

Audited Financial Statements of

School District No. 69 (Qualicum)

June 30, 2016

School District No. 69 (Qualicum)

June 30, 2016

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School District No. 69 (Qualicum)

MANAGEMENT REPORT

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Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 69 (Qualicum) 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. 69 (Qualicum) (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, McGorman MacLean, 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. 69 (Qualicum) 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. 69 (Qualicum)

| | |
|--|-------------|
| Signature of the _____ of the Board of Education | Date Signed |
| Signature of the _____ | Date Signed |
| Signature of the Secretary Treasurer | Date Signed |

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School District No. 69 (Qualicum)

Statement of Financial Position
As at June 30, 2016

| | 2016 Actual \$ | 2015 Actual \$ |
|---|----------------------|----------------------|
| Financial Assets | | |
| Cash and Cash Equivalents | 12,314,046 | 11,588,333 |
| Accounts Receivable | | |
| Due from Province - Ministry of Education | 114,253 | 58,700 |
| Due from Province - Other | | 140,224 |
| Other (Note 3) | 215,072 | 369,507 |
| Total Financial Assets | <u>12,643,371</u> | <u>12,156,764</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | | |
| Other (Note 4) | 3,362,897 | 3,111,837 |
| Unearned Revenue (Note 5) | 1,714,961 | 1,288,870 |
| Deferred Revenue (Note 6) | 609,645 | 833,461 |
| Deferred Capital Revenue (Note 7) | 47,448,107 | 48,013,153 |
| Employee Future Benefits (Note 8) | 5,430,013 | 5,274,602 |
| Capital Lease Obligations (Note 9) | 78,126 | 108,757 |
| Total Liabilities | <u>58,643,749</u> | <u>58,630,680</u> |
| Net Financial Assets (Debt) | <u>(46,000,378)</u> | <u>(46,473,916)</u> |
| Non-Financial Assets | | |
| Tangible Capital Assets (Note 10) | 64,738,648 | 65,499,958 |
| Prepaid Expenses | 89,103 | 51,087 |
| Total Non-Financial Assets | <u>64,827,751</u> | <u>65,551,045</u> |
| Accumulated Surplus (Deficit) | <u>18,827,373</u> | <u>19,077,129</u> |

Contractual Obligations and Contingencies (Note 11)

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

DRAFT

School District No. 69 (Qualicum)

Statement 2

Statement of Operations
Year Ended June 30, 2016

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 41,607,777 | 42,196,875 | 41,784,667 |
| Other | 101,450 | 117,376 | 99,070 |
| Tuition | 2,811,000 | 3,060,513 | 1,992,246 |
| Other Revenue | 1,433,385 | 2,120,046 | 1,603,926 |
| Rentals and Leases | 350,000 | 455,048 | 396,351 |
| Investment Income | 132,000 | 123,732 | 143,034 |
| Amortization of Deferred Capital Revenue | 2,103,955 | 2,103,955 | 2,095,594 |
| Total Revenue | <u>48,539,567</u> | <u>50,177,545</u> | <u>48,114,888</u> |
| Expenses (Note 14) | | | |
| Instruction | 38,279,206 | 39,009,498 | 36,292,970 |
| District Administration | 1,765,530 | 1,813,416 | 2,020,518 |
| Operations and Maintenance | 7,209,183 | 7,930,976 | 7,737,242 |
| Transportation and Housing | 1,595,296 | 1,671,787 | 1,657,561 |
| Debt Services | | 1,624 | 2,167 |
| Total Expense | <u>48,849,215</u> | <u>50,427,301</u> | <u>47,710,458</u> |
| Surplus (Deficit) for the year | <u>(309,648)</u> | <u>(249,756)</u> | <u>404,430</u> |
| Accumulated Surplus (Deficit) from Operations, beginning of year | | 19,077,129 | 18,672,699 |
| Accumulated Surplus (Deficit) from Operations, end of year | | <u>18,827,373</u> | <u>19,077,129</u> |

School District No. 69 (Qualicum)

Statement 4

Statement of Changes in Net Financial Assets (Debt)
Year Ended June 30, 2016

| | 2016 Budget | 2016 Actual | 2015 Actual |
|--|------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Surplus (Deficit) for the year | <u>(309,648)</u> | <u>(249,756)</u> | 404,430 |
| Effect of change in Tangible Capital Assets | | | |
| Acquisition of Tangible Capital Assets | (1,662,287) | (1,668,950) | (1,037,471) |
| Amortization of Tangible Capital Assets | 2,430,260 | 2,430,260 | 2,404,882 |
| Total Effect of change in Tangible Capital Assets | <u>767,973</u> | <u>761,310</u> | 1,367,411 |
| Acquisition of Prepaid Expenses | | (89,103) | (51,087) |
| Use of Prepaid Expenses | | 51,087 | 82,431 |
| Total Effect of change in Other Non-Financial Assets | <u>-</u> | <u>(38,016)</u> | 31,344 |
| (Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses) | <u>458,325</u> | <u>473,538</u> | 1,803,185 |
| Net Remeasurement Gains (Losses) | | | |
| (Increase) Decrease in Net Financial Assets (Debt) | | <u>473,538</u> | 1,803,185 |
| Net Financial Assets (Debt), beginning of year | | (46,473,916) | (48,277,101) |
| Net Financial Assets (Debt), end of year | | <u>(46,000,378)</u> | <u>(46,473,916)</u> |

School District No. 69 (Qualicum)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2016

| | 2016 Actual | 2015 Actual |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Operating Transactions | | |
| Surplus (Deficit) for the year | (249,756) | 404,430 |
| Changes in Non-Cash Working Capital | | |
| Decrease (Increase) | | |
| Accounts Receivable | 239,106 | 44,233 |
| Prepaid Expenses | (38,016) | 31,344 |
| Increase (Decrease) | | |
| Accounts Payable and Accrued Liabilities | 251,060 | (574,070) |
| Unearned Revenue | 426,091 | 781,670 |
| Deferred Revenue | (223,816) | (168,857) |
| Employee Future Benefits | 155,411 | 73,466 |
| Amortization of Tangible Capital Assets | 2,430,260 | 2,404,882 |
| Amortization of Deferred Capital Revenue | (2,103,955) | (2,095,594) |
| Services and Supplies purchased with bylaw capital | (366,340) | (264,943) |
| Total Operating Transactions | <u>520,045</u> | <u>636,561</u> |
| Capital Transactions | | |
| Tangible Capital Assets Purchased | (1,668,950) | (1,016,005) |
| Total Capital Transactions | <u>(1,668,950)</u> | <u>(1,016,005)</u> |
| Financing Transactions | | |
| Capital Revenue Received | 1,905,249 | 1,184,765 |
| Capital Lease Payments | (30,631) | (27,830) |
| Total Financing Transactions | <u>1,874,618</u> | <u>1,156,935</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 725,713 | 777,491 |
| Cash and Cash Equivalents, beginning of year | 11,588,333 | 10,810,842 |
| Cash and Cash Equivalents, end of year | <u>12,314,046</u> | <u>11,588,333</u> |
| Cash and Cash Equivalents, end of year, is made up of: | | |
| Cash | <u>12,314,046</u> | <u>11,588,333</u> |
| | <u>12,314,046</u> | <u>11,588,333</u> |

**SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1 AUTHORITY AND PURPOSE

The School District, established in 1946, 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. 69 (Qualicum)", and operates as "School District No. 69 (Qualicum)." A board of education ("Board") elected for a three-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district, and is principally funded by the Province of British Columbia through the Ministry of Education. School District No. 69 (Qualicum) 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*. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Notes 2(e) and 2(k).

In November 2011, the Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

As noted in Notes 2(e) and 2(k), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the School District to recognize government transfers for the acquisition of tangible capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the financial statements of the School District is as follows:

Year ended June 30, 2015 - increase in annual surplus by \$1,175,772

June 30, 2015 - increase in accumulated surplus and decrease in deferred contributions by \$48,013,153

Year ended June 30, 2016 - increase in annual surplus by \$611,833

June 30, 2015 - increase in accumulated surplus and decrease in deferred contributions by \$47,401,320

b) 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.

SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Accounts Receivable

Accounts receivable are measured at amortized cost and shown net of allowance for doubtful accounts.

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.

e) Deferred Revenue and Deferred Capital Revenue

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

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 2(a) for the impact of this policy on these financial statements.

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

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

SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts directly related to 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.
- 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.
- Buildings that are demolished or destroyed are written-off.
- 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. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. 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 and Equipment | 10 years |
| Vehicles | 10 years |
| Computer Hardware | 5 years |

h) Prepaid Expenses

Amounts for maintenance contracts and other services are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

i) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the School District are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the School District's rate for incremental borrowing or the interest rate implicit in the lease. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 15 – Accumulated Surplus).

k) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Contributions received or where eligibility criteria have been met, are recognized as revenue except where the contribution meets the criteria for deferral as described below. Eligibility criteria are the criteria that the School District has to meet in order to receive the contributions including authorization by the transferring government.

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

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

Donated tangible capital assets, other than sites, are recorded at fair market value and amortized over the useful life of the assets. Donated sites are recorded as revenue at fair market value when received or receivable.

Revenue related to fees or services received in advance of the fee being earned or the service being 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.

l) 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 and Vice-Principals employed under an administrative officer contract are categorized as Principals and Vice-Principals.
- Superintendents, Assistant Superintendents, Secretary-Treasurers, Trustees and other employees excluded from union contracts are categorized as Other Professionals.

**SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

m) 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, accounts payable and accrued liabilities and capital lease obligations.

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 instruments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition of a financial asset or a financial liability.

n) 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, liabilities for contaminated sites, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

| | 2016 | 2015 |
|---|------------|------------|
| Due from Federal Government | \$ 62,336 | \$ 51,344 |
| Mount Arrowsmith Teachers Association | 24,620 | 68,483 |
| BC Principals and Vice-Principals Association | - | 73,137 |
| Other | 128,116 | 176,543 |
| | \$ 215,072 | \$ 369,507 |

**SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

| | 2016 | 2015 |
|-------------------------------|--------------|--------------|
| Trades payable | \$ 924,860 | \$ 1,017,291 |
| Salaries and benefits payable | 2,119,322 | 1,766,689 |
| Accrued vacation pay | 188,400 | 212,872 |
| Other | 130,315 | 114,985 |
| | \$ 3,362,897 | \$ 3,111,837 |

NOTE 5 UNEARNED REVENUE

| | 2016 | 2015 |
|----------------|--------------|--------------|
| Tuition fees | \$ 1,705,211 | \$ 1,273,995 |
| Transportation | 9,750 | 14,125 |
| Other | - | 750 |
| | \$ 1,714,961 | \$ 1,288,870 |

NOTE 6 DEFERRED REVENUE

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by 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 7 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by 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 revenue is included in Schedule 4C and 4D.

**SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 8 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. Funding is provided when the benefits are paid and, accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits.

| | 2016 | 2015 |
|--|-----------------------|-----------------------|
| Reconciliation of Funded Status at End of Fiscal Year | | |
| Accrued Benefit Obligation – April 1 | \$ 5,974,493 | \$ 5,519,457 |
| Service Cost | 434,063 | 381,302 |
| Interest Cost | 138,038 | 182,417 |
| Benefit Payments | (455,609) | (544,853) |
| Actuarial (Gain) Loss | (223,819) | 436,170 |
| Accrued Benefit Obligation – March 31 | <u>\$ 5,867,166</u> | <u>\$ 5,974,493</u> |
| Reconciliation of Funded Status at End of Fiscal Year | | |
| Accrued Benefit Obligation – March 31 | \$ 5,867,166 | \$ 5,974,493 |
| Market Value of Plan Assets – March 31 | - | - |
| Funded Status – Deficit | (5,867,166) | (5,974,493) |
| Employer Contributions After Measurement Date | 142,101 | 96,448 |
| Benefits Expense After Measurement Date | (136,387) | (143,026) |
| Unamortized Net Actuarial Loss | 431,439 | 746,469 |
| Accrued Benefit Liability – June 30 | <u>\$ (5,430,013)</u> | <u>\$ (5,274,602)</u> |
| Reconciliation of Change in Accrued Benefit Liability | | |
| Accrued Benefit Liability – July 1 | \$ 5,274,602 | \$ 5,201,136 |
| Net expense for fiscal year | 656,673 | 611,112 |
| Employer Contributions | (501,263) | (537,646) |
| Accrued Benefit Liability – June 30 | <u>\$ 5,430,013</u> | <u>\$ 5,274,602</u> |
| Components of Net Benefit Expense | | |
| Service Cost | \$ 424,436 | \$ 394,492 |
| Interest Cost | 141,027 | 171,323 |
| Amortization of Net Actuarial Gain | 91,210 | 45,297 |
| Net Benefit Expense | <u>\$ 656,673</u> | <u>\$ 611,112</u> |

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

| | 2016 | 2015 |
|------------------------------------|-------------------|-------------------|
| Discount Rate – April 1 | 2.25% | 3.25% |
| Discount Rate – March 31 | 2.50% | 2.25% |
| Long Term Salary Growth – April 1 | 2.50% + seniority | 2.50% + seniority |
| Long Term Salary Growth – March 31 | 2.50% + seniority | 2.50% + seniority |
| EARSL – March 31 | 10.1 | 9.5 |

**SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 9 CAPITAL LEASE OBLIGATIONS

The School District has entered into two capital leases for the purchase of equipment. The leases are financed through the Municipal Finance Authority, which charges interest at 2%. The leases expire on October 28, 2018 and December 28, 2019. The principal repayments due are as follows:

| | |
|---|-----------|
| 2017 | \$ 32,254 |
| 2018 | 32,254 |
| 2019 | 13,844 |
| 2020 | 2,065 |
| Total minimum lease payments | 80,417 |
| Less amounts representing interest | 2,291 |
| Present value of net minimum capital lease payments | \$ 78,126 |

Total interest expense for the year was \$4,397 (2015 - \$2,167).

NOTE 10 TANGIBLE CAPITAL ASSETS

Net Book Value:

| | June 30, 2016 | June 30, 2015 |
|-------------------------|----------------------|----------------------|
| Sites | \$ 11,929,778 | \$ 11,929,778 |
| Buildings | 50,654,446 | 51,841,004 |
| Furniture and Equipment | 553,824 | 560,580 |
| Vehicles | 1,545,999 | 1,090,989 |
| Computer Hardware | 54,601 | 77,607 |
| Total | \$ 64,738,648 | \$ 65,499,958 |

June 30, 2016

| Cost: | Opening Balance | Additions | Disposals | Transfers (WIP) | Total 2016 |
|-------------------------|------------------------|---------------------|-------------------|------------------------|-----------------------|
| Sites | \$ 11,929,778 | \$ - | \$ - | \$ - | \$ 11,929,778 |
| Buildings | 99,311,578 | 962,603 | - | - | 100,274,181 |
| Furniture and Equipment | 871,693 | 80,413 | 48,000 | - | 904,106 |
| Vehicles | 1,709,238 | 625,934 | 114,028 | - | 2,221,144 |
| Computer Hardware | 115,030 | - | 13,850 | - | 101,180 |
| Total | \$ 113,937,317 | \$ 1,668,950 | \$ 175,878 | \$ - | \$ 115,430,389 |

| Accumulated Amortization: | Opening Balance | Additions | Disposals | Total 2016 |
|----------------------------------|------------------------|---------------------|-------------------|----------------------|
| Buildings | \$ 47,470,574 | \$ 2,149,161 | \$ - | \$ 49,619,735 |
| Furniture and Equipment | 311,113 | 87,169 | 48,000 | 350,282 |
| Vehicles | 618,249 | 170,924 | 114,028 | 675,145 |
| Computer Hardware | 37,423 | 23,006 | 13,850 | 46,579 |
| Total | \$ 48,437,359 | \$ 2,430,260 | \$ 175,878 | \$ 50,691,741 |

**SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 10 TANGIBLE CAPITAL ASSETS (continued)

June 30, 2015

| Cost: | Opening Balance | Additions | Disposals | Transfers (WIP) | Total 2015 |
|------------------------------|------------------------|---------------------|------------------|------------------------|----------------------|
| Sites | \$ 11,929,778 | \$ - | \$ - | \$ - | \$ 11,929,778 |
| Buildings | 98,416,974 | 887,788 | - | 6,816 | 99,311,578 |
| Buildings - work in progress | 6,816 | - | - | (6,816) | - |
| Furniture and Equipment | 779,156 | 123,357 | 30,820 | - | 871,693 |
| Vehicles | 1,709,238 | - | - | - | 1,709,238 |
| Computer Hardware | 88,704 | 26,326 | - | - | 115,030 |
| Total | \$ 112,930,666 | \$ 1,037,471 | \$ 30,820 | \$ - | \$113,937,317 |

| Accumulated Amortization: | Opening Balance | Additions | Disposals | Total 2015 |
|----------------------------------|------------------------|---------------------|------------------|----------------------|
| Buildings | \$ 45,332,273 | \$ 2,138,301 | \$ - | \$ 47,470,574 |
| Furniture and Equipment | 264,017 | 77,916 | 30,820 | 311,113 |
| Vehicles | 447,325 | 170,924 | - | 618,249 |
| Computer Hardware | 19,682 | 17,741 | - | 37,423 |
| Total | \$ 46,063,297 | \$ 2,404,882 | \$ 30,820 | \$ 48,437,359 |

Included in tangible capital assets is equipment under capital lease with a cost of \$153,568. The related accumulated amortization is \$15,357.

NOTE 11 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District, in conducting its usual business activities, is involved in legal claims and litigation. In the event any unsettled claims are successful, management believes that such claims are not expected to have a material effect on the School District's financial position.

NOTE 12 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension plans (the "plans"). The board 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 provided are based on a formula. As at December 31, 2014, the Teachers' Pension Plan has about 45,000 active members and approximately 35,000 retired members. As at December 31, 2014, the Municipal Pension Plan has about 185,000 active members, including approximately 24,000 from School Districts.

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

**SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 12 EMPLOYEE PENSION PLANS (continued)

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, 2012 indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The School District paid \$4,177,146 for employer contributions to these plans in the year ended June 30, 2016 (2015 - \$4,000,408).

The next valuation for the Teachers' Pension Plan will be as at December 31, 2017, with results available in 2018. The next valuation for the Municipal Pension Plan will be as at December 31, 2015, with results available in 2016.

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 Plan.

NOTE 13 ASSET RETIREMENT OBLIGATION

Certain schools in the School District contain asbestos. No amount has been recorded in these financial statements with regard to this potential liability since the fair value of future removal costs cannot be reasonably estimated due to unknown timelines.

NOTE 14 EXPENSE BY OBJECT

| | 2016 | 2015 |
|-----------------------|----------------------|----------------------|
| Salaries and benefits | \$ 39,586,363 | \$ 38,185,152 |
| Services and supplies | 8,409,054 | 7,118,257 |
| Amortization | 2,430,260 | 2,404,882 |
| Interest | 1,624 | 2,167 |
| | \$ 50,427,301 | \$ 47,710,458 |

**SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 15 ACCUMULATED SURPLUS

Accumulated surplus consists of:

| | 2016 | 2015 |
|-------------------------------------|---------------|---------------|
| Invested in tangible capital assets | \$ 17,722,217 | \$ 17,819,981 |
| Local capital surplus | 100,000 | - |
| Total capital surplus | 17,822,217 | 17,819,981 |
| Operating surplus | 1,005,156 | 1,257,148 |
| | \$ 18,827,373 | \$ 19,077,129 |

Interfund transfers between the operating and capital funds for the year ended June 30, 2016, were as follows:

- Operating funds were used to fund Local Capital (\$468,550)
- Capital assets were purchased with Operating funds (\$244,697)

The operating surplus has been internally restricted (appropriated) for:

| | 2016 | 2015 |
|--------------------------------|--------------|--------------|
| School budgets | \$ 132,741 | \$ 221,461 |
| Capital maintenance | 230,000 | 170,000 |
| | 362,741 | 391,461 |
| Unrestricted operating surplus | 642,415 | 865,687 |
| Total operating surplus | \$ 1,005,156 | \$ 1,257,148 |

NOTE 16 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.

SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 17 BUDGET FIGURES

The budget figures included in the financial statements are not audited. The budget figures data presented in these financial statements is based upon the 2015/16 amended annual budget adopted by the Board on January 26, 2016. The following chart compares the original annual budget bylaw approved April 28, 2015 to the amended annual budget bylaw reported in these financial statements.

| | 2016 Amended Annual Budget | 2016 Annual Budget |
|---|---------------------------------------|-------------------------------|
| Revenues | | |
| Provincial Grants | | |
| Ministry of Education | \$ 43,711,732 | \$ 43,771,279 |
| Other Provincial Revenues | 101,450 | 101,450 |
| Tuition | 2,811,000 | 2,811,000 |
| Other Revenue | 1,433,385 | 1,433,385 |
| Rentals and Leases | 350,000 | 350,000 |
| Investment Income | 132,000 | 132,000 |
| Total Revenue | 48,539,567 | 48,599,114 |
| Expenses | | |
| Instruction | 38,279,206 | 38,118,490 |
| District Administration | 1,765,530 | 1,777,998 |
| Operations and Maintenance | 7,209,183 | 7,269,260 |
| Transportation and Housing | 1,595,296 | 1,595,296 |
| Total Expenses | 48,849,215 | 48,761,044 |
| Net Revenue (Expenses) | (309,648) | (161,930) |
| | | |
| Budgeted Allocation of Surplus | 351,893 | 287,217 |
| Transfer to Unfunded Employee Future Benefits | - | (80,000) |
| Budgeted Surplus for the year | \$ 42,245 | \$ 45,287 |

NOTE 18 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.

SCHOOL DISTRICT NO. 69 (QUALICUM)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 19 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 and cash equivalents, 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 and cash equivalents as they are placed in recognized British Columbia institutions and the School District invests solely in the Central Deposit Program with the Ministry of Finance.

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 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 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.

c) Liquidity risk:

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

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

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

NOTE 20 COMPARATIVE FIGURES

Certain 2015 comparative figures have been changed to reflect financial statement presentation adopted in the current year.

School District No. 69 (Qualicum)

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

Schedule 1 (Unaudited)

| | Operating Fund | Special Purpose Fund | Capital Fund | 2016 Actual | 2015 Actual |
|---|------------------|----------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Accumulated Surplus (Deficit), beginning of year | 1,257,148 | | 17,819,981 | 19,077,129 | 18,672,699 |
| Changes for the year | | | | | |
| Surplus (Deficit) for the year | 414,468 | | (664,224) | (249,756) | 404,430 |
| Interfund Transfers | (197,910) | | 197,910 | - | - |
| Tangible Capital Assets Purchased | (436,296) | | 436,296 | - | - |
| Local Capital | (32,254) | | 32,254 | - | - |
| Other | (251,992) | | 2,236 | (249,756) | 404,430 |
| Net Changes for the year | | | | | |
| | 1,005,156 | | 17,822,217 | 18,827,373 | 19,077,129 |
| Accumulated Surplus (Deficit), end of year - Statement 2 | | | | | |

School District No. 69 (Qualicum)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2016

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 39,993,201 | 40,183,450 | 39,733,085 |
| Other | 101,450 | 117,376 | 99,070 |
| Tuition | 2,811,000 | 3,060,513 | 1,992,246 |
| Other Revenue | 133,385 | 239,003 | 386,000 |
| Rentals and Leases | 350,000 | 455,048 | 396,351 |
| Investment Income | 132,000 | 123,732 | 143,034 |
| Total Revenue | 43,521,036 | 44,179,122 | 42,749,786 |
| Expenses | | | |
| Instruction | 35,580,945 | 35,697,685 | 33,636,176 |
| District Administration | 1,765,530 | 1,813,416 | 2,020,518 |
| Operations and Maintenance | 4,562,608 | 4,752,690 | 4,717,736 |
| Transportation and Housing | 1,595,296 | 1,500,863 | 1,486,637 |
| Total Expense | 43,504,379 | 43,764,654 | 41,861,067 |
| Operating Surplus (Deficit) for the year | 16,657 | 414,468 | 888,719 |
| Budgeted Appropriation (Retirement) of Surplus (Deficit) | 351,893 | | |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | | (197,910) | (58,141) |
| Local Capital | (368,550) | (436,296) | (338,553) |
| Other | | (32,254) | (29,997) |
| Total Net Transfers | (368,550) | (666,460) | (426,691) |
| Total Operating Surplus (Deficit), for the year | - | (251,992) | 462,028 |
| Operating Surplus (Deficit), beginning of year | | 1,257,148 | 795,120 |
| Operating Surplus (Deficit), end of year | | 1,005,156 | 1,257,148 |
| Operating Surplus (Deficit), end of year | | | |
| Internally Restricted (Note 15) | | 362,741 | 391,461 |
| Unrestricted | | 642,415 | 865,687 |
| Total Operating Surplus (Deficit), end of year | | 1,005,156 | 1,257,148 |

School District No. 69 (Qualicum)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source
Year Ended June 30, 2016

| | 2016 Budget | 2016 Actual | 2015 Actual |
|--|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| Provincial Grants - Ministry of Education | | | |
| Operating Grant, Ministry of Education | 39,057,025 | 39,137,402 | 38,949,457 |
| Strike Savings Recovery | | | (911,281) |
| Other Ministry of Education Grants | | | |
| Labour Settlement Funding | | | 654,326 |
| Pay Equity | 936,176 | 936,176 | 936,176 |
| Funding for Graduated Adults | | 4,281 | 11,353 |
| Economic Stability Dividend | | 30,406 | |
| FSA Monitoring | | 8,696 | 8,696 |
| Miscellaneous | | 66,489 | 84,358 |
| Total Provincial Grants - Ministry of Education | 39,993,201 | 40,183,450 | 39,733,085 |
| Provincial Grants - Other | 101,450 | 117,376 | 99,070 |
| Tuition | | | |
| Offshore Tuition Fees | 2,811,000 | 3,060,513 | 1,992,246 |
| Total Tuition | 2,811,000 | 3,060,513 | 1,992,246 |
| Other Revenues | | | |
| Miscellaneous | | | |
| Transportation revenue | 119,385 | 125,704 | 124,874 |
| Miscellaneous | 10,000 | 73,083 | 202,405 |
| Other grants | | 28,145 | 48,117 |
| Workshop fees | | 6,230 | 1,125 |
| Donations | | - | 5,752 |
| Pcard Dividend | 4,000 | 5,841 | 3,727 |
| Total Other Revenue | 133,385 | 239,003 | 386,000 |
| Rentals and Leases | 350,000 | 455,048 | 396,351 |
| Investment Income | 132,000 | 123,732 | 143,034 |
| Total Operating Revenue | 43,521,036 | 44,179,122 | 42,749,786 |

School District No. 69 (Qualicum)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2016

| | 2016 Budget | 2016 Actual | 2015 Actual |
|-------------------------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| Salaries | | | |
| Teachers | 17,693,050 | 17,548,653 | 15,985,569 |
| Principals and Vice Principals | 2,307,576 | 2,348,614 | 2,233,222 |
| Educational Assistants | 3,147,607 | 3,043,238 | 3,071,186 |
| Support Staff | 4,419,611 | 4,585,093 | 4,650,321 |
| Other Professionals | 1,200,089 | 1,200,023 | 1,208,363 |
| Substitutes | 1,208,807 | 1,137,215 | 1,438,921 |
| Total Salaries | 29,976,740 | 29,862,836 | 28,587,582 |
| Employee Benefits | 8,124,364 | 8,444,593 | 8,245,609 |
| Total Salaries and Benefits | 38,101,104 | 38,307,429 | 36,833,191 |
| Services and Supplies | | | |
| Services | 2,032,976 | 1,998,728 | 1,956,501 |
| Student Transportation | 1,000 | - | - |
| Professional Development and Travel | 398,338 | 541,624 | 392,525 |
| Rentals and Leases | 5,000 | 2,438 | 24,283 |
| Dues and Fees | 50,450 | 62,322 | 52,770 |
| Insurance | 174,000 | 139,474 | 157,918 |
| Supplies | 1,670,011 | 1,789,592 | 1,492,976 |
| Utilities | 1,071,500 | 923,047 | 950,903 |
| Total Services and Supplies | 5,403,275 | 5,457,225 | 5,027,876 |
| Total Operating Expense | 43,504,379 | 43,764,654 | 41,861,067 |

School District No. 69 (Qualicum)

Operating Expense by Function, Program and Object
Year Ended June 30, 2016

Schedule 2C (Unaudited)

| | Teachers Salaries | Principals and Vice Principals Salaries | Educational Assistants Salaries | Support Staff Salaries | Other Professionals Salaries | Substitutes Salaries | Total Salaries |
|--|-------------------|---|---------------------------------|------------------------|------------------------------|----------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | |
| 1.02 Regular Instruction | 14,451,014 | 213,644 | | 10,930 | | 707,390 | 15,382,978 |
| 1.03 Career Programs | 175,325 | | | 49,212 | | 1,970 | 226,507 |
| 1.07 Library Services | 423,983 | | | 177,727 | | 21,402 | 623,112 |
| 1.08 Counselling | 382,522 | 51,561 | | | | | 434,083 |
| 1.10 Special Education | 1,656,355 | 281,502 | 2,847,567 | 42,282 | | 227,200 | 5,054,906 |
| 1.30 English Language Learning | 126,103 | | | | | | 126,103 |
| 1.31 Aboriginal Education | 33,750 | 100,261 | 195,671 | 6,677 | | | 336,359 |
| 1.41 School Administration | | 1,550,193 | | 976,770 | | 49,938 | 2,576,901 |
| 1.61 Continuing Education | 17,028 | | | | 70,728 | | 17,028 |
| 1.62 Offshore Students | 282,573 | 151,453 | | 49,373 | 33,618 | | 584,127 |
| 1.64 Other | | | | | | | 33,618 |
| Total Function 1 | 17,548,653 | 2,348,614 | 3,043,238 | 1,312,971 | 104,346 | 1,007,900 | 25,365,722 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | | | | | 341,631 | | 341,631 |
| 4.40 School District Governance | | | | | 85,421 | | 85,421 |
| 4.41 Business Administration | | | | 283,460 | 435,072 | 445 | 718,977 |
| Total Function 4 | - | - | - | 283,460 | 862,124 | 445 | 1,146,029 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | | | | 51,776 | 188,347 | 163 | 240,286 |
| 5.50 Maintenance Operations | | | | 1,942,429 | | 42,468 | 1,984,897 |
| 5.52 Maintenance of Grounds | | | | 173,679 | | | 173,679 |
| 5.56 Utilities | | | | | | | - |
| Total Function 5 | - | - | - | 2,167,884 | 188,347 | 42,631 | 2,398,862 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | | | | 50,889 | 45,206 | 626 | 96,721 |
| 7.70 Student Transportation | | | | 769,889 | | 85,613 | 855,502 |
| 7.73 Housing | | | | | | | - |
| Total Function 7 | - | - | - | 820,778 | 45,206 | 86,239 | 952,223 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 17,548,653 | 2,348,614 | 3,043,238 | 4,585,093 | 1,200,023 | 1,137,215 | 29,862,836 |

School District No. 69 (Qualicum)

Operating Expense by Function, Program and Object
Year Ended June 30, 2016

| | Total Salaries | Employee Benefits | Total Salaries and Benefits | Services and Supplies | 2016 Actual | 2016 Budget | 2015 Actual |
|--|-------------------|-------------------|-----------------------------|-----------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | |
| 1.02 Regular Instruction | 15,382,978 | 4,391,435 | 19,774,413 | 689,113 | 20,463,526 | 20,489,030 | 18,750,682 |
| 1.03 Career Programs | 226,507 | 64,673 | 291,180 | 388,624 | 679,804 | 709,724 | 1,574,257 |
| 1.07 Library Services | 623,112 | 180,448 | 803,560 | 26,551 | 830,111 | 834,227 | 763,820 |
| 1.08 Counselling | 434,083 | 120,560 | 554,643 | 554,643 | 554,643 | 552,558 | 375,362 |
| 1.10 Special Education | 5,054,906 | 1,522,669 | 6,577,575 | 65,642 | 6,643,217 | 6,744,108 | 6,757,039 |
| 1.30 English Language Learning | 126,103 | 33,950 | 160,053 | 160,053 | 160,053 | 159,895 | 69,879 |
| 1.31 Aboriginal Education | 336,359 | 103,497 | 439,856 | 100,453 | 540,309 | 540,309 | 490,654 |
| 1.41 School Administration | 2,576,901 | 699,884 | 3,276,785 | 102,098 | 3,378,883 | 3,320,643 | 3,129,338 |
| 1.61 Continuing Education | 17,028 | 4,617 | 21,645 | 21,645 | 21,645 | 21,622 | |
| 1.62 Offshore Students | 554,127 | 155,314 | 709,441 | 1,673,401 | 2,382,842 | 2,168,771 | 1,695,363 |
| 1.64 Other | 33,618 | 9,034 | 42,652 | 42,652 | 42,652 | 40,058 | 29,782 |
| Total Function 1 | 25,365,722 | 7,286,081 | 32,651,803 | 3,045,882 | 35,697,685 | 35,580,945 | 33,636,176 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | 341,631 | 83,519 | 425,150 | 76,528 | 501,678 | 481,253 | 490,341 |
| 4.40 School District Governance | 85,421 | 8,456 | 93,877 | 94,969 | 188,846 | 177,881 | 215,401 |
| 4.41 Business Administration | 718,977 | 172,558 | 891,535 | 231,357 | 1,122,892 | 1,106,396 | 1,314,776 |
| Total Function 4 | 1,146,029 | 264,533 | 1,410,562 | 402,854 | 1,813,416 | 1,765,530 | 2,020,518 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | 240,286 | 52,470 | 292,756 | 160,385 | 453,141 | 481,147 | 411,619 |
| 5.50 Maintenance Operations | 1,984,897 | 511,238 | 2,496,135 | 498,805 | 2,994,940 | 2,718,160 | 3,005,234 |
| 5.52 Maintenance of Grounds | 173,679 | 47,012 | 220,691 | 58,073 | 278,764 | 291,801 | 349,980 |
| 5.56 Utilities | - | - | - | 1,025,845 | 1,025,845 | 1,071,500 | 950,903 |
| Total Function 5 | 2,398,862 | 610,720 | 3,009,582 | 1,743,108 | 4,752,690 | 4,562,608 | 4,717,736 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | 96,721 | 23,530 | 120,251 | 13,364 | 133,615 | 151,599 | 160,119 |
| 7.70 Student Transportation | 855,502 | 259,729 | 1,115,231 | 231,717 | 1,346,948 | 1,419,697 | 1,302,368 |
| 7.73 Housing | - | - | - | 20,300 | 20,300 | 24,000 | 24,150 |
| Total Function 7 | 952,223 | 283,259 | 1,235,482 | 265,381 | 1,500,863 | 1,595,296 | 1,486,637 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 29,862,836 | 8,444,593 | 38,307,429 | 5,457,225 | 43,764,654 | 43,504,379 | 41,861,067 |

School District No. 69 (Qualicum)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations
Year Ended June 30, 2016

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 1,614,576 | 1,647,085 | 1,786,639 |
| Other Revenue | 1,300,000 | 1,881,043 | 1,217,926 |
| Total Revenue | <u>2,914,576</u> | <u>3,528,128</u> | <u>3,004,565</u> |
| Expenses | | | |
| Instruction | 2,698,261 | 3,311,813 | 2,656,794 |
| Operations and Maintenance | 216,315 | 216,315 | 247,771 |
| Total Expense | <u>2,914,576</u> | <u>3,528,128</u> | <u>2,904,565</u> |
| Special Purpose Surplus (Deficit) for the year | <u>-</u> | <u>-</u> | <u>100,000</u> |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | | | (100,000) |
| Total Net Transfers | <u>-</u> | <u>-</u> | <u>(100,000)</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. 69 (Qualicum)
 Changes in Special Purpose Funds and Expense by Object
 Year Ended June 30, 2016

| | Annual Facility Grant | Learning Improvement Fund | Aboriginal Education Technology | Special Education Equipment | School Generated Funds | Strong Start | Ready, Set, Learn | OLEP | Community-LINK |
|--|-----------------------|---------------------------|---------------------------------|-----------------------------|------------------------|--------------|-------------------|---------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | - | - | - | 13,325 | 777,782 | - | - | 17,354 | - |
| Add: Restricted Grants | | | | | | | | | |
| Provincial Grants - Ministry of Education | 216,315 | 819,411 | - | 1,830 | 1,687,906 | 96,000 | 19,600 | 101,323 | 361,927 |
| Other | - | - | - | - | - | - | - | - | - |
| Less: Allocated to Revenue | 216,315 | 819,411 | - | 1,830 | 1,687,906 | 96,000 | 19,600 | 101,323 | 361,927 |
| Deferred Revenue, end of year | - | 819,411 | - | 15,155 | 1,881,043 | 96,000 | 19,600 | 118,677 | 361,927 |
| Revenues | 216,315 | 819,411 | - | 15,155 | 1,881,043 | 96,000 | 19,600 | 118,677 | 361,927 |
| Provincial Grants - Ministry of Education | 216,315 | 819,411 | - | 15,155 | 1,881,043 | 96,000 | 19,600 | 118,677 | 361,927 |
| Other Revenue | - | - | - | - | - | - | - | - | - |
| Expenses | | | | | | | | | |
| Salaries | | | | | | | | | |
| Teachers | | 517,115 | | | | | | | 1,855 |
| Principals and Vice Principals | | 132,315 | | | | | | | 30,112 |
| Educational Assistants | | | | | | | | | 239,079 |
| Support Staff | 106,951 | | | | | | | | |
| Employee Benefits | 106,951 | 649,430 | | | | | | 31,165 | 271,046 |
| Services and Supplies | 109,364 | 169,981 | | 15,155 | 1,881,043 | 96,000 | 19,600 | 75,121 | 52,911 |
| Deferred Revenue | 216,315 | 819,411 | | 15,155 | 1,881,043 | 96,000 | 19,600 | 118,677 | 361,927 |
| Net Revenue (Expense) before Interfund Transfers | - | - | - | - | - | - | - | - | - |
| Interfund Transfers | - | - | - | - | - | - | - | - | - |
| Net Revenue (Expense) | - | - | - | - | - | - | - | - | - |

School District No. 69 (Qualicum)

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

| | | |
|---|---------------------|----------------|
| | Service Delivery | TOTAL |
| | \$ | \$ |
| Deferred Revenue, beginning of year | 25,000 | 833,461 |
| Add: Restricted Grants | | |
| Provincial Grants - Ministry of Education | - | 1,616,406 |
| Other | - | 1,687,906 |
| | - | 3,304,312 |
| | - | 3,528,128 |
| Less: Allocated to Revenue | | |
| Deferred Revenue, end of year | 25,000 | 609,645 |
| Revenues | | |
| Provincial Grants - Ministry of Education | - | 1,647,885 |
| Other Revenue | - | 1,881,043 |
| | - | 3,528,128 |
| Expenses | | |
| Salaries | | |
| Teachers | | 550,135 |
| Principals and Vice Principals | | 30,112 |
| Educational Assistants | | 371,394 |
| Support Staff | | 106,951 |
| | - | 1,058,592 |
| Employee Benefits | | 220,342 |
| Services and Supplies | | 2,249,194 |
| | - | 3,528,128 |
| Net Revenue (Expense) before Interfund Transfers | - | - |
| Interfund Transfers | - | - |
| Net Revenue (Expense) | - | - |

School District No. 69 (Qualicum)

Schedule 4 (Unaudited)

Schedule of Capital Operations
Year Ended June 30, 2016

| | 2016 Budget | 2016 Actual | | | 2015 Actual |
|---|------------------|--|------------------|-------------------|-------------------|
| | | Invested in Tangible Capital Assets | Local Capital | Fund Balance | |
| | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | |
| Provincial Grants | | | | | |
| Ministry of Education | | 366,340 | | 366,340 | 264,943 |
| Amortization of Deferred Capital Revenue | 2,103,955 | 2,103,955 | | 2,103,955 | 2,095,594 |
| Total Revenue | <u>2,103,955</u> | <u>2,470,295</u> | <u>-</u> | <u>2,470,295</u> | <u>2,360,537</u> |
| Expenses | | | | | |
| Operations and Maintenance | | 366,340 | 336,295 | 702,635 | 537,777 |
| Amortization of Tangible Capital Assets | | | | | |
| Operations and Maintenance | 2,430,260 | 2,259,336 | | 2,259,336 | 2,233,958 |
| Transportation and Housing | | 170,924 | | 170,924 | 170,924 |
| Debt Services | | | | | |
| Capital Lease Interest | | | 1,624 | 1,624 | 2,167 |
| Total Expense | <u>2,430,260</u> | <u>2,796,600</u> | <u>337,919</u> | <u>3,134,519</u> | <u>2,944,826</u> |
| Capital Surplus (Deficit) for the year | <u>(326,305)</u> | <u>(326,305)</u> | <u>(337,919)</u> | <u>(664,224)</u> | <u>(584,289)</u> |
| Net Transfers (to) from other funds | | | | | |
| Tangible Capital Assets Purchased | | 197,910 | | 197,910 | 158,141 |
| Local Capital | 368,550 | | 436,296 | 436,296 | 338,553 |
| Capital Lease Payment | | | 32,254 | 32,254 | 29,997 |
| Total Net Transfers | <u>368,550</u> | <u>197,910</u> | <u>468,550</u> | <u>666,460</u> | <u>526,691</u> |
| Other Adjustments to Fund Balances | | | | | |
| Principal Payment | | | | | |
| Capital Lease | | 30,631 | (30,631) | - | |
| Total Other Adjustments to Fund Balances | | <u>30,631</u> | <u>(30,631)</u> | <u>-</u> | |
| Total Capital Surplus (Deficit) for the year | <u>42,245</u> | <u>(97,764)</u> | <u>100,000</u> | <u>2,236</u> | <u>(57,598)</u> |
| Capital Surplus (Deficit), beginning of year | | 17,819,981 | - | 17,819,981 | 17,877,579 |
| Capital Surplus (Deficit), end of year | | <u>17,722,217</u> | <u>100,000</u> | <u>17,822,217</u> | <u>17,819,981</u> |

School District No. 69 (Qualicum)

Tangible Capital Assets
Year Ended June 30, 2016

| | Sites | Buildings | Furniture and Equipment | Vehicles | Computer Software | Computer Hardware | Total |
|---|------------|-------------|-------------------------|-----------|-------------------|-------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost, beginning of year | 11,929,778 | 99,311,578 | 871,693 | 1,709,238 | - | 115,030 | 113,937,317 |
| Changes for the Year | | | | | | | |
| Increase: | | | | | | | |
| Purchases from: | | | | | | | |
| Deferred Capital Revenue - Bylaw | | 838,344 | 33,626 | 552,283 | | | 1,424,253 |
| Deferred Capital Revenue - Other | | 124,259 | 46,787 | 73,651 | | | 46,787 |
| Operating Fund | | 962,603 | 80,413 | 625,934 | | | 1,668,950 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 48,000 | 114,028 | | 13,850 | 175,878 |
| Cost, end of year | 11,929,778 | 100,274,181 | 904,106 | 2,221,144 | | 101,180 | 115,430,389 |
| Work in Progress, end of year | | | | | | | |
| Cost and Work in Progress, end of year | 11,929,778 | 100,274,181 | 904,106 | 2,221,144 | | 101,180 | 115,430,389 |
| Accumulated Amortization, beginning of year | | | | | | | |
| Changes for the Year | | | | | | | |
| Increase: Amortization for the Year | | 47,470,574 | 311,113 | 618,249 | | 37,423 | 48,437,359 |
| Decrease: | | | | | | | |
| Deemed Disposals | | 2,149,161 | 87,169 | 170,924 | | 23,006 | 2,430,260 |
| Accumulated Amortization, end of year | | 49,619,735 | 350,282 | 675,145 | | 46,579 | 50,691,741 |
| Tangible Capital Assets - Net | 11,929,778 | 50,654,446 | 553,824 | 1,545,999 | | 54,601 | 64,738,648 |

School District No. 69 (Qualicum)

Deferred Capital Revenue
Year Ended June 30, 2016

| | Bylaw Capital | Other Provincial | Other Capital | Total Capital |
|---|------------------|---------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Deferred Capital Revenue, beginning of year | 46,610,972 | 944,259 | 15,988 | 47,571,219 |
| Changes for the Year | | | | |
| Increase: | | | | |
| Transferred from Deferred Revenue - Capital Additions | 1,424,253 | | 46,787 | 1,471,040 |
| | 1,424,253 | - | 46,787 | 1,471,040 |
| Decrease: | | | | |
| Amortization of Deferred Capital Revenue | 2,072,805 | 29,151 | 1,999 | 2,103,955 |
| | 2,072,805 | 29,151 | 1,999 | 2,103,955 |
| Net Changes for the Year | (648,552) | (29,151) | 44,788 | (632,915) |
| Deferred Capital Revenue, end of year | 45,962,420 | 915,108 | 60,776 | 46,938,304 |
| Work in Progress, beginning of year | | | | - |
| Changes for the Year | | | | |
| Net Changes for the Year | - | - | - | - |
| Work in Progress, end of year | | | | - |
| Total Deferred Capital Revenue, end of year | 45,962,420 | 915,108 | 60,776 | 46,938,304 |

School District No. 69 (Qualicum)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2016

| | Bylaw Capital | MEd Restricted Capital | Other Provincial Capital | Land Capital | Other Capital | Total |
|---|------------------|------------------------------|--------------------------------|-----------------|------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, beginning of year | 99,926 | 150,972 | - | 191,036 | - | 441,934 |
| Changes for the Year | | | | | | |
| Increase: | | | | | | |
| Provincial Grants - Ministry of Education | 1,858,462 | - | - | - | 46,787 | 1,858,462 |
| Donated Playground Equipment | 1,858,462 | - | - | - | 46,787 | 1,905,249 |
| Decrease: | | | | | | |
| Transferred to DCR - Capital Additions | 1,424,253 | - | - | - | 46,787 | 1,471,040 |
| Purchase of Services and Supplies | 366,340 | - | - | - | - | 366,340 |
| | 1,790,593 | - | - | - | 46,787 | 1,837,380 |
| Net Changes for the Year | 67,869 | - | - | - | - | 67,869 |
| Balance, end of year | 167,795 | 150,972 | - | 191,036 | - | 509,803 |