 455,880	\$11,226,491

School District No. 10 (Arrow Lakes)

Notes to Financial Statements

Year Ended June 30, 2018

Note 10 Tangible Capital Assets (Continued)

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, 2018

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 46,000 active members and approximately 38,000 retired members. As of December 31, 2017, the Municipal Pension Plan has about 197,000 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 \$596,951 for employer contributions to the plans for the year ended June 30, 2018 (2017: \$581,408)

The next valuation for the Teachers' Pension Plan was 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, 2018

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 May 2, 2017. An amended annual budget, which reflected adjustments in revenues and expenses, was adopted by the Board on February 20, 2018.

	2018 Annual Budget	Adjustments	2018 Amended Budget
Revenues:			
Provincial Grants – Ministry of Education	\$ 7,715,449	\$ (147,903)	\$ 7,567,546
Provincial Grants - Other	18,000	-	18,000
Other Revenue	210,000	69,737	279,737
Rentals and Leases	6,000	-	6,000
Investment Income	41,600	-	41,500
Amortization of Deferred Capital Revenue	401,090		401,090
		-	
Total Revenue	8,392,139	(78,166)	8,313,973
Expenses:			
Instruction	5,987,759	(304,179)	5,683,580
District Administration	764,143	36,919	801,062
Operations and Maintenance	1,564,340	2	1,564,342
Transportation and Housing	507,908	2,755	510,663
Total Expenses	8,824,150	(264,503)	8,559,647
Deficit for the year	\$ (432,011)	\$ 186,337	\$ (245,674)

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2018

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 any liability for asbestos removal or disposal will be recognized in the period in which it is incurred. As at June 30, 2018 this 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, 2018 and the annual support and maintenance fee for the 2018-2019 fiscal year will be \$41,367.

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 year is \$2,184.

Note 15 Expense by Object

	2018	2017
Salaries and benefits	\$ 6,267,720	\$ 6,229,509
Services and supplies	1,623,441	1,688,464
Amortization	565,729	536,809
	<u>\$ 8,456,890</u>	<u>\$ 8,454,782</u>

School District No. 10 (Arrow Lakes)

Notes to Financial Statements
Year Ended June 30, 2018

Note 16 Internally Restricted Surplus – Operating Fund

Internally Restricted (appropriated) by Board for:

Utilities, Equipment & Capital Projects	\$ 305,500	
Emergency	250,000	
Professional Learning	90,000	
Financial Software Transition	100,000	
Strategic Plan Goals/School Configuration	100,000	
Long Range Facilities Plan	100,000	
Board Scholarship	30,000	
	<hr/>	
Subtotal Internally Restricted		975,500
Unrestricted Operating Surplus		478,413
Total Available for Future Operations		<hr/> <hr/>
		\$ 1,453,913

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, 2018

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, 2018

	Operating Fund	Special Purpose Fund	Capital Fund	2018 Actual	2017 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	1,559,621		3,312,080	4,871,701	4,833,553
Changes for the year					
Surplus (Deficit) for the year	(3,316)	57,138	(157,710)	(103,888)	38,148
Interfund Transfers					
Tangible Capital Assets Purchased	(102,392)	(57,138)	159,530	-	
Net Changes for the year	(105,708)	-	1,820	(103,888)	38,148
Accumulated Surplus (Deficit), end of year - Statement 2	1,453,913	-	3,313,900	4,767,813	4,871,701

School District No. 10 (Arrow Lakes)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2018

	2018 Budget (Note 13) \$	2018 Actual \$	2017 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	7,020,461	7,047,608	7,253,927
Other	18,000	18,000	19,500
Tuition			25,500
Other Revenue		38,972	40,623
Rentals and Leases	6,000	4,822	4,694
Investment Income	40,000	44,171	41,500
Total Revenue	<u>7,084,461</u>	<u>7,153,573</u>	<u>7,385,744</u>
Expenses			
Instruction	5,139,909	4,937,573	5,044,199
District Administration	764,143	735,879	693,330
Operations and Maintenance	1,140,491	1,061,938	1,097,554
Transportation and Housing	369,248	421,499	377,908
Total Expense	<u>7,413,791</u>	<u>7,156,889</u>	<u>7,212,991</u>
Operating Surplus (Deficit) for the year	<u>(329,330)</u>	<u>(3,316)</u>	<u>172,753</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>329,330</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(102,392)	(46,225)
Total Net Transfers	<u>-</u>	<u>(102,392)</u>	<u>(46,225)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(105,708)</u>	<u>126,528</u>
Operating Surplus (Deficit), beginning of year		1,559,621	1,433,093
Operating Surplus (Deficit), end of year		<u>1,453,913</u>	<u>1,559,621</u>
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 16)		975,500	997,603
Unrestricted		478,413	562,018
Total Operating Surplus (Deficit), end of year		<u>1,453,913</u>	<u>1,559,621</u>

School District No. 10 (Arrow Lakes)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2018

	2018 Budget (Note 13)	2018 Actual	2017 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	7,020,461	6,887,577	7,067,546
Other Ministry of Education Grants			
Pay Equity		40,560	40,560
Funding for Graduated Adults		-	856
Transportation Supplement		42,675	42,675
Economic Stability Dividend		2,633	2,389
Return of Administrative Savings		36,091	36,091
Carbon Tax Grant		10,399	10,113
Student Learning Grant			22,103
Foundation Skills Assessment		4,094	4,094
Shoulder Tappers Grant		17,079	17,500
Regional Outreach		-	10,000
Skills Access Grant		5,000	
MyEd Grant		1,500	
Total Provincial Grants - Ministry of Education	<u>7,020,461</u>	<u>7,047,608</u>	<u>7,253,927</u>
Provincial Grants - Other	<u>18,000</u>	<u>18,000</u>	<u>19,500</u>
Tuition			
International and Out of Province Students	-	-	25,500
Total Tuition	<u>-</u>	<u>-</u>	<u>25,500</u>
Other Revenues			
Miscellaneous			
Art Start Grants		5,450	15,600
Donations		3,900	2,470
Growing Innovations		1,000	1,000
Sale of Assets		12,845	21,553
School District 5		1,000	-
District Entered		14,777	
Total Other Revenue	<u>-</u>	<u>38,972</u>	<u>40,623</u>
Rentals and Leases	<u>6,000</u>	<u>4,822</u>	<u>4,694</u>
Investment Income	<u>40,000</u>	<u>44,171</u>	<u>41,500</u>
Total Operating Revenue	<u><u>7,084,461</u></u>	<u><u>7,153,573</u></u>	<u><u>7,385,744</u></u>

School District No. 10 (Arrow Lakes)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2018

	2018 Budget (Note 13) \$	2018 Actual \$	2017 Actual \$
Salaries			
Teachers	2,398,461	2,403,816	2,357,645
Principals and Vice Principals	589,240	570,308	591,678
Educational Assistants	398,604	389,681	346,124
Support Staff	684,364	720,651	680,264
Other Professionals	555,026	553,989	554,172
Substitutes	153,379	147,499	220,329
Total Salaries	4,779,074	4,785,944	4,750,212
Employee Benefits	1,257,697	1,139,914	1,101,650
Total Salaries and Benefits	6,036,771	5,925,858	5,851,862
Services and Supplies			
Services	385,338	285,585	348,787
Student Transportation	-	25,136	4,853
Professional Development and Travel	248,858	214,412	273,780
Rentals and Leases	350	243	259
Dues and Fees	22,000	14,090	16,508
Insurance	38,451	25,070	35,490
Interest	-	-	-
Supplies	466,593	447,190	451,384
Utilities	215,430	219,305	230,068
Total Services and Supplies	1,377,020	1,231,031	1,361,129
Total Operating Expense	7,413,791	7,156,889	7,212,991

School District No. 10 (Arrow Lakes)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

	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	2,149,252	228,923		88,903		103,026	2,570,104
1.03 Career Programs							-
1.07 Library Services				9,987			9,987
1.08 Counselling	92,170						92,170
1.10 Special Education	136,310	44,527	373,712				554,549
1.30 English Language Learning							-
1.31 Aboriginal Education	26,084	5,316	15,969				47,369
1.41 School Administration		278,100		66,664			344,764
1.60 Summer School							-
1.61 Continuing Education							-
1.62 International and Out of Province Students							-
Total Function 1	2,403,816	556,866	389,681	165,554	-	103,026	3,618,943
4 District Administration							
4.11 Educational Administration		13,442			189,430		202,872
4.40 School District Governance					55,890		55,890
4.41 Business Administration					-	140,254	140,254
Total Function 4	-	13,442	-	-	385,574	-	399,016
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration					74,519		74,519
5.50 Maintenance Operations				345,609	74,586	29,832	450,027
5.52 Maintenance of Grounds				18,983			18,983
5.56 Utilities							-
Total Function 5	-	-	-	364,592	149,105	29,832	543,529
7 Transportation and Housing							
7.41 Transportation and Housing Administration					19,310		19,310
7.70 Student Transportation				190,505		14,641	205,146
Total Function 7	-	-	-	190,505	19,310	14,641	224,456
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	2,403,816	570,308	389,681	720,651	553,989	147,499	4,785,944

School District No. 10 (Arrow Lakes)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2018 Actual	2018 Budget (Note 13)	2017 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	2,570,104	621,504	3,191,608	284,901	3,476,509	3,649,630	3,637,368
1.03 Career Programs	-	-	-	15,354	15,354	6,975	6,549
1.07 Library Services	9,987	3,092	13,079	14,646	27,725	29,746	57,635
1.08 Counselling	92,170	21,612	113,782	1,308	115,090	79,029	86,896
1.10 Special Education	554,549	148,841	703,390	77,694	781,084	863,519	765,208
1.30 English Language Learning	-	-	-	-	-	-	-
1.31 Aboriginal Education	47,369	7,808	55,177	22,463	77,640	66,550	73,200
1.41 School Administration	344,764	80,020	424,784	19,387	444,171	444,460	397,043
1.60 Summer School	-	-	-	-	-	-	-
1.61 Continuing Education	-	-	-	-	-	-	-
1.62 International and Out of Province Students	-	-	-	-	-	-	20,300
Total Function 1	3,618,943	882,877	4,501,820	435,753	4,937,573	5,139,909	5,044,199
4 District Administration							
4.11 Educational Administration	202,872	40,761	243,633	28,562	272,195	298,925	272,700
4.40 School District Governance	55,890	821	56,711	33,238	89,949	102,930	88,117
4.41 Business Administration	140,254	33,786	174,040	199,695	373,735	362,288	332,513
Total Function 4	399,016	75,368	474,384	261,495	735,879	764,143	693,330
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	74,519	18,132	92,651	5,335	97,986	99,924	100,892
5.50 Maintenance Operations	450,027	105,322	555,349	146,510	701,859	785,462	707,409
5.52 Maintenance of Grounds	18,983	5,145	24,128	18,660	42,788	39,675	39,247
5.56 Utilities	-	-	-	219,305	219,305	215,430	250,006
Total Function 5	543,529	128,599	672,128	389,810	1,061,938	1,140,491	1,097,554
7 Transportation and Housing							
7.41 Transportation and Housing Administration	19,310	3,960	23,270	-	23,270	22,882	21,438
7.70 Student Transportation	205,146	49,110	254,256	143,973	398,229	346,366	356,470
Total Function 7	224,456	53,070	277,526	143,973	421,499	369,248	377,908
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	4,785,944	1,139,914	5,925,858	1,231,031	7,156,889	7,413,791	7,212,991

School District No. 10 (Arrow Lakes)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2018

	2018 Budget (Note 13) \$	2018 Actual \$	2017 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	694,988	558,881	502,588
Other Revenue	210,000	232,529	230,721
Total Revenue	<u>904,988</u>	<u>791,410</u>	<u>733,309</u>
Expenses			
Instruction	847,850	734,272	665,539
Operations and Maintenance	-	-	39,443
Total Expense	<u>847,850</u>	<u>734,272</u>	<u>704,982</u>
Special Purpose Surplus (Deficit) for the year	<u>57,138</u>	<u>57,138</u>	<u>28,327</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(57,138)	(57,138)	(28,327)
Total Net Transfers	<u>(57,138)</u>	<u>(57,138)</u>	<u>(28,327)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 10 (Arrow Lakes)
 Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2018

	Annual Facility Grant	Learning Improvement Fund	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Coding and Curriculum Implementation	Priority Measures	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year			187,224					29,563	31,536			248,323
Add: Restricted Grants												
Provincial Grants - Ministry of Education	62,454	27,823		96,000	12,250	7,043	104,964	-		61,925	125,323	497,782
Other			221,670									221,670
	62,454	27,823	221,670	96,000	12,250	7,043	104,964	-	-	61,925	125,323	719,452
Less: Allocated to Revenue	62,454	27,823	232,529	96,000	12,250	7,043	104,964	29,563	31,536	61,925	125,323	791,410
Deferred Revenue, end of year	-	-	176,365	-	-	-	-	-	-	-	-	176,365
Revenues												
Provincial Grants - Ministry of Education	62,454	27,823		96,000	12,250	7,043	104,964	29,563	31,536	61,925	125,323	558,881
Other Revenue			232,529									232,529
	62,454	27,823	232,529	96,000	12,250	7,043	104,964	29,563	31,536	61,925	125,323	791,410
Expenses												
Salaries												
Teachers						1,648	35,824	1,199	24,832		100,462	163,965
Educational Assistants		21,569		56,934						28,685		107,188
	-	21,569	-	56,934	-	1,648	35,824	1,199	24,832	28,685	100,462	271,153
Employee Benefits	-	6,254		21,732		445	8,025	87	6,704	2,601	24,861	70,709
Services and Supplies	5,316		232,529	17,334	12,250	4,950	61,115	28,277		30,639		392,410
	5,316	27,823	232,529	96,000	12,250	7,043	104,964	29,563	31,536	61,925	125,323	734,272
Net Revenue (Expense) before Interfund Transfers	57,138	-	-	-	-	-	-	-	-	-	-	57,138
Interfund Transfers												
Tangible Capital Assets Purchased	(57,138)											(57,138)
	(57,138)											(57,138)
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-	-	-	-

School District No. 10 (Arrow Lakes)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2018

	2018 Budget (Note 13)	2018 Actual			2017 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	1,600		1,666	1,666	1,660
Amortization of Deferred Capital Revenue	401,090	406,353		406,353	372,217
Total Revenue	402,690	406,353	1,666	408,019	373,877
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	423,849	430,026		430,026	414,583
Transportation and Housing	138,660	135,703		135,703	122,226
Total Expense	562,509	565,729	-	565,729	536,809
Capital Surplus (Deficit) for the year	(159,819)	(159,376)	1,666	(157,710)	(162,932)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	57,138	159,530		159,530	74,552
Total Net Transfers	57,138	159,530	-	159,530	74,552
Total Capital Surplus (Deficit) for the year	(102,681)	154	1,666	1,820	(88,380)
Capital Surplus (Deficit), beginning of year		3,228,756	83,324	3,312,080	3,400,460
Capital Surplus (Deficit), end of year		3,228,910	84,990	3,313,900	3,312,080

School District No. 10 (Arrow Lakes)

Tangible Capital Assets
Year Ended June 30, 2018

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	362,514	18,094,227	385,008	1,357,030	-	142,795	20,341,574
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		638,023					638,023
Deferred Capital Revenue - Other		74,999	245,765				320,764
Operating Fund			15,262	30,259		56,871	102,392
Special Purpose Funds		57,138					57,138
	-	770,160	261,027	30,259	-	56,871	1,118,317
Decrease:							
Deemed Disposals			30,225	382,453		43,202	455,880
	-	-	30,225	382,453	-	43,202	455,880
Cost, end of year	362,514	18,864,387	615,810	1,004,836	-	156,464	21,004,011
Work in Progress, end of year							-
Cost and Work in Progress, end of year	362,514	18,864,387	615,810	1,004,836	-	156,464	21,004,011
Accumulated Amortization, beginning of year		10,214,606	156,365	690,190	-	55,481	11,116,642
Changes for the Year							
Increase: Amortization for the Year		362,966	38,501	135,703		28,559	565,729
Decrease:							
Deemed Disposals			30,225	382,453		43,202	455,880
Written-off During Year				-			-
		-	30,225	382,453	-	43,202	455,880
Accumulated Amortization, end of year		10,577,572	164,641	443,440	-	40,838	11,226,491
Tangible Capital Assets - Net	362,514	8,286,815	451,169	561,396	-	115,626	9,777,520

School District No. 10 (Arrow Lakes)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2018

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
Deferred Capital Revenue, beginning of year	\$ 6,061,643	\$ 49,465	\$ 30,025	\$ 6,141,133
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	638,023	74,999	245,765	958,787
	<u>638,023</u>	<u>74,999</u>	<u>245,765</u>	<u>958,787</u>
Decrease:				
Amortization of Deferred Capital Revenue	402,266	2,747	1,340	406,353
	<u>402,266</u>	<u>2,747</u>	<u>1,340</u>	<u>406,353</u>
Net Changes for the Year	<u>235,757</u>	<u>72,252</u>	<u>244,425</u>	<u>552,434</u>
Deferred Capital Revenue, end of year	<u>6,297,400</u>	<u>121,717</u>	<u>274,450</u>	<u>6,693,567</u>
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Work in Progress, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Capital Revenue, end of year	<u>6,297,400</u>	<u>121,717</u>	<u>274,450</u>	<u>6,693,567</u>

School District No. 10 (Arrow Lakes)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2018

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
Balance, beginning of year	\$ 2,299	\$ 275,119	\$ 192,398	\$ -	\$ -	\$ 469,816
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	724,280					724,280
Provincial Grants - Other			115,075			115,075
Investment Income		4,002				4,002
	<u>724,280</u>	<u>4,002</u>	<u>115,075</u>	<u>-</u>	<u>-</u>	<u>843,357</u>
Decrease:						
Transferred to DCR - Capital Additions	638,023	74,999	245,765			958,787
	<u>638,023</u>	<u>74,999</u>	<u>245,765</u>	<u>-</u>	<u>-</u>	<u>958,787</u>
Net Changes for the Year	<u>86,257</u>	<u>(70,997)</u>	<u>(130,690)</u>	<u>-</u>	<u>-</u>	<u>(115,430)</u>
Balance, end of year	<u>88,556</u>	<u>204,122</u>	<u>61,708</u>	<u>-</u>	<u>-</u>	<u>354,386</u>



School District No. 10 (Arrow Lakes)

**Audit Findings Report
For the year ended June 30, 2018**

September 18, 2018

kpmg.ca/audit



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, 2018.

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 2018 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 9.

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, 2017 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 18, 2018, 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 2018 financial statements.

*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.

Areas of focus and results

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 2018, 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 2018 projection. <p>No errors or issues were noted arising from the audit procedures performed.</p>
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. <p>No issues or differences were noted with respect to the additions tested.</p>
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. <p>No differences greater than OAG’s reporting threshold were identified.</p>

Areas of focus	Our significant findings from the audit
Classroom Enhancement Funding	<ul style="list-style-type: none"> • During the year, the District received funds for the Classroom Enhancement Fund (CEF) of approximately \$187,000. Of this amount, \$125,000 related to staffing costs and \$62,000 related to overhead costs. These funds are restricted for the purposes of implementing restored class size and composition limits. • We agreed the amount of funds received to the confirmation letter from the Ministry. • We tested the receipt and use of Classroom Enhancement Funds to determine if revenue collected was accurate and has been used for its intended purpose based on funding restrictions. <p>No errors or issues were noted arising from the audit procedures performed.</p>

Significant accounting estimates

Significant accounting estimates

Asset / liability	Balance (\$'000s)	KPMG comment
Tangible capital asset amortization rates	\$9,778	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 9 for detail.
Future costs to settle employee benefit obligations	\$147	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 obligations	-	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 other than a reclassification entry between income statement accounts. The reclassification entry involved a reallocation of \$67K in school secretary wages from District Administration to Instruction. The reclassification had a \$nil impact on annual surplus. 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

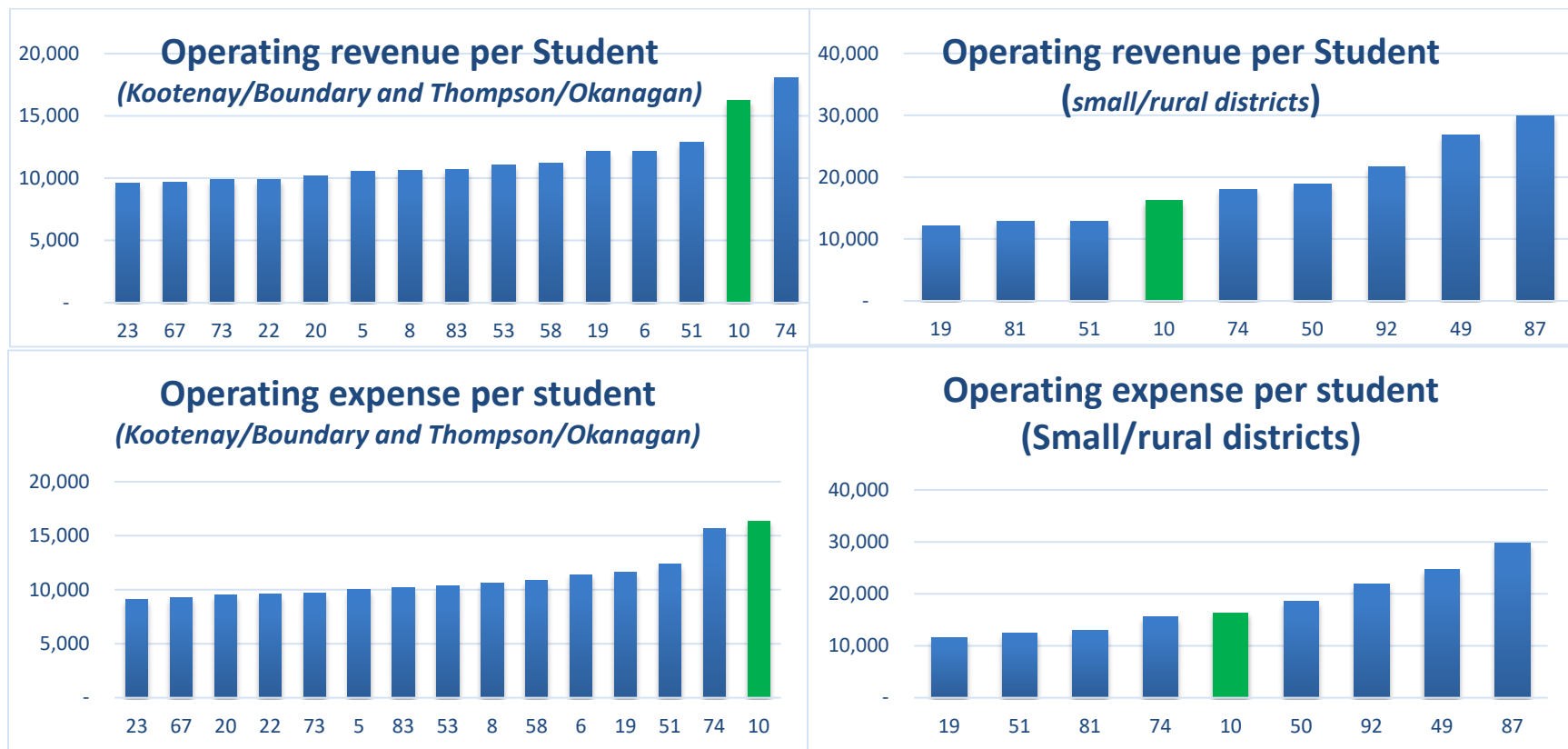
Similar to other school districts in BC, we identified an uncorrected difference relating to the timing of amortization of tangible capital assets and deferred capital contributions, where figures are provided by the Ministry of Education’s amortization tool. The net impact of the timing difference is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

As at and year ended June 30, 2018	Surplus 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	1,884	(194,583)	(123,326)	(73,231)
Total	1,884	(194,583)	(123,326)	(73,231)

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 2018 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 2017 data. They have been included for comparative purposes.



Appendices

Appendix 1: Internal Control over Financial Reporting

Appendix 2: Current developments

Appendix 3: Required communications

Appendix 4: 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 / [Current Developments](#) page for recent developments in IFRS, Canadian securities matters, Canadian auditing and other professional standards and US accounting, auditing and regulatory matters.

The following is a summary of the current developments that are relevant to the District:

Standard	Summary and implications
Employee Future Benefit Obligations	<ul style="list-style-type: none"> - PSAB has initiated a review of sections PS3250 Retirement Benefits and PS3255 Post-Employment Benefits Given the complexity of issues involved and potential implications of any changes that may arise from this review, the project will be undertaken 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. - Two Invitations to Comment were issued and have closed. The first Invitation to Comment sought 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. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. - A third Invitation to Comment is expected to be issued in the third quarter of 2018 seeking guidance on non-traditional benefit plans. The third Invitation to Comment is currently under development. - The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.
Public Private Partnerships ("P3")	<ul style="list-style-type: none"> - A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets. - A Statement of Principles ("SOP") was issued in August 2017 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership. Responses are currently under deliberation. - The SOP proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends. - The SOP proposes the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. <ul style="list-style-type: none"> • The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.

Standard	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2021. – The new standard addresses 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 currently contains no specific guidance in this area. – The 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”). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity would have to: <ul style="list-style-type: none"> • 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.
Revenue	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022. – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. – The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> – PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. – A Statement of Concepts (“SOC”) and Statement of Principles (“SOP”) were issued for comment in May 2018 with responses due in November 2018. – The SOC proposes a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative

Standard	Summary and implications
	<p>characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.</p> <ul style="list-style-type: none"> – The SOP includes principles intended to replace PS 1201 <i>Financial Statement Presentation</i>. The SOP proposes: <ul style="list-style-type: none"> • Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Restructuring the statement of financial position to present non-financial assets before liabilities. • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities). • A new provision whereby an entity can use an amended budget in certain circumstances. – Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Appendix 3: 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 [Appendix 2].
- **Management representation letter** – In accordance with professional standards, a copy of the management representation letter is included in our report [Appendix 3]
- **Engagement letter** – the objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter and any subsequent amendment letters as provided by management.
- **Audit Findings report** – summarizing the key findings and results of our audit.



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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, 2018, the statements 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, 2018 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 18, 2018

Kelowna, Canada

DRAFT

SCHOOL DISTRICT NO. 10 (ARROW LAKES)
98 SIXTH AVENUE NW
NAKUSP, BC V0G 1R0

KPMG LLP
200-3200 Richter Street
Kelowna, BC V1W 5K9
Canada

September 18, 2018

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of School District No. 10 (Arrow Lakes) ("the Entity") as at and for the period ended June 30, 2018.

GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated June 1, 2018, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including (i) the names of all related parties and information regarding all relationships and transactions with related parties; and (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements, and providing you with access to such relevant information. All significant board and committee actions are included in the summaries.
 - c) providing you with additional information that you may request from us for the purpose of the engagement.
 - d) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
 - e) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
 - f) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

- g) providing you with written representations that you are required to obtain under your professional standards and written representations that you determined are necessary.
- h) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
 - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the financial statements and involves: management, employees who have significant roles in internal control over financial reporting, or others, where the fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

GOING CONCERN:

- 9) We have provided you with all relevant information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern

MISSTATEMENTS:

- 11) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 12) We approve the corrected misstatements identified by you during the audit described in Attachment II.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

By: Ms. Terry Taylor, Superintendent/Secretary-Treasurer

By: Shelly Woolf, Assistant Secretary Treasurer

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

RELATED PARTIES

In accordance with Canadian accounting standards for the public sector (PSAB) *related party* is defined as:

- A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control or shared control. Related parties also include key management personnel and close family members.

In accordance with Canadian accounting standards for the public sector (PSAB) a *related party transaction* is defined as:

- A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party. These transfers are related party transactions whether or not there is an exchange of considerations or transactions have been given accounting recognition. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

Attachment II - Summary of uncorrected and corrected misstatements in presentation and disclosures

Corrected adjustments

We did not identify any accounting adjustments that were subsequently corrected by management other than a reclassification entry between income statement accounts. The reclassification entry involved a reallocation of \$67K in school secretary wages from District Administration to Instruction. The reclassification had a \$nil impact on annual surplus. 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, 2018	Surplus effect	Financial position		
Description of differences	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Equity (Decrease) Increase
Tangible capital assets and deferred capital revenue - Ministry of Education amortization tool	1,884	(194,583)	(123,326)	(73,231)
Total	1,884	(194,583)	(123,326)	(73,231)



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Canada
Tel (250) 763-5522
Fax (250) 763-0044

PRIVATE & CONFIDENTIAL

Ms. Terry Taylor
Secretary- Treasurer and Superintendent of
Schools
School District No. 10 (Arrow Lakes)
98 Sixth Avenue NW
Nakusp, BC V0G 1R0

June 1, 2018

Dear Terry:

The purpose of this letter is to outline the terms of our engagement to audit the annual financial statements of School District No. 10 (Arrow Lakes) (the "Entity"), commencing for the period ending June 30, 2018.

This letter supersedes our previous letter to the Entity dated July 28, 2017.

The terms of the engagement outlined in this letter will continue in effect from period to period, unless amended or terminated in writing.

The attached Terms and Conditions and any exhibits, attachments and appendices hereto and subsequent amendments form an integral part of the terms of this engagement and are incorporated herein by reference (collectively the "Engagement Letter").

FINANCIAL REPORTING FRAMEWORK FOR THE FINANCIAL STATEMENTS

The annual financial statements will be prepared and presented in accordance with Section 23.1 of the Budget Transparency and Accountability Act (British Columbia) (hereinafter referred to as the "financial reporting framework").

The annual financial statements will include an adequate description of the financial reporting framework (hereinafter referred to as the "financial statements" or "annual financial statements").



School District No. 10 (Arrow Lakes)

June 1, 2018

MANAGEMENT'S RESPONSIBILITIES

Management responsibilities are described in Appendix – Management's Responsibilities.

An audit does not relieve management or those charged with governance of their responsibilities.

AUDITORS' RESPONSIBILITIES

Our responsibilities are described in Appendix – Auditor's Responsibilities.

If management does not fulfill the responsibilities above, we cannot complete our audit.

AUDITORS' DELIVERABLES

The expected form and content of our report(s) is provided in Appendix – Expected Form of Report. However, there may be circumstances in which a report may differ from its expected form and content.

In addition, if we become aware of information that relates to the financial statements after we have issued our audit report, but which was not known to us at the date of our audit report, and which is of such a nature and from such a source that we would have investigated that information had it come to our attention during the course of our audit, we will, as soon as practicable: (1) communicate such an occurrence to those charged with governance; and (2) undertake an investigation to determine whether the information is reliable and whether the facts existed at the date of our audit report. Further, management agrees that in conducting that investigation, we will have the full cooperation of the Entity's personnel. If the subsequently discovered information is found to be of such a nature that: (a) our audit report would have been affected if the information had been known as of the date of our audit report; and (b) we believe that the audit report is currently being relied upon or is likely to be relied upon by someone who would attach importance to the information, appropriate steps will be taken by KPMG and appropriate steps will also be taken by the Entity to prevent further reliance on our audit report.

Such steps include, but may not be limited to, appropriate disclosures by the Entity to the users of the financial statements and audit report thereon of the newly discovered facts and the impact to the financial statements.

INCOME TAX COMPLIANCE AND ADVISORY SERVICES

This letter details the general tax advisory services to be provided to the Entity for the year ended June 30, 2018 and in the future. If there are tax services to be delivered outside the scope of those described in this letter, we will require a separate engagement letter for those services.

We will perform the following services under the terms of this engagement:



General tax advisory services

Our tax advice generally falls under one of the following situations:

1. On an ongoing basis, we will provide advisory services of a general nature relating to various income, capital, payroll and indirect tax matters as they arise. This type of service generally arises on a periodic basis as a result of preliminary inquiries made by you. In rendering these services, it is important to recognize that the advice provided is dependent on the detail of the information provided and the environment in which it is rendered. When professional judgment suggests written confirmation of the facts and advice is necessary, we will draft the appropriate correspondence to ensure the appropriate standard of care is met by all parties.
2. Periodically, you will seek detailed advice from us in connection with a specific transaction or undertaking you are contemplating. In such a situation, our advice will be based on the information provided to us. It is the responsibility of the Entity to ensure we are provided with all the information necessary in order for us to render the advice sought. Our tax advice will most likely be communicated to you, or your designate, in writing.

Our tax advisory services, both written and oral, will be based on the facts and assumptions submitted to us. We will not independently verify this information. Inaccuracy or incompleteness of the information could have a material effect on our conclusions.

Our advice will be limited to the conclusions specifically set forth in our reporting letter and KPMG will not express an opinion with respect to any other federal, provincial or foreign tax or legal aspect of the transactions described therein. It should be noted that the Canada Revenue Agency and/or the relevant provincial tax authority and/or any other governmental tax authority (collectively a Tax or Revenue Authority) could take a different position with respect to these transactions, in which case it may be necessary for you to defend this position on appeal from an assessment or litigate the dispute before the courts, including one or more appellate courts, in order for our conclusions to prevail. If a settlement were reached with a Tax or Revenue Authority or if such appeal and litigation were not, or were not entirely, successful, the result would likely be different from the views we express in our reporting letter. Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by a Tax or Revenue Authority or litigation before any court.

Advice delivered outside the scope described in this letter will require a separate engagement letter. In addition, after providing the advice referred to herein, we will not be responsible for updating such advice to take into account any subsequent changes in law or administrative practice unless specifically provided for under the terms of this engagement.

FEES

Appendix - Fees for Professional Services to this letter lists our fees for professional services to be performed under this Engagement Letter.

* * * * *



School District No. 10 (Arrow Lakes)
June 1, 2018

We are available to provide a wide range of services beyond those outlined above. Additional services are subject to separate terms and arrangements.

We are proud to serve the Entity and we appreciate your confidence in our work. We shall be pleased to discuss this letter with you at any time. If the arrangements outlined are in accordance with the Entity's requirements and if the above terms are acceptable to the Entity, please sign this letter in the space provided and return it to us.

Yours very truly,

David Bond, CPA, CA, CBV
Partner, responsible for the engagement and its performance, and for the report that is issued on behalf of KPMG LLP, and who, where required, has the appropriate authority from a professional, legal or regulatory body
(250) 979-7154

Enclosure

The terms of the engagement for School District No. 10 (Arrow Lakes) set out are as agreed:

Terry Taylor, Secretary- Treasurer and Superintendent of Schools

5 June 2018

Date (DD/MM/YY)



Appendix - Management's Responsibilities

Management acknowledges and understands that they are responsible for:

- (a) the preparation and fair presentation of the financial statements in accordance with the financial reporting framework referred to above
- (b) providing us with access to all information of which management is aware that is relevant to the preparation of the financial statements such as financial records, documentation and other matters, including the names of all related parties and information regarding all relationships and transactions with related parties and including complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors, and committees of the board of directors that may affect the financial statements
- (c) providing us with additional information that we may request from management for the purpose of the engagement
- (d) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain audit evidence
- (e) 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. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud
- (f) ensuring that all transactions have been recorded and are reflected in the financial statements
- (g) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required
- (h) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the entity, will not intervene in the work the internal auditors perform for us



Appendix - Auditor's Responsibilities

Our function as auditors of the Entity is:

- to express an opinion on whether the Entity's annual financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above
- to report on the annual financial statements

We will conduct the audit of the Entity's annual financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable "professional standards").

We will plan and perform the audit to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error. Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Entity and its environment, including the Entity's internal control. In making those risk assessments, we consider internal control relevant to the Entity's preparation of the annual 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
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks
- form an opinion on the Entity's annual financial statements based on conclusions drawn from the audit evidence obtained
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or the board of directors. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards



School District No. 10 (Arrow Lakes)
June 1, 2018

Appendix - Expected Form of Report

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, 2018, the statements of operations, changes in net 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 Section 23.1 of the Budget Transparency and Accountability Act (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 an 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 and fair presentation 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, 2018, are prepared, in all material respects, in accordance with Section 23.1 of the Budget Transparency and Accountability Act (British Columbia).



School District No. 10 (Arrow Lakes)
June 1, 2018

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.



School District No. 10 (Arrow Lakes)

June 1, 2018

Appendix - Fees for Professional Services

Fees for professional services rendered will be billed based on fees outlined below:

Service	Amount
Audit of financial statements	\$ 16,400

We will invoice our quoted audit fee based on the following schedule:

- August 10, 2018 - \$12,400;
- September 1, 2018 - \$4,000.

Interest on overdue invoices as described in the terms and conditions ("Fee Arrangements") shall be 1% per month, calculated and compounded monthly (effective annual rate of 12.683%).

Goods and Services Tax (GST) will be computed and shown separately on our invoices, together with our firm's GST registration number, so that you will have the information required to claim input tax credits and input tax refunds, if applicable.

The Entity agrees, by accepting the terms of this engagement, to pay all invoices to KPMG within 30 days of receipt.



**TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS
(PRIVATE COMPANY CLIENTS)**

These Terms and Conditions are an integral part of the accompanying engagement letter or proposal from KPMG that identifies the engagement to which they relate (and collectively form the "Engagement Letter"). The Engagement Letter supersedes all written or oral representations on this matter. The term "Entity" used herein has the meaning set out in the accompanying engagement letter or proposal. The term "Management" used herein means the management of Entity.

1. DOCUMENTS AND LICENSES.

- a. All working papers, files and other internal materials created or produced by KPMG in relation to this engagement and all copyright and intellectual property rights therein are the property of KPMG.
- b. Only in connection with the services herein, Entity hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of Entity solely for presentations or reports to Entity or for internal KPMG presentations and intranet sites. Further, Entity agrees that KPMG may list Entity as a customer in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "Client is an Audit, Advisory, and/or Tax client of KPMG LLP").

2. ENTITY'S RESPONSIBILITIES.

- a. Entity agrees that all management responsibilities will be performed and all management decisions will be made by Entity, and not by KPMG.
- b. Entity's provision of documents and information to KPMG on a timely basis is an important factor in our ability to issue any reports under this Engagement Letter. KPMG is not responsible for any consequences arising from Entity's failure to deliver documents and information as required.
- c. To the extent that KPMG personnel are on Entity's premises, Entity will take all reasonable precautions for their safety.
- d. Entity understands and acknowledges that KPMG's independence may be impaired if any KPMG partner, employee or contractor accepts any offer of employment from Entity.
- e. Except as required by applicable law or regulation, Entity shall keep confidential the terms of this Engagement Letter, and such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission.
- f. Management agrees to promptly provide us with a copy of any comment letter or request for information issued by any securities or other regulatory authority in respect of information on which KPMG reported, including without limitation any continuous disclosure filings.

3. FEE AND OTHER ARRANGEMENTS.

- a. KPMG's estimated fee is based in part on the quality of Entity's records, the agreed-upon level of preparation and assistance from Entity's personnel, and adherence by Entity to the agreed-upon timetable. KPMG's estimated fee also assumes that Entity's financial statements and/or other financial information, as applicable, are prepared in accordance with the relevant financial reporting framework or the relevant criteria, as applicable, and that there are no significant changes to the relevant financial reporting framework or the relevant criteria, as applicable; no significant new or changed accounting policies; no significant changes to internal control; and no other significant issues.
- b. Additional time may be incurred for such matters as significant issues, significant unusual and/or complex transactions, informing management about new professional standards, and any related accounting advice. Where these matters arise and require

research, consultation and work beyond that included in the estimated fee, Entity and KPMG agree to revise the estimated fee. Our professional fees are also subject to an additional charge to cover information technology infrastructure costs and administrative support of our client service personnel. Disbursements for items such as travel, accommodation and meals will be charged based on KPMG's actual disbursements.

- c. KPMG's invoices are due and payable upon receipt. Amounts overdue are subject to interest. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing any applicable report and/or consent.
- d. Fees for any other services will be billed separately from the services described in this Engagement Letter and may be subject to written terms and conditions supplemental to those in the Engagement Letter.
- e. Canadian Public Accountability Board ("CPAB") participation fees, when applicable, are charged to Entity based on the annual fees levied by CPAB.

4. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS; STORAGE AND USE OF INFORMATION.

- a. KPMG is a member firm of the KPMG International Cooperative ("KPMG International"). Entity acknowledges that in connection with the provision of services hereunder, KPMG may use the services of KPMG International member firms, as well as other third party service providers or subcontractors, and KPMG shall be entitled to share with them all documentation and information related to the engagement, including Entity's confidential information and personal information ("information"). KPMG may also: (i) directly, or using such aforementioned KPMG International member firms, third party service providers or subcontractors, perform data analytics in respect of the information; and (ii) retain and disclose to KPMG International member firms the information to share best practices or for knowledge sharing purposes. In all such cases, such information may be used, retained, processed, or stored outside of Canada by such KPMG International member firms, other third party service providers or subcontractors, and may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG represents that such KPMG International member firms, other third party service providers or subcontractors have agreed or shall agree to conditions of confidentiality with respect to Entity's confidential information, and that KPMG is responsible to ensure their compliance with those conditions. Any services performed by KPMG International member firms or other third party service providers or subcontractors shall be performed in accordance with the terms of this Engagement Letter, but KPMG remains solely responsible to Entity for the delivery of the services hereunder. Entity agrees that any claims that may arise out of the engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms or other third party service providers or subcontractors referred to above.
- b. Certain information (including information relating to time, billing and conflicts) collected by KPMG during the course of the engagement may be used, retained, processed and stored outside of Canada by KPMG, KPMG International member firms or third party service providers or subcontractors providing support services to KPMG for administrative, technological and



**TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS
(PRIVATE COMPANY CLIENTS)**

clerical/organizational purposes, including in respect of client engagement acceptance procedures and maintaining engagement profiles; and to comply with applicable law, regulation or professional standards (including for quality performance reviews). Such information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG may also share information with its legal advisers and insurers for the purposes of obtaining advice.

c. Entity acknowledges that KPMG aggregates anonymous information from sources including the Entity for various purposes, including to monitor quality of service, and Entity consents to such use. KPMG may also use Entity's information to offer services that may be of interest to Entity.

5. PERSONAL INFORMATION CONSENTS AND NOTICES.

KPMG may be required to collect, use and disclose personal information about individuals during the course of the engagement. Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at www.kpmg.ca. Entity represents and warrants that (i) it will obtain any consents required to allow KPMG to collect, use and disclose personal information in the course of the engagement, and (ii) it has provided notice to those individuals whose personal information may be collected, used and disclosed by KPMG hereunder of the potential processing of such personal information outside of Canada (as described in Section 4 above). KPMG's Privacy Officer noted in KPMG's privacy policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.

6. THIRD PARTY DEMANDS FOR DOCUMENTATION AND INFORMATION / LEGAL AND REGULATORY PROCESSES.

a. Entity on its own behalf hereby acknowledges and agrees to cause its subsidiaries and affiliates to acknowledge that KPMG or a foreign component auditor which has been engaged in connection with an assurance engagement ("component auditor") may from time to time receive demands from a third party (each, a "third party demand"), including without limitation (i) from CPAB or from professional, securities or other regulatory, taxation, judicial or governmental authorities (both in Canada and abroad), to provide them with information and copies of documents in KPMG's or the component auditor's files including (without limitation) working papers and other work-product relating to the affairs of Entity, its subsidiaries and affiliates, and (ii) summons for production of documents or information related to the services provided hereunder; which information and documents may contain confidential information of Entity, its subsidiaries or affiliates. Except where prohibited by law, KPMG or its component auditor, as applicable, will advise Entity or its affiliate or subsidiary of the third party demand. Entity acknowledges, and agrees to cause its subsidiaries and affiliates to acknowledge, that KPMG or its component auditor, as applicable, will produce documents and provide information in response to the third party demand, without further authority from Entity, its subsidiaries or affiliates.

b. KPMG will use reasonable efforts to withhold from production any documentation or information over which Entity asserts privilege. Entity must identify any such documentation or information at the time of its provision to KPMG by marking it as "privileged". Notwithstanding the foregoing, where disclosure of such privileged documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of Entity is required for such

disclosure, then Entity hereby provides its consent.

c. Entity agrees to reimburse KPMG for its professional time and any disbursements, including reasonable legal fees and taxes, in responding to third party demands.

d. Entity waives and releases KPMG from any and all claims that it may have against KPMG as a result of any disclosure or production by KPMG of documents or information as contemplated herein.

e. Entity agrees to notify KPMG promptly of any request received by Entity from any third party with respect to the services hereunder, KPMG's confidential information, KPMG's advice or report or any related document.

7. CONNECTING TO THE ENTITY'S IT NETWORK; EMAIL AND ONLINE FILE SHARING AND STORAGE TOOLS.

a. Entity authorizes KPMG personnel to connect their computers to Entity's IT Network and the Internet via the Network while at the Entity's premises for the purpose of conducting normal business activities.

b. Entity recognizes and accepts the risks associated with communicating electronically, and using online file sharing, storage, collaboration and other similar online tools to transmit information to or sharing information with KPMG, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Entity assumes all responsibility or liability in respect of the risk associated with the use of the foregoing, and agrees that KPMG is not responsible for any issues that might arise (including loss of data) as a result of Entity using the foregoing to transmit information to or otherwise share information with KPMG and, in the case of online tools other than email, KPMG's access to and use of the same in connection with obtaining Entity information and documents.

8. LIMITATION ON WARRANTIES.

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. SUBJECT TO SECTION 14, KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

9. LIMITATION ON LIABILITY AND INDEMNIFICATION

a. Subject to Section 14: (i) Entity agrees that KPMG shall not be liable to Entity for any actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Claims") in any way arising out of or relating to the services performed hereunder for an aggregate amount in excess of the lesser of one million dollars (\$1,000,000) or two times the fees paid by Entity to KPMG under the engagement; and (ii) on a multi-phase engagement, KPMG's liability shall be based on the amount actually paid to KPMG for the particular phase that gives rise to the liability.

b. Subject to Section 14, in the event of a Claim by any third party against KPMG that arises out of or relates to the services performed hereunder, Entity will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees, except to the extent finally determined to have resulted from the intentional, deliberate or fraudulent misconduct of KPMG.

c. Subject to Section 14: (i) in no event shall KPMG be liable for consequential, special, indirect, incidental, punitive or exemplary



**TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS
(PRIVATE COMPANY CLIENTS)**

damages, liabilities, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs); (ii) in any Claim arising out of the engagement, Entity agrees that KPMG's liability will be several and not joint and several; and (iii) Entity may only claim payment from KPMG of KPMG's proportionate share of the total liability based on degree of fault.

d. For purposes of this Section 9, the term KPMG shall include its subsidiaries, its associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this Section 9 shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

10. CONSENT TO THE USE OF THE KPMG NAME OR KPMG REPORT.

Except as otherwise specifically agreed in this Engagement Letter, KPMG does not consent to:

- i. the use of our name or our report in connection with information;
- ii. the use of our report in another language, or in connection with information that has been translated into another language;
- iii. the use of our report on the interim financial statements, or other interim financial information nor consent to any statement by the Entity regarding the services that we provided on the interim financial statements or other interim financial information; or
- iv. the use of our report in connection with an offering document or other securities filing.

If the Entity wishes to obtain KPMG's consent regarding the matters above or other matters not otherwise specifically covered by this Engagement Letter, we will be required to perform procedures as required by applicable professional standards, and such procedures would be a separate engagement and subject to a separate engagement letter.

Any communication, report, statement or conclusion on the interim financial statements may not be included in, or otherwise referred to in any public document or public oral statements except when the interim review conclusion contains a modified conclusion, in which case our interim review report will accompany the interim financial statements.

11. ALTERNATIVE DISPUTE RESOLUTION.

Any dispute or claim between the parties arising under or relating to this Engagement Letter or the services provided hereunder (the "Dispute") shall be submitted to non-binding mediation. If mediation is not successful within 90 days after the issuance by a party of a request for mediation, then the Dispute shall be referred to and finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada in force at that time. The Seat of Arbitration shall be the province where KPMG's principal office performing this engagement is located. The language of the arbitration shall be English. The Arbitral Tribunal shall be made up of a single Arbitrator. The arbitration award shall be final, conclusive and binding upon the parties, and not subject to appeal.

12. POTENTIAL CONFLICTS OF INTEREST.

a. KPMG is or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that, without further notice or disclosure to Entity, KPMG may: (i) accept or continue such engagements on matters unrelated to KPMG's engagement for Entity; and (ii) provide advice or services to any other person or entity making a competing bid or proposal to that of Entity whether or not KPMG is providing advice or services to Entity in respect of Entity's competing bid or proposal.

b. In accordance with professional standards, KPMG will not use any confidential information regarding Entity in connection with its engagements with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls.

c. In no event shall KPMG be liable to Entity, or shall Entity be entitled to a return of fees or disbursements, or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement in accordance with the terms of this Engagement Letter.

d. Entity agrees that KPMG may, in its sole discretion, disclose the fact and nature of its engagement for Entity to (i) KPMG International member firms to inform conflict searches, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Entity, in connection with the engagement or any future engagement.

e. In the event that circumstances arise that place KPMG into a conflict of interest as between Entity and a pre-existing client, which in KPMG's sole opinion cannot be adequately addressed through the use of confidentiality and other safeguards, KPMG shall be entitled to immediately terminate the engagement with Entity, without liability.

f. Other KPMG International member firms are or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Entity.

13. LOBBYING.

Unless expressly stated in this Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the event that KPMG and Entity agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to this Engagement Letter.

14. SEVERABILITY.

The provisions of these Terms and Conditions and the accompanying proposal or engagement letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of the provisions of these Terms and Conditions or the accompanying proposal or engagement letter are determined to be invalid, void or unenforceable, the remaining provisions of these Terms and Conditions or the accompanying proposal or engagement letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall remain valid and in effect and be enforceable and binding on the parties to the fullest extent permitted by law.

15. GOVERNING LAW.

This Engagement Letter shall be subject to and governed by the laws of the province where KPMG's principal office performing this engagement is located (without regard to such province's rules on conflicts of law).

16. LLP STATUS.

KPMG is a registered limited liability partnership ("LLP")



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established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial LLP legislation.

17. INDEPENDENT LEGAL ADVICE

Entity agrees that it been advised to retain independent legal advice at its own expense prior to signing this Engagement Letter (including without limitation with respect to Entity's rights in connection with potential future conflicts) and agrees that any failure on its part to retain such independent legal counsel shall not affect (and it shall not assert that the same affects) the validity of the provisions of this Engagement Letter.

18. SURVIVAL.

All sections hereof other than Section 7(a) shall survive the expiration or termination of the engagement.

Appendix 4: 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



KPMG LLP, an Audit, Tax and Advisory firm (kpmg.ca) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative ("KPMG International").

KPMG member firms around the world have 174,000 professionals, in 155 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

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NSS PAC – September 26th, 2018

This will be the first meeting for NSS PAC and it will be their AGM. Meeting to take place at 5:15 in the school Library.

CUPE Liaison – September 18th, 2018

Reviewed LIF plans with financials. Discussed EA schedule changes. We took a look at the seniority list and call-out lists. Discussed CUPE Pro-D dates for the 2018/19 school year. We will be looking at changing our meeting dates to possibly Friday's. Next meeting date to be Friday October 26, 2018.

Indigenous Education – October 15th, 2018

Our first meeting will be held @ 4:00 on Oct 15th

Chambers of Commerce – Nakusp

Nothing to Report.

Trustee Report to Board, September 18, 2018

The LESS PAC meeting was on September 11, 2018, the first one for this school year.

Financials - A report was presented that contained corrected financial information and showed that the PAC actually had a net loss in the last year. There was quite a bit of discussion around how to handle requests for financial assistance going forward. A budget committee was formed to determine priorities and will bring forward recommendations to the next meeting. There were several requests for funding support during the meeting that were deferred due to this situation.

Security cameras - Nick reported on vandalism and the need for security cameras at both playgrounds. There have been broken windows, damaged exteriors and gardens, etc. Lengthy discussions ensued. The PAC is in favour but requested to be kept informed of the process.

Playground - nothing has happened as yet. Still progressing.

The Chamber of Commerce – nothing to report.

Respectfully submitted,

Rhonda Farrell

BOARD CHAIR REPORT – September 18, 2018

BOARD CHAIR REPORT

Welcome back to another exciting school year.

We start this year off with new students and new staff, and an election. Congratulations to Rhonda and Melissa and Danyea on their acclamation, and good luck to the four candidates vying for the 2 at large positions.

Correspondence:

Copies of letters sent to BCSTA or Ministry from other District (these are delivered in the weekly BCSTA update)

DPAC –

No meeting – next meeting will be in October

OH&S –

No meeting – next meeting will be in October

BCSTA and Branch

The Kootenay Boundary Branch AGM was in SD20, Trail this past weekend – 3 trustees and our superintendent Terry Taylor attended

Successful weekend with a great pro-d session provided by Shelley Moore on the subject of inclusion; a showcase of SD20's successful computer programs at Fruitvale school

Branch elections were held – our district will need to appoint a representative to the Branch Board

BCSTA has a great trustee candidate program and as we are having an “at large” election this year which will be helpful to check out

The BCSTA Academy which will be held Nov. 20- Dec. 1 in Vancouver with emphasis on new trustee – registration is now open – let Michelle if interested so she can register us

BCSTA and BCPSEA will be holding a joint new trustee session in February

***New Denver (Eastern Zone) StrongStart
Early Learning Centre
Report to September 18, 2018 Board***

Hello there!

Currently, we have 28 children registered and 24 families in total.

Two things I am excited for this year are:

*New families arriving in town and new babies being born

*Exploring more sensory play activities and providing info to parents about why this kind of play is important for their child's development.

Thanks,
Charlene

Nakusp (Central Zone) StrongStart Early Learning Centre September 18th, 2018 Monthly Report

- As September 14th, 2018 I have 67 students enrolled, and I am waiting on eight more to register, but do not have copies of birth certificates or medical cards yet. Out of the 75 that are registered, eight are new to Nakusp this year.
- NES StrongStart hours are: Monday/Wednesday/Friday from 8:45 - 11:45 am and Tuesday/Thursday from 12:30 to 3:30 pm.
- We opened on Wednesday September 5th. We had seven families and 10 children attend.
- Our morning sessions are average from 10 - 17 children and 8-12 parents, and afternoons' 3-5 children/parents.
- Our daily schedule consists of free play, arts and craft, clean up, snack, gym, circle time, library time, play and good byes.
- Monday, Wednesday and Friday we have gym time from 10:10 to 10:40 am.
- Liam from COINS is coming on September 13th, 20th, and 27th to do a drumming circle and story.
- Nakusp Public Library are going to come in once a month to do a story time.
- On Monday September 24th, we will have our monthly visit from the Childcare Resource and Referral from Nelson. They will be coming every second month to StrongStart for a visit. When they come, they bring supplies, toys to borrow, and who will lend toys to families, and will help with childcare and subsidy.
- Pitter Patter will start on September 27th, in the Strong Start room from 8:45 - 11:45 am. Sarah Sanders the CAPC worker facilitate this program. This program is for ages 0 to 2 $\frac{1}{2}$ years of age.

- Two things I am looking forward to this year are collaborating with the grade 7 class to plant strawberries, and buddy up on special occasions, and bringing in more speakers on a regular basis for parents. (e.g. Dental hygienist, OT, PT, speech, language, and much more.)

Respectfully written by Nancy Bone

September 14th, 2018

***Burton, Fauquier, Edgewood (Southern Zone) StrongStart
Outreach Early Learning Centres
Report to September 18, 2018 Board***

Hello there!

We are off to another playful start in the Southern Zone StrongStart Outreach program. Tuesdays in Edgewood, Wednesdays in Burton and Thursday mornings in Fauquier.

We have 13 children enrolled and 4 still completing registration. There were 9 participants in Burton, 7 in Fauquier & just 2 for a quick drop in to get hours & registration form in Edgewood this week.

I look forward to another year of supporting the young families of the Southern Zone.

With joy,
Jodi McLean



World Class Learning in a Rural Environment

September 18, 2018
Superintendent/Secretary Treasurer Report
*Presented at the Education Partnership Committee,
 and Regular Meeting of the Board of Education*

1. September Enrollment notes – Enrollment is increasing!

- Current enrolment at our schools is close to our forecasts, but up overall due mostly to an increase at NES as follows:

2018-19 Enrollment Projections (by Headcount)	2018-19 September 14 Actual Enrolment (by Headcount)
NSS – 123	NSS - 124
NES - 153	NES - 171
Lucerne – 91	Lucerne - 86
EES – 15	EES – 13
BES – 13	BES – 12
ALDL – 40	ALDL – 32 (with more registrations pending)
Total: 435 students	Total: 437 students

- This is the first year in over fifteen years that enrolment has increased slightly rather than declined in School District 10!
- Had there been available housing available for families, there would have been 13 additional students at Lucerne registered this fall, but those families were unable to find rental accommodation
- Lack of year round rental accommodation for families is also impacting Nakusp's school enrollment
- June's FTE count is 425 (down 10.47 FTE since September 2017)
- In September 30th, 2017, 1701 Head Count enrollment was 435.47 FTE students, a decline of 7 FTE enrollment since September 2016; in June 2017 we were at 425 FTE Headcount

My Education BC: Student Enrollment Numbers

As of: Sept 14

Grade:	Gr.K	Gr.1	Gr. 2	Gr. 3	Gr. 4	Gr. 5	Gr. 6	Gr. 7	Gr. 8	Gr. 9	Gr.1 0	Gr.1 1	Gr.1 2	TOTALS
ALDL	1	1	3	0	3	3	3	2	1	2	1	5	7	32
BES	4	3	4	2										12
EES	1	1	1	1	1	0	6	2						13
LESS	8	7	5	4	9	5	11	8	7	4	8	5	5	86
NES	25	11	14	26	21	21	28	24						170
NSS									22	33	28	20	21	124

TOTAL Per Grade 39 23 28 33 34 29 50 37 30 39 37 30 33 437

District Total

2. New Graduation Program in BC for Grade 10s

Superintendent's Report – September 18th, 2018

- A new Grade 10 curriculum began this fall with Grade 11-12 to be implemented in 2019-20
- Our teachers, school leaders and parents are excited about the changes in the curriculum
- The Graduation Implementation Guide supports integration of the new grad program and shows the changes between the old and new grad programs:
<https://www2.gov.bc.ca/assets/gov/education/kindergarten-to-grade-12/support/graduation/graduation-implementation-guide.pdf>

3. Lucerne Playground Upgrade

- Ministry funding of \$90,000 for Playground Grant to replace old and unsafe playground equipment at Lucerne Elementary Secondary School was awarded in June
- The school Principal, Manager of Operations, and Superintendent met at the school to gather parent, student and community input on Monday evening, June 25th
- Possible design ideas for new playground equipment were shared with the parents, students and staff present at the meeting
- Students at the school have submitted drawings and ideas of their goals for the playground changes and plans to order the equipment based on their input are being made

4. NSS Climbing Wall Update

- Grant funds for the NSS Climbing wall have now been received from CBT and RDCK
- Dorian Boswell's Grade 10-12 Outdoor Education class applied for these funds last spring and were successful in raising more than \$70,000 towards climbing wall and bouldering wall costs!!!
- Over the summer, a non-profit society was formed comprised of NSS staff and community members to spearhead and oversee community use of the climbing wall
- District maintenance staff will assist with construction and maintenance as the project proceeds
- Many thanks to the Village of Nakusp for their approval at a Council meeting this summer that the Village will provide liability insurance for community use of the climbing wall!
- This was a big hurdle to overcome, as school district liability insurance covers only student and PAC member use of the facility.
- Current status of the wall is that the District is awaiting engineering drawings in order to proceed with ordering the climbing and bouldering wall equipment
- If we are able to procure engineering specs and drawings and order the climbing and bouldering materials in time, installation of the wall structures could be completed over the Christmas break by our District maintenance crew

5. Re-Opening Burton Elementary School!

- The hallways of BES are again alive with the joy of children's laughter and learning as the school officially re-opened on September 4th after being closed since 2012 due to low enrolment
- Twelve students have registered thus far at the school; most are new to the district with families moving into the community as land is affordable, and the Burton lifestyle great for young families
- Parents, Burton community and our staff are very excited to have the school reopened
- Many thanks to our hard-working staff for working out all the details involved in this undertaking! Tracey Wallis is the K-3 teacher, JoAnne Alaric is our School Secretary, Library Clerk and Custodian, and Jodi McLean, our Strong Start Coordinator, all under the strong leadership of Vice-Principal Brent Cook and Principal Mike Hibberson
- Check out the new BES website at <http://burtonelementary.sd10.bc.ca>
- One Burton Academy student who lives in the community of Burton will work with the K-3 class on Mondays starting second semester as an Outdoor Education mentor and student leader
- The teacher has two days of outdoor learning and forest walks scheduled each week in a vibrant Reggio-inspired and place-conscious learning environment for her young learners
- The District and Burton Community Learning Centre Society have now signed off on a revised Partnership Agreement which limits BCLC use to non-school hours

6. SD 10 Teacher, Katrina Sumrall, chosen as one of [21 Finalists for the Premier's Excellence in Education Awards](#)

- It is with great joy that we learned that Katrina Sumrall, Grade 4/5/6 teacher at Lucerne Elementary Secondary School was selected as a Finalist for the Premier's Excellence in Education Awards
- Katrina, along with two other teachers in BC is a Finalist in the Community Engagement category, recognizing her many years of excellence engaging her students in learning with and in community
- Katrina designs learning environments in her intermediate multi-age classes which deeply engage both young people and community learning together while class is held weekly at the Pavilion in New Denver with seniors and residents there, in environmental education field studies which are a regular part of her practice, and in sustainability learning in the school gardens, greenhouse and recycling and composting programs
- On October 5th, Katrina and the Superintendent will attend the official Awards Ceremony at Government House in Victoria amidst the other award nominees and superintendents
- The Awards Ceremony event is hosted by Premier John Horgan, Minister of Education Rob Fleming, and Lieutenant Governor Janet Austen
- Winners in each category will receive \$3000 personal bursary for professional learning and \$2000 for their school community for professional learning

7. SD 10 Chosen for Ministry of Education K-9 Reporting Pilot

- In June 2018, SD 10 was advised that [we were chosen as one of 12 public school districts](#) in the province to pilot a new K-9 Reporting policy
- The pilot reporting policy seeks to make reporting of student learning to parents and students more responsive, timely and helpful, and aligns with redesigned curriculum and current research on effective assessment as well as input from hundreds of parents
- For many classrooms in the district, the policy supports changes we have already been making in reporting and communicating student learning through using Fresh Grade, using portfolios of student learning and student led conferences
- At NES last year for example, almost all classrooms had regular communication with parents using Fresh Grade and student led conferences, no letter grades, and a final summative report card
- The new policy states that 5 "Points of Progress" are to be communicated throughout the year, that there is one summative written report, and that we use a new Proficiency Scale to assess student learning in the required Areas of Study – this aligns with what we are already doing in many classrooms in the district and gives us an opportunity to help inform the new Ministry policy
- Our Education Transformation Committee will help lead and monitor our K-9 pilot work over the course of the school year, and regular communication with parents and our learners will take place

8. Curriculum Support Day – September 21st, 2018

- Based on input from the Education Transformation Committee, our upcoming Curriculum Support Day focuses on the redesigned Secondary curriculum, provides sessions on Fresh Grade, and time for teachers to collaborate on NOII inquiries and a Ministry update from the Superintendent
- Two facilitators from the Ministry of Education Outreach team, Heather Brown, a Math/Science teacher and Tammy Renyard, a secondary school Principal will join us for the day and conduct two sessions as follows:

Going deeper with Core and Curricular Competencies

Aligning core and curricular competencies in learning

Supporting increased student engagement and reflection (whole school mentoring approach)

Designing for Deeper Learning

Designing concept-based, competency driven learning sequences to engage students in deeper learning

Attending to multi-age, multi-disciplinary learning environments

Aligning assessment and instruction

Considering:

Inclusive learning (multiple entry points for learners)

Aboriginal Worldviews and Perspectives

9. Fauquier School Property Update

Superintendent's Report – September 18th, 2018

- The District's application to subdivide this property is in its final stages
- RDCK is now examining our request to rezone the property to allow for smaller lot sizes to allow for the two proposed lots; one for the community of Fauquier and the other for sale at market value

10. Video Cameras and RCMP collaboration at Lucerne to help curb costly vandalism

- With over \$10,000 of damage incurred by vandalism over the past few months, and in particular over the summer, the district has brought in the RCMP to help collaborate on solving the problem and video cameras will also be installed at multiple points around the school
- Rocks have been thrown at the stucco walls of the school creating large holes, the atrium in the Science Lab had rocks thrown at it resulting in the need to replace the entire glass structure, and even a solar panel on the school roof has been damaged, whilst several sprinkler heads and gate latches to the school garden have also been broken
- The school has held numerous assemblies and meetings with staff, students and parents on the matter both last school year and this year to little avail
- Principal Nick Graves, Operations Manager Art Olson, and Superintendent Terry Taylor met with RCMP Cpl Jaime Moffat and Con Corey Chaloner in the first week of school to design a collaborative plan to stop the vandalism
- [Policy 671 Video Surveillance](#) indicates that use of video cameras is a last resort, and given the length of time that the damage has taken place, and the other efforts made to stop this costly damage to school property, such a step is merited
- Lucerne School's PAC approved at their September 12th PAC meeting, the installation of video cameras for this purpose in accordance with the [District Protocol on Video Surveillance](#)
- We urge the perpetrators of this vandalism to cease, as valuable dollars are being spent on repairs to our facilities rather than to enhance the school learning environment

11. Meeting with ADM Sally Barton and Director Eleanor Liddy – September 12th

- Our entire Leadership team of three principals, our vice-principal, Director of Learning and the Superintendent had an excellent meeting with the Ministry staff during the afternoon and early evening of September 12th
- We discussed enhancements and challenges with MyEdBC, the provincial student information system including use this year of a new competency-based IEP designed by Shelley Moore, a provincial diversity and inclusion consultant with input from many teachers
- The Ministry staff brought forward some potential ways to augment learning in the district through an emerging Wonder Lab concept that will provide resources and resource people for learning
- We also had a fulsome discussion about the many challenges that our small rural and remote district faces, and the creative innovative ways we have worked to address these challenges with our gifted and committed staff across the district, fantastic relationships with our parents and community and our outside-the-box thinking. Ministry staff were highly impressed with our team.

12. Local Trustee Elections Update

- Chief Elections Officer, Rhonda Bouillet reports that SD 10 has a full slate of candidates for trustee elections to be held October 20th in conjunction with local government elections
- Candidates for the Board of Education are as follows: Rhonda Farrell, Eastern Zone; Danyea Simon, Southern Zone; Melissa Teindl, Central Zone; and four candidates for the two trustee-at-large positions: Lora Lee Brekke, Aiden McLaren-Caux, Christine Dixon, and Judy Struck
- Thank you to all candidates in standing for this important role in public office and wish all candidates good luck in the upcoming election!
- As there is only one candidate in each of the three zones, those candidates will likely be declared acclaimed, while an election will take place for the candidates for trustee-at-large positions



SD10 (Arrow Lakes) District Protocol

Community Use of School and District Facilities

Overview:

Although the prime function of school district facilities and buildings is to support student learning, the Board of Education is committed to making our facilities accessible to the community when possible. Shared Use agreements, short-term rentals or no-cost use of school facilities are therefore supported with the underlying premise that these arrangements always consider that students are at the centre of all we do in SD 10.

Approval for Short Term Use of School Facilities

1. Groups interested in using a school for the purpose of meetings or activities must fill in a "School Use Agreement" form at the school.
2. The school's Principal does the initial approval for short term or single community use of their school facilities on the Use of School Facilities form.
3. The Superintendent/Secretary-Treasurer does the final approval on all Use of School Facilities forms.
4. Supervision of students, parents, and community members using school facilities is the responsibility of the school Principal.

Fee Rental

Fees as set out in this protocol help offset additional custodial and maintenance costs in our schools due to community use.

5. A schedule of fees based on the type of organization renting school facilities and based on duration is attached.
6. The Assistant Secretary-Treasurer is responsible for collecting fees in cash or cheque for rental of school facilities through Accounts Receivable.
7. Fees collected are deposited to the district account and are shown in the district budget.

Liability Insurance Coverage

8. All staff, parents and students are covered for liability by the School Protection Program should an accident or injury occur on school facilities or on school-related business.
9. Other community groups must have their own liability insurance while using school facilities, as they are not covered by the SPP insurance.
10. Groups or individuals without liability insurance use the school facilities at their own risk.

Custodians, Unlocking of Doors

11. All community school use activities are communicated to the school's custodial staff, who act on behalf of the principal after school hours to admit groups to the building and ensure that the building is secured afterwards.

12. A half hour before the use of the school, the custodian will unlock the main access door in the school to allow entrance. After the activity is completed, the doors will. At the end of the event, doors will be locked and secured.

Schedule of Fees

13. Non-profit groups are exempt from usage fees if the School District does not incur additional costs as a result of the school use.
14. Where facilities requested are limited to one room and are for a one time use during regular school operating days (Monday-Friday) and months (September-June) a modest short term rental fee of \$15/hour or \$100/day for individuals or for profit organizations is to be charged.
15. For recreational programs (i.e. *Dance, Karate, Yoga*) scheduled to span part of, or for the duration of the school year, a flat rate of \$200 per term will be charged for individuals or for-profit organizations.
16. Where facilities requested are during non-regular school operating days (Saturday-Sunday) or months (July-August) the rental fee will be based on estimated costs for custodial time.

Shared Use Agreements

17. Certain community groups have entered into shared use or partnership agreements with the school district in use of school facilities. Fees or in-kind contributions are specified in each individual shared use agreement.
18. Additional fees for school use are generally not charged given that there is already contribution, with the exception of additional custodial costs incurred on weekends or school holidays, or use that expands the regular custodial workload.
19. Use of school facilities forms are required for the community organization's use of school property to assist in school scheduling and custodial communication in those schools with full time student attendance.

Facility Use Regulations

20. Only the specific rooms or parts of the building or school property as specified and as approved in the *Application* for Community Use are to be used. All other rooms or parts of the building or school property, other than washrooms will be considered off limits.
21. Individuals or groups using school property will be held responsible for all damage to the building, furniture, or fixtures.
22. School equipment, unless approved as part of the *Application* for Community Use is not permitted for use.
23. Alcohol is not permitted on school property.
24. Smoking is not permitted on school property.