



SD69 QUALICUM

Ron Amos, Secretary-Treasurer

## Memo

**Date:** September 26, 2017  
**To:** Board of Education  
**cc:** Rollie Koop, Superintendent  
**From:** Ron Amos, Secretary Treasurer  
**Re:** **Financial Statement Discussion and Analysis**

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### **Background/Rationale:**

A Financial Statement Discussion and Analysis ("FSD&A") has been prepared to supplement the financial statements by providing additional information and analysis so that stakeholders can more fully understand the school district's 2016/17 financial performance. Preparation of an FSD&A was one of the recommendations of the Ministry's Financial Health Working Group1 in April 2017.

The FSD&A is included in this package and should be reviewed in conjunction with the review of the financial statements. The FSD&A will be published on the school district's website along with the audited financial statements, once approved by the Board of Education.

**Recommendation:** For information only

**School District No. 69 (Qualicum)**  
**Financial Statement Discussion & Analysis**  
**For the Year Ended June 30, 2017**

The following is a discussion and analysis of the Qualicum School District's financial performance for the fiscal year ended June 30, 2017. This report is a summary of the district's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the School District's financial statements.

**OVERVIEW OF THE SCHOOL DISTRICT**

The Qualicum School District serves more than 4,100 student FTE in: 11 school sites (8 elementary schools, 2 secondary schools and 1 alternate education school), Family Place, Collaborative Education Alternate Program, Indigenous Education Program and the Qualicum International Student Program.

The Board completed their Strategic Plan for 2013 to 2018 which guides the Board of Education and its employees and partners in delivering educational programs through the period 2013/14 to 2017/18. The Plan identified the following Strategic Priorities:

- Increasing the engagement of our learners by providing more personalized educational experiences
- Responding to the diverse social/emotional needs of our learners in ways that increase their chances of success
- Ensuring that the structures that shape and support learning are flexible and responsive to the needs of learners and
- Integrating technology effectively in order to broaden and deepen learning for all students

**UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE**

Annual surplus and accumulated surplus<sup>1</sup> are key financial statement performance indicators; however, interpreting the meaning of these figures in BC school districts is complicated by the use of fund accounting and deferral accounting. The use of fund accounting means the financial statements of school districts are a consolidation of three separate funds (operating, special purpose and capital), and each of these funds differs with respect to the methods of accounting

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<sup>1</sup> Annual surplus is the extent to which annual revenues exceed expenses. If annual expenses exceed revenues the result is referred to as an annual deficit. An accumulated surplus position is the extent to which revenues from all prior years have exceeded expenses from all previous years. An accumulated deficit position occurs when expenses from all previous years exceed revenues from all previous years. When an accumulated deficit occurs, it means future revenues are needed to pay for past expenditures.

used and the legislative and other constraints on budgeting and financial results. This means financial performance can only be fully understood by reviewing each fund separately. Financial performance for each fund is reported in the supplementary schedules that follow the notes to the financial statements.

<p><b>Operating Fund</b></p> <p>2017 Revenues: \$45.5 million</p>	<p>Annual program revenues and expenditures are reported within the operating fund and special purpose fund (see below). Annual and accumulated surplus within the operating fund are important indicators of financial performance and financial health for school districts. This is because school districts are not permitted to budget for or incur an <u>accumulated</u> deficit position. This means when a school district has accumulated operating surplus available it can be used to budget for future expenditures and to reduce financial risk associated with unforeseen expenditures.</p>
<p><b>Special Purpose Fund</b></p> <p>2017 Revenues: \$3.5 million</p>	<p>The special purpose fund includes grants and school generated funds that are restricted for a specific purpose. Annual and accumulated surplus is always zero because revenues are recognized only as related expenditures occur (deferral method of accounting). If expenditures for a program within the special purpose fund exceed available revenues, the resulting deficit is transferred to the operating fund reducing accumulated operating surplus.</p>
<p><b>Capital Fund</b></p> <p>2017 Capital Funding Received or Receivable: \$3.1 million</p> <p>2017 Capital Assets Purchased: \$1.7 million</p>	<p>The capital fund reports investment in and financing activities related to capital assets. Capital contributions (funding) from the Province are accounted for using the deferral method of accounting, whereby recognition of capital funding revenue is spread out over the life of the related capital assets to match with the amortization expense which reflects the use of the asset over its life. This means capital fund revenues are not a reflection of funding actually received in a given year. Also, capital revenues only offset amortization expense in the capital fund to the extent assets were funded by provincial capital grants. As many capital investments are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund), the capital fund normally reports an annual deficit.</p> <p>In short, capital fund revenues, expenses and annual deficit are not a meaningful indicator of annual financial performance.</p>

## FINANCIAL HIGHLIGHTS

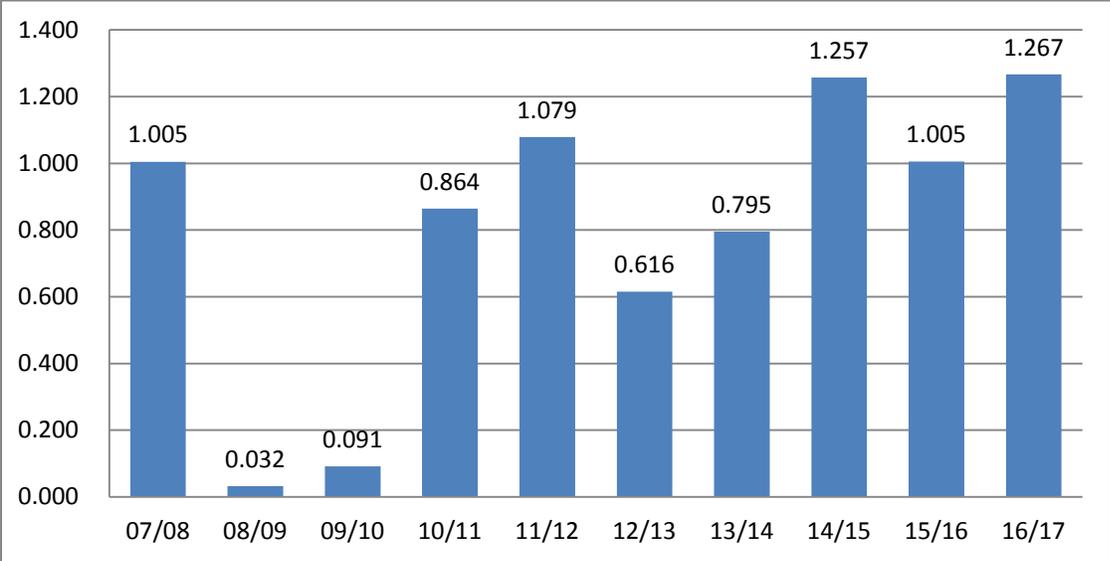
As reported in the Statement of Operations, for the year ended June 30, 2017 the district's expenses exceeded its revenues resulting in an annual deficit of \$916,408 (2016 deficit was \$1,450,065). This was comprised of the combined financial results of the operating fund and the capital fund as follows:

Annual Surplus (Deficit)	June 30, 2017	June 30, 2016
<b>Operating Fund</b>	<b>261,837</b>	<b>(251,992)</b>
Capital Fund	(79,348)	2,236
Combined	182,489	(249,756)

Looking at the operating fund, the annual surplus of \$261,837 resulted in an increase to accumulated operating surplus from \$1,005,156 at the beginning of the year to \$1,266,993 as at June 30, 2017. This overall growth in accumulated operating surplus was largely the result of: increased offshore tuitions of \$0.1 million in surplus; and receipt of the one-time student learning grant of approximately \$0.3 million (discussed further below). While actual results in a number of other areas were either higher or lower than budget, the impact of these other variances came close to an increase expenditures of \$0.1 million.

Maintaining an accumulated operating surplus has alleviated some of the budget pressure over the past few fiscal years particularly due to the impact of funding protection. As shown in Exhibit 1, accumulated operating surplus has increased from \$32,000 at the end of fiscal year 2009 to its current level of \$1.267 million at the end of fiscal year 2017.

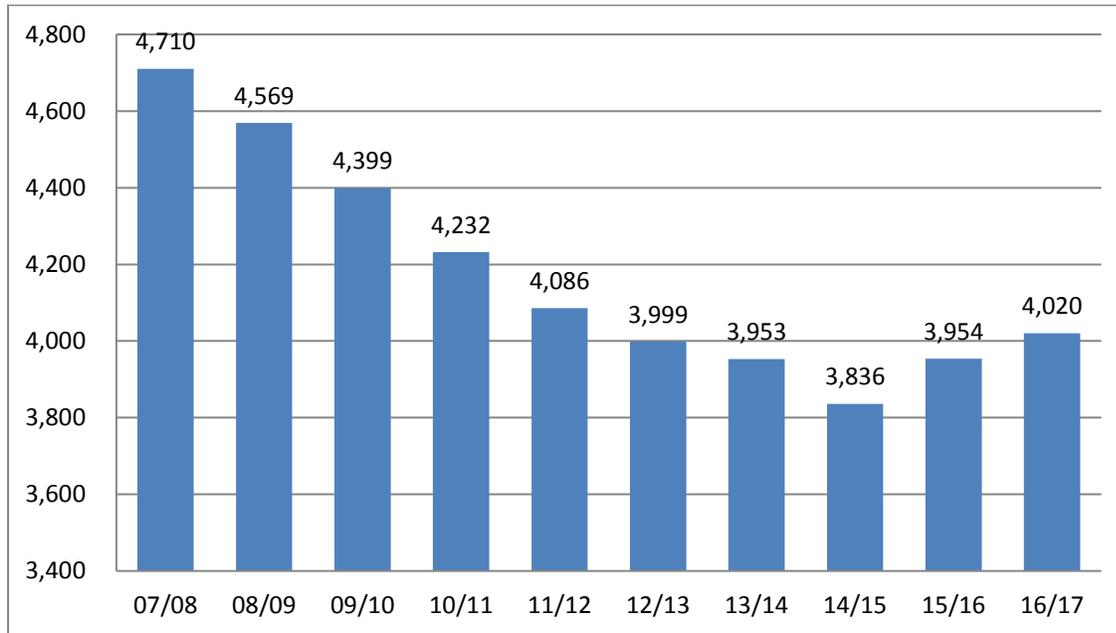
**Exhibit 1: Accumulated Operating Surplus (\$ millions) by Fiscal Year**



Over the past 10 years, significant financial pressure resulted from the combined effect of declining student enrolment and funding rates that did not pace inflation. These pressures contributed to some use of accumulated operating surplus as presented in Exhibit 1. Provincial operating grants, which comprise approximately 85% of total operating fund revenues, are determined largely based on student enrolment. As enrolment and funding declines, financial pressure results because many program expenditures such as facility and administration costs do not vary directly with student enrolment.

The trend in student enrolment is important for understanding both historical financial performance and the risk related to future budgetary balance. Under the per pupil funding formula, when enrolment increases a district is better able to fund overall program costs increasing financial flexibility. As shown in Exhibit 2, during the past 10 years the school district experienced a significant decline in student enrolment that has stabilized in the past three years. Stable enrolment and moderate growth forecasted in the years ahead means that risk to program and financial stability is expected to improve.

## Exhibit 2: Funded FTE Enrolment by Fiscal Year



### Capital Investment

During the year ended June 30, 2017, the district invested \$1,321,977 in capital additions that were funded by: Provincial capital funding (\$1,277,420) other capital (\$28,083) and other funds (\$15,474). The majority of this capital investment related to the following facility projects:

Project	Total Cost	Invested in 2016/17	Completion Date
Boiler Replacements	392,869	392,869	Summer 2016
Bus Replacements	297,650	297,650	Fall 2016, Spring 2017
Lighting upgrade at Errington and Oceanside	138,311	138,311	Winter 2017
Flooring Replacements at various sites	120,000	120,000	Winter 2017

### Significant Events

In August 2016, the Ministry of Education announced new Student Transportation Funding to be used to eliminate transportation fees or to fund service enhancements. The Qualicum School District used its \$426,341 per year annual allocation to eliminate transportation fees, which had been budgeted at \$80,000.

In November 2016, a ruling by the Supreme Court of Canada resulted in the restoration of class size and composition language that had been removed from the teachers' contract in 2002. The Qualicum School District and other school districts are currently working towards full restoration of the contract language for the 2017-18 school year. Implementation will require the hiring of additional teachers and investment in the expansion or renovation of facilities to accommodate more but smaller classes. Most of the financial impact of implementation will occur next fiscal

year; however, there were some measures that occurred in the 2016/17 fiscal year in preparation for full implementation in the fall of 2017. Following the court ruling, in January 2017 government announced “priority measures” funding to allow school districts to begin hiring more teachers during the second half of the 2016/17 school year. During the second half of the year, the district received \$396,646 in priority measures funding (reported in the special purpose fund), which was fully utilized to hire additional teachers during the second half of the school year. And towards the end of the fiscal year the district began to invest in expansion and renovation of facilities to accommodate more but smaller classes before the beginning of the 2017/18 school year.

In February 2017, the Ministry of Education announced the Student Learning Grant to be used for learning resources, supplies, and equipment to support implementation of the new curriculum and other learning innovations. The Qualicum School District’s share of this one-time grant was \$208,297. This funding was reported in the operating fund and therefore a portion had been spent during fiscal year 2016/17, however the remainder forms part of the accumulated operating surplus balance at the end of the year.

In March 2017, the Industry Training Authority confirmed that, based on the funding application completed and submitted, the district had qualified for \$118,232 in funding over the next three years for youth trades tools and equipment. The district received \$67,040 in funding before the end of the fiscal year ending June 30, 2017, which was reported in the capital fund.

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT**

In this section, actual results are compared to the prior year and budget (where applicable). For the statement of operations, the analysis is performed for each of the three funds.

**Statement of Financial Position (All Funds)**

The table below includes explanations for significant variances in the statement of financial position relative to the prior year.

	<b>2017</b>	<b>2016</b>	<b>Analysis of Variance</b>
Cash	13,135,688	12,197,121	Increased by \$938,567 due to additional reserves for approved capital funds and timing of Accounts Payables.
Deferred Capital Revenue	46,568,035	47,448,107	Decreased by \$880,072 primarily due to amortization of deferred capital revenue outweighing funding for new capital.
Tangible Capital Assets	63,566,142	64,738,648	Decreased by \$1,172,506 due to amortization of capital assets being greater than additions.

**Statement of Operations by Fund – Operating Fund**

The 2016/17 Amended Budget included appropriation of \$874,888 of accumulated operating surplus comprised of: \$119,996 for school carry-forwards; \$109,502 for educational program

carry-forwards; \$290,000 for capital maintenance of Family Place; \$74,432 for Student Learning Grant carry-forward and \$280,958 appropriated for 2017/18 budget contingency.

The remaining \$392,105 of the accumulated operating surplus balance remained unappropriated to reduce budgetary risk.

Detailed information on the operating fund is presented in schedules 2 to 2C following the notes to the financial statements. Revenues, expenditures and accumulated operating surplus are analysed in greater detail below.

### Operating Fund Revenues

A high level summary of operating fund revenues is presented below and explanations of significant variances follows. A more detailed presentation of operating revenues is presented in schedule 2A following the notes to the financial statements.

	Amended Budget 2016/17	Actual 2016/17	Difference	Comments	Actual 2015/16
Provincial Grants	40,614,958	40,884,302	269,344		40,183,450
Other Provincial Revenues	101,450	100,535	-915		117,376
Offshore Tuition	3,500,000	3,607,652	107,652	ISP FTE up	3,060,513
Miscellaneous other	135,000	251,012	116,012	ROAMS/CEAP/French Monit	239,003
Rental and Leases	450,000	515,508	65,508	Rentals up	455,048
Investment Income	125,000	127,381	2,381		123,732
<b>Total Revenues</b>	<b>44,926,408</b>	<b>45,486,390</b>	<b>559,982</b>		<b>44,179,122</b>

### Operating Fund Expenses

Expenses in the financial statements are presented both by object (category of expense) and by function (program). Operating fund expenses are presented below using each method with explanations of significant variances following. A more detailed presentation of operating expenses is presented in schedules 2B and 2C following the notes to the financial statements.

#### *Analysis of Variances by Function*

Operating Fund Expenditures by Function	Amended Budget 2016/17	Actual 2016/17	Difference	Comments	Actual 2015/16
Instruction	36,418,203	36,690,429	272,226	increased funding	35,697,685
District Administration	1,837,756	1,774,457	(63,299)		1,813,416
Operations and Maintenance	4,645,498	4,639,327	(6,171)		4,752,690
Transportation	1,656,401	1,596,904	(59,497)		1,500,863
Fund Transfers	368,550	523,436	154,886	grants for equipment	666,460
<b>Total Expenditures</b>	<b>44,926,408</b>	<b>45,224,553</b>	<b>298,145</b>		<b>44,431,114</b>

*Analysis of Variances by Object*

Operating Fund Expenditures by Object	Amended Budget 2016/17	Actual 2016/17	Difference	Comments	Actual 2015/16
Teachers	17,667,238	17,740,776	73,538		17,548,653
Principals and Vice Principals	2,599,983	2,615,952	15,969		2,348,614
Educational Assistants	3,228,237	3,121,242	(106,995)	allocation with replacement	3,043,238
Support Staff	4,448,981	4,410,934	(38,047)		4,585,093
Other Professionals	1,283,347	1,335,329	51,982	ISP manager	1,200,023
Substitutes	1,242,713	1,340,769	98,056		1,137,215
Benefits	8,152,811	8,180,308	27,497		8,444,593
<b>Total Salaries and Benefits</b>	<b>38,623,310</b>	<b>38,745,310</b>	<b>122,000</b>		<b>38,307,429</b>
Total Supplies and Services	5,934,548	5,955,807	21,259		5,457,225
Fund Transfers	368,550	523,436	(154,886)		666,460
<b>Total Operating Expenditures</b>	<b>44,926,408</b>	<b>45,224,553</b>	<b>(11,627)</b>		<b>44,431,114</b>

**Statement of Operations by Fund – Special Purpose Fund**

	Amended Budget 2016/17	Actual 2016/17	Difference	Comments	Actual 2015/16
Provincial Grants	1,616,606	1,997,807	381,201	Priority Measures grant	1,647,085
Other Revenue	1,350,000	1,520,855	170,855	School Generated Funds	1,881,043
Expenditures	(2,966,606)	(3,518,662)	(552,056)		(3,528,128)
<b>Annual Surplus (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>

Actual 2016/17 Provincial grants and expenditures were higher than budget due to the receipt of \$396,646 in priority measures funding for the hiring of additional teachers during the second half of the school year.

Detailed information on the special purpose fund is presented in schedules 3 to 3A following the notes to the financial statements.

**Statement of Operations by Fund – Capital Fund**

	Amended Budget 2016/17	Actual 2016/17	Difference	Comments	Actual 2015/16
Provincial Grants	2,493,494	2,574,030	80,536		2,470,295
Expenditures	(2,821,107)	(3,176,814)	(355,707)	School Enhancement	(3,134,519)
Fund Transfers	368,550	523,436	154,886		666,460
<b>Change in Accumulated Surplus</b>	<b>40,937</b>	<b>(79,348)</b>			<b>2,236</b>

Opening Accumulated Surplus		17,822,217			17,819,981
Closing Accumulated Surplus		17,742,869			17,822,217

Revenues and expenses are consistent with budget and the prior year. This is expected because revenues and expenses in the capital fund are predictable and consistent, as they reflect the recognition of capital funding (as revenue) and the usage of capital assets over their life (as amortization expense). Fund transfers from the operating fund were higher than budget as more expenditures in the operating fund met the criteria for capitalization as an asset.

Within the capital fund the following two balances are important as they represent funds available for future capital investment:

- Local Capital Reserve – this balance forms part of accumulated surplus in the capital fund and represents funds available for investment in capital assets at the discretion of the Board of Education. These funds are generated primarily from proceeds of disposition of assets that are allocated to the School Board.
- MEd Restricted Capital – this balance forms part of the deferred capital revenue balance in the capital fund and represents funds available for investment in capital assets at the discretion of the Ministry of Education. These funds are generated primarily from proceeds of disposition of assets that are allocated to the Minister of Education pursuant to the *School Act*.

The table below presents the 2016/17 closing balances in Local Capital and MEd Restricted Capital and what portion of the balances are already committed to future capital investment.

	Local Capital	MEd Restricted Capital
Balance at June 30, 2017	300,000	150,972
Committed for future investment	300,000	150,972
Uncommitted Balance	0	0

The local capital balance is committed to IT rewiring upgrades. MEd Restricted Capital balance is restricted for investment in the Errington Elementary parking and turnaround project along with an unspent portion of the 16/17 Annual Facility grant.

Detailed information on the capital fund is presented in schedules 4 to 4D following the notes to the financial statements.

### **CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the School District’s stakeholders with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Secretary Treasurer’s office.

Audited Financial Statements of

# **School District No. 69 (Qualicum)**

June 30, 2017

# School District No. 69 (Qualicum)

June 30, 2017

## Table of Contents

Management Report .....	1
Independent Auditors' Report .....	2
Statement of Financial Position - Statement 1 .....	3
Statement of Operations - Statement 2 .....	4
Statement of Changes in Net Financial Assets (Debt) - Statement 4 .....	5
Statement of Cash Flows - Statement 5 .....	6
Notes to the Financial Statements .....	7-19
Schedule of Changes in Accumulated Surplus (Deficit) by Fund - Schedule 1 .....	20
Schedule of Operating Operations - Schedule 2 .....	21
Schedule 2A - Schedule of Operating Revenue by Source .....	22
Schedule 2B - Schedule of Operating Expense by Object .....	23
Schedule 2C - Operating Expense by Function, Program and Object .....	24
Schedule of Special Purpose Operations - Schedule 3 .....	26
Schedule 3A - Changes in Special Purpose Funds and Expense by Object .....	27
Schedule of Capital Operations - Schedule 4 .....	29
Schedule 4A - Tangible Capital Assets .....	30
Schedule 4C - Deferred Capital Revenue .....	31
Schedule 4D - Changes in Unspent Deferred Capital Revenue .....	32

# School District No. 69 (Qualicum)

## MANAGEMENT REPORT

DRAFT

### 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)

**DRAFT**

Signature of the \_\_\_\_\_ of the Board of Education

Date Signed

Signature of the \_\_\_\_\_

Date Signed

Signature of the Secretary Treasurer

Date Signed

# School District No. 69 (Qualicum)

Statement 1

## Statement of Financial Position

As at June 30, 2017

	2017 Actual	2016 Actual (Restated - Note 21)
	\$	\$
<b>Financial Assets</b>		
Cash and Cash Equivalents	13,135,688	12,197,121
Accounts Receivable		
Due from Province - Ministry of Education	30,397	114,253
Other (Note 3)	325,969	215,072
Portfolio Investments (Note 4)	89,875	116,925
<b>Total Financial Assets</b>	<u>13,581,929</u>	<u>12,643,371</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	3,708,746	3,362,897
Unearned Revenue (Note 6)	1,744,405	1,714,961
Deferred Revenue (Note 7)	633,306	609,645
Deferred Capital Revenue (Note 8)	46,568,035	47,448,107
Employee Future Benefits (Note 9)	5,572,657	5,430,013
Capital Lease Obligations (Note 10)	46,958	78,126
<b>Total Liabilities</b>	<u>58,274,107</u>	<u>58,643,749</u>
<b>Net Financial Assets (Debt)</b>	<u>(44,692,178)</u>	<u>(46,000,378)</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 11)	63,566,142	64,738,648
Prepaid Expenses	135,898	89,103
<b>Total Non-Financial Assets</b>	<u>63,702,040</u>	<u>64,827,751</u>
<b>Accumulated Surplus (Deficit)</b>	<u>19,009,862</u>	<u>18,827,373</u>

Contractual Obligations and Contingencies (Note 12)

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

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# School District No. 69 (Qualicum)

Statement 2

Statement of Operations  
Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual (Restated - Note 21)
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	42,556,564	43,271,559	42,196,875
Other	101,450	116,622	117,376
Tuition	3,500,000	3,607,652	3,060,513
Other Revenue	1,485,000	1,771,867	2,120,046
Rentals and Leases	450,000	515,508	455,048
Investment Income	125,000	127,381	123,732
Amortization of Deferred Capital Revenue	2,168,494	2,168,493	2,103,955
<b>Total Revenue</b>	<b>50,386,508</b>	<b>51,579,082</b>	<b>50,177,545</b>
<b>Expenses (Note 15)</b>			
Instruction	39,168,494	39,992,776	39,009,498
District Administration	1,837,756	1,774,457	1,813,416
Operations and Maintenance	7,486,296	7,809,255	7,930,976
Transportation and Housing	1,851,401	1,819,019	1,671,787
Debt Services	1,624	1,086	1,624
<b>Total Expense</b>	<b>50,345,571</b>	<b>51,396,593</b>	<b>50,427,301</b>
<b>Surplus (Deficit) for the year</b>	<b>40,937</b>	<b>182,489</b>	<b>(249,756)</b>
<b>Accumulated Surplus (Deficit) from Operations, beginning of year</b>		<b>18,827,373</b>	19,077,129
<b>Accumulated Surplus (Deficit) from Operations, end of year</b>		<b>19,009,862</b>	<b>18,827,373</b>

**School District No. 69 (Qualicum)**  
Statement of Changes in Net Financial Assets (Debt)  
Year Ended June 30, 2017

Statement 4

	2017 Budget	2017 Actual	2016 Actual (Restated - Note 21)
	\$	\$	\$
<b>Surplus (Deficit) for the year</b>	40,937	<b>182,489</b>	(249,756)
<b>Effect of change in Tangible Capital Assets</b>			
Acquisition of Tangible Capital Assets	(1,091,407)	<b>(1,321,977)</b>	(1,668,950)
Amortization of Tangible Capital Assets	2,494,483	<b>2,494,483</b>	2,430,260
<b>Total Effect of change in Tangible Capital Assets</b>	<u>1,403,076</u>	<u><b>1,172,506</b></u>	761,310
Acquisition of Prepaid Expenses		<b>(135,898)</b>	(89,103)
Use of Prepaid Expenses		<b>89,103</b>	51,087
<b>Total Effect of change in Other Non-Financial Assets</b>	<u>-</u>	<u><b>(46,795)</b></u>	(38,016)
<b>(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)</b>	<u>1,444,013</u>	<b>1,308,200</b>	473,538
<b>Net Remeasurement Gains (Losses)</b>			
<b>(Increase) Decrease in Net Financial Assets (Debt)</b>		<b>1,308,200</b>	473,538
<b>Net Financial Assets (Debt), beginning of year</b>		<b>(46,000,378)</b>	(46,473,916)
<b>Net Financial Assets (Debt), end of year</b>		<u><b>(44,692,178)</b></u>	<u>(46,000,378)</u>

# School District No. 69 (Qualicum)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2017

	2017 Actual	2016 Actual
	(Restated - Note 21)	
	\$	\$
<b>Operating Transactions</b>		
Surplus (Deficit) for the year	182,489	(249,756)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(27,041)	239,106
Prepaid Expenses	(46,795)	(38,016)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	345,849	251,060
Unearned Revenue	29,444	426,091
Deferred Revenue	23,661	(223,816)
Employee Future Benefits	142,644	155,411
Amortization of Tangible Capital Assets	2,494,483	2,430,260
Amortization of Deferred Capital Revenue	(2,168,493)	(2,103,955)
Services and Supplies purchased with bylaw capital	(389,450)	(366,340)
Services and Supplies purchased with other Provincial capital	(16,087)	-
<b>Total Operating Transactions</b>	<u>570,704</u>	<u>520,045</u>
<b>Capital Transactions</b>		
Tangible Capital Assets Purchased	(1,294,827)	(1,668,950)
Tangible Capital Assets - Other Provincial	(27,150)	-
<b>Total Capital Transactions</b>	<u>(1,321,977)</u>	<u>(1,668,950)</u>
<b>Financing Transactions</b>		
Capital Revenue Received	1,693,958	1,905,249
Capital Lease Payments	(31,168)	(30,631)
<b>Total Financing Transactions</b>	<u>1,662,790</u>	<u>1,874,618</u>
<b>Investing Transactions</b>		
Investments in Portfolio Investments	27,050	(116,925)
<b>Total Investing Transactions</b>	<u>27,050</u>	<u>(116,925)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>938,567</u>	<u>608,788</u>
<b>Cash and Cash Equivalents, beginning of year</b>	<u>12,197,121</u>	<u>11,588,333</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>13,135,688</u>	<u>12,197,121</u>
<b>Cash and Cash Equivalents, end of year, is made up of:</b>		
Cash	<u>13,135,688</u>	<u>12,197,121</u>
	<u>13,135,688</u>	<u>12,197,121</u>
Supplementary Cash Flow Information		

**SCHOOL DISTRICT NO. 69 (QUALICUM)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

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**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 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. 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

These financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act of the Province of British Columbia*. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Notes 2(f) and 2(l).

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(f) and 2(l), 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, 2016 - increase in annual surplus by \$565,046

June 30, 2016 - increase in accumulated surplus and decrease in deferred contributions by \$47,448,107

Year ended June 30, 2017 - decrease in annual surplus by \$880,072

June 30, 2017 - increase in accumulated surplus and decrease in deferred contributions by \$46,568,035

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, 2017**

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**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) Portfolio Investments

The School District had investments in GIC's that will mature as of December 2017. GIC's are reported at amortized cost.

Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in the fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations.

During the periods presented, there are no remeasurement gains or losses, and as a result, no Statement of Remeasurement Gains and Losses has been presented. Detailed information regarding portfolio investments is disclosed in Note 4.

e) 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.

f) 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(1).

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.

g) 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.

**SCHOOL DISTRICT NO. 69 (QUALICUM)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

g) Employee Future Benefits (continued)

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-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 (EARS�) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2017 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.

h) 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.

**SCHOOL DISTRICT NO. 69 (QUALICUM)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

h) Tangible Capital Assets (continued)

- Estimated useful life is as follows:

Buildings	40 years
Furniture and Equipment	10 years
Vehicles	10 years
Computer Hardware	5 years

i) 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.

j) 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.

k) 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 16 – Accumulated Surplus).

l) Revenue Recognition

Revenues are recorded on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

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.
- 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.

**SCHOOL DISTRICT NO. 69 (QUALICUM)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

l) Revenue Recognition (continued)

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

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished. See note 2(a) for the impact of this policy on these financial statements.

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

m) Expenditures

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Categories of Salaries

- Principals 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.

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. 69 (QUALICUM)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

n) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The School District recognizes a financial instrument when it becomes a party to a financial instrument contract. Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, 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.

o) 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**

	<b>2017</b>	<b>2016</b>
Due from Federal Government	\$ 55,899	\$ 62,336
Mount Arrowsmith Teachers Association	46,165	24,620
Zibo No 11 <sup>th</sup> High School	60,000	-
Other	163,905	128,116
	<u>\$ 325,969</u>	<u>\$ 215,072</u>

**NOTE 4 PORTFOLIO INVESTMENTS**

	<b>2017</b>	<b>2016</b>
Investments in the cost and amortized cost category:		
GIC maturing December 22, 2017 bearing interest at 1.25%	\$ 89,875	\$ 116,925
	<u>\$ 89,875</u>	<u>\$ 116,925</u>

**NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER**

	<b>2017</b>	<b>2016</b>
Trades payable	\$ 988,348	\$ 924,860
Salaries and benefits payable	2,375,893	2,119,322
Accrued vacation pay	221,031	188,400
Other	123,474	130,315
	<u>\$ 3,708,746</u>	<u>\$ 3,362,897</u>

**SCHOOL DISTRICT NO. 69 (QUALICUM)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

**NOTE 6      UNEARNED REVENUE**

	2017	2016
Tuition fees	\$ 1,739,655	\$ 1,705,211
Transportation	4,750	9,750
	\$ 1,744,405	\$ 1,714,961

**NOTE 7      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 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 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.

**NOTE 9      EMPLOYEE FUTURE BENEFITS**

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

	2017	2016
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued Benefit Obligation – April 1	\$ 5,867,166	\$ 5,974,493
Service Cost	395,555	434,063
Interest Cost	149,995	138,038
Benefit Payments	(539,300)	(455,609)
Actuarial (Gain) Loss	(110,153)	(223,819)
Accrued Benefit Obligation – March 31	\$ 5,763,263	\$ 5,867,166
<b>Reconciliation of Funded Status at End of Fiscal Year</b>		
Accrued Benefit Obligation – March 31	\$ 5,763,263	\$ 5,867,166
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(5,763,263)	(5,867,166)
Employer Contributions After Measurement Date	77,418	142,101
Benefits Expense After Measurement Date	(139,049)	(136,387)
Unamortized Net Actuarial Loss	252,237	431,439
Accrued Benefit Liability – June 30	\$ (5,572,657)	\$ (5,430,013)

**SCHOOL DISTRICT NO. 69 (QUALICUM)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

**NOTE 9 EMPLOYEE FUTURE BENEFITS (continued)**

**Reconciliation of Change in Accrued Benefit Liability**

Accrued Benefit Liability – July 1	\$ 5,430,013	\$ 5,274,602
Net expense for fiscal year	617,261	656,673
Employer Contributions	(474,616)	(501,263)
Accrued Benefit Liability – June 30	\$ 5,572,657	\$ 5,430,013

**Components of Net Benefit Expense**

Service Cost	\$ 395,252	\$ 424,436
Interest Cost	152,959	141,027
Amortization of Net Actuarial Loss	69,050	91,210
Net Benefit Expense	\$ 617,261	\$ 656,673

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

	2017	2016
Discount Rate – April 1	2.50%	2.25%
Discount Rate – March 31	2.75%	2.50%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	10.1	10.1

**NOTE 10 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 are due as follows:

2018	\$ 32,254
2019	13,844
2020	2,065
Total minimum lease payments	48,163
Less amounts representing interest	1,205
Present value of net minimum capital lease payments	\$ 46,958

Total interest expense for the year was \$1,086 (2016 - \$1,624).

**NOTE 11 TANGIBLE CAPITAL ASSETS**

**Net Book Value:**

	June 30, 2017	June 30, 2016
Sites	\$ 11,929,778	\$ 11,929,778
Buildings	49,445,344	50,654,446
Furniture and Equipment	526,067	553,824
Vehicles	1,630,588	1,545,999
Computer Hardware	34,365	54,601
Total	\$ 63,566,142	\$ 64,738,648

**SCHOOL DISTRICT NO. 69 (QUALICUM)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

**NOTE 11 TANGIBLE CAPITAL ASSETS (continued)**

**June 30, 2017**

<b>Cost:</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers (WIP)</b>	<b>Total 2017</b>
Sites	\$ 11,929,778	\$ -	\$ -	\$ -	\$ 11,929,778
Buildings	100,274,181	952,620	-	-	101,226,801
Furniture and Equipment	904,106	62,653	53,090	-	913,669
Vehicles	2,221,144	306,704	212,146	-	2,315,702
Computer Hardware	101,180	-	21,049	-	80,131
<b>Total</b>	<b>\$ 115,430,389</b>	<b>\$ 1,321,977</b>	<b>\$ 286,285</b>	<b>\$ -</b>	<b>\$ 116,466,081</b>

<b>Accumulated Amortization:</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Total 2017</b>
Buildings	\$ 49,619,735	\$ 2,161,722	\$ -	\$ 51,781,457
Furniture and Equipment	350,282	90,410	53,090	387,602
Vehicles	675,145	222,115	212,146	685,114
Computer Hardware	46,579	20,236	21,049	45,766
<b>Total</b>	<b>\$ 50,691,741</b>	<b>\$ 2,494,483</b>	<b>\$ 286,285</b>	<b>\$ 52,899,939</b>

**June 30, 2016**

<b>Cost:</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers (WIP)</b>	<b>Total 2016</b>
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
<b>Total</b>	<b>\$ 113,937,317</b>	<b>\$ 1,668,950</b>	<b>\$ 175,878</b>	<b>\$ -</b>	<b>\$ 115,430,389</b>

<b>Accumulated Amortization:</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Total 2016</b>
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
<b>Total</b>	<b>\$ 48,437,359</b>	<b>\$ 2,430,260</b>	<b>\$ 175,878</b>	<b>\$ 50,691,741</b>

Included in tangible capital assets is equipment under capital lease with a cost of \$153,568. The related accumulated amortization is \$43,924.

**NOTE 12 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.

**SCHOOL DISTRICT NO. 69 (QUALICUM)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

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**NOTE 13      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, 2015, the Teachers' Pension Plan has about 45,000 active members and approximately 36,000 retired members. As at December 31, 2015, the Municipal Pension Plan has about 189,000 active members, including approximately 24,000 from School Districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate is then adjusted to the extent there is any 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 \$3,883,506 for employer contributions to these plans in the year ended June 30, 2017 (2016 - \$4,177,146).

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

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

**NOTE 14      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 15      EXPENSE BY OBJECT**

	<b>2017</b>	<b>2016</b>
Salaries and benefits	\$ 40,460,282	\$ 39,586,363
Services and supplies	8,440,742	8,409,054
Amortization	2,494,483	2,430,260
Interest	1,086	1,624
	<u>\$ 51,396,593</u>	<u>\$ 50,427,301</u>

**SCHOOL DISTRICT NO. 69 (QUALICUM)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

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**NOTE 16 ACCUMULATED SURPLUS**

Accumulated surplus consists of:

	<b>2017</b>	<b>2016</b>
Invested in tangible capital assets	\$ 17,442,869	\$ 17,722,217
Local capital surplus	300,000	100,000
Total capital surplus	17,742,869	17,822,217
Operating surplus	1,266,993	1,005,156
	\$ 19,009,862	\$ 18,827,373

Interfund transfers between the operating and capital funds for the year ended June 30, 2017, were as follows:

- Operating funds were used to fund Local Capital (\$514,382)
- Capital assets were purchased with Operating funds (\$44,557)

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

	<b>2017</b>	<b>2016</b>
School budgets	\$ 119,996	\$ 132,741
Capital maintenance	290,000	230,000
Educational Programs	109,502	-
Student Learning Grant	74,432	-
2017-18 Budgeted Allocation of Surplus	280,958	-
	874,888	362,741
Unrestricted operating surplus	392,105	642,415
Total operating surplus	\$ 1,266,993	\$ 1,005,156

**NOTE 17 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, 2017**

**NOTE 18      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 2016/17 amended annual budget adopted by the Board on January 24, 2017. The following chart compares the original annual budget bylaw approved April 27, 2016 to the amended annual budget bylaw reported in these financial statements.

	<b>2017 Amended Annual Budget</b>	<b>2017 Annual Budget</b>
<b>Revenues</b>		
Provincial Grants		
Ministry of Education	\$ 44,725,058	\$ 43,141,677
Other Provincial Revenues	101,450	101,450
Tuition	3,500,000	3,200,000
Other Revenue	1,485,000	1,475,000
Rentals and Leases	450,000	450,000
Investment Income	125,000	125,000
Total Revenue	50,386,508	48,493,127
<b>Expenses</b>		
Instruction	39,168,494	38,289,897
District Administration	1,837,756	2,019,825
Operations and Maintenance	7,486,296	6,864,196
Transportation and Housing	1,851,401	1,615,085
Debt Services	1,624	-
Total Expenses	50,345,571	48,789,003
Net Revenue (Expenses)	40,937	(295,876)
Budgeted Allocation of Surplus	-	338,121
Budgeted Surplus for the year	\$ 40,937	\$ 42,245

**NOTE 19      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, 2017**

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**NOTE 20      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 debtor. 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 as they invest solely in the Central Deposit Program with the Ministry of Finance.

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 21      COMPARATIVE FIGURES**

Certain 2016 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, 2017

Schedule 1

	Operating Fund	Special Purpose Fund	Capital Fund	2017 Actual	2016 Actual
	\$	\$	\$	\$	(Restated - Note 21)
<b>Accumulated Surplus (Deficit), beginning of year</b>	1,005,156		17,822,217	18,827,373	19,077,129
<b>Changes for the year</b>					
Surplus (Deficit) for the year	785,273		(602,784)	182,489	(249,756)
Interfund Transfers	(9,054)		9,054	-	-
Tangible Capital Assets Purchased	(482,128)		482,128	-	-
Local Capital	(32,254)		32,254	-	-
Other					
<b>Net Changes for the year</b>	<b>261,837</b>	<b>-</b>	<b>(79,348)</b>	<b>182,489</b>	<b>(249,756)</b>
<b>Accumulated Surplus (Deficit), end of year - Statement 2</b>	<b>1,266,993</b>	<b>-</b>	<b>17,742,869</b>	<b>19,009,862</b>	<b>18,827,373</b>

# School District No. 69 (Qualicum)

Schedule 2

Schedule of Operating Operations  
Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual (Restated - Note 21)
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	40,614,958	40,884,302	40,183,450
Other	101,450	100,535	117,376
Tuition	3,500,000	3,607,652	3,060,513
Other Revenue	135,000	251,012	239,003
Rentals and Leases	450,000	515,508	455,048
Investment Income	125,000	127,381	123,732
<b>Total Revenue</b>	<b>44,926,408</b>	<b>45,486,390</b>	<b>44,179,122</b>
<b>Expenses</b>			
Instruction	36,418,203	36,690,429	35,697,685
District Administration	1,837,756	1,774,457	1,813,416
Operations and Maintenance	4,645,498	4,639,327	4,752,690
Transportation and Housing	1,656,401	1,596,904	1,500,863
<b>Total Expense</b>	<b>44,557,858</b>	<b>44,701,117</b>	<b>43,764,654</b>
<b>Operating Surplus (Deficit) for the year</b>	<b>368,550</b>	<b>785,273</b>	<b>414,468</b>
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased		(9,054)	(197,910)
Local Capital	(336,296)	(482,128)	(436,296)
Other	(32,254)	(32,254)	(32,254)
<b>Total Net Transfers</b>	<b>(368,550)</b>	<b>(523,436)</b>	<b>(666,460)</b>
<b>Total Operating Surplus (Deficit), for the year</b>	<b>-</b>	<b>261,837</b>	<b>(251,992)</b>
<b>Operating Surplus (Deficit), beginning of year</b>		<b>1,005,156</b>	<b>1,257,148</b>
<b>Operating Surplus (Deficit), end of year</b>		<b>1,266,993</b>	<b>1,005,156</b>
<b>Operating Surplus (Deficit), end of year</b>			
Internally Restricted (Note 16)		874,888	362,741
Unrestricted		392,105	642,415
<b>Total Operating Surplus (Deficit), end of year</b>		<b>1,266,993</b>	<b>1,005,156</b>

# School District No. 69 (Qualicum)

Schedule 2A

Schedule of Operating Revenue by Source

Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual (Restated - Note 21)
	\$	\$	\$
<b>Provincial Grants - Ministry of Education</b>			
Operating Grant, Ministry of Education	38,995,178	39,220,295	39,137,402
Other Ministry of Education Grants			
Pay Equity	936,176	936,176	936,176
Funding for Graduated Adults		11,701	4,281
Transportation Supplement	426,341	426,341	
Economic Stability Dividend		22,231	30,406
Return of Administrative Savings	197,263		
Carbon Tax Grant		51,074	
Student Learning Grant		208,297	
FSA Monitoring		8,187	8,696
Miscellaneous	60,000		66,489
<b>Total Provincial Grants - Ministry of Education</b>	<b>40,614,958</b>	<b>40,884,302</b>	<b>40,183,450</b>
<b>Provincial Grants - Other</b>	<b>101,450</b>	<b>100,535</b>	<b>117,376</b>
<b>Tuition</b>			
International and Out of Province Students	3,500,000	3,607,652	3,060,513
<b>Total Tuition</b>	<b>3,500,000</b>	<b>3,607,652</b>	<b>3,060,513</b>
<b>Other Revenues</b>			
Miscellaneous			
Transportation revenue	121,000	44,930	125,704
Miscellaneous	10,000	150,859	73,083
Other grants		44,026	28,145
Workshop fees		4,115	6,230
Pcard Dividend	4,000	7,082	5,841
<b>Total Other Revenue</b>	<b>135,000</b>	<b>251,012</b>	<b>239,003</b>
<b>Rentals and Leases</b>	<b>450,000</b>	<b>515,508</b>	<b>455,048</b>
<b>Investment Income</b>	<b>125,000</b>	<b>127,381</b>	<b>123,732</b>
<b>Total Operating Revenue</b>	<b>44,926,408</b>	<b>45,486,390</b>	<b>44,179,122</b>

**School District No. 69 (Qualicum)**

Schedule 2B

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

	2017 Budget	2017 Actual	2016 Actual (Restated - Note 21)
	\$	\$	\$
<b>Salaries</b>			
Teachers	17,667,238	17,740,776	17,548,653
Principals and Vice Principals	2,599,983	2,615,952	2,348,614
Educational Assistants	3,228,237	3,121,242	3,043,238
Support Staff	4,448,981	4,410,934	4,585,093
Other Professionals	1,283,347	1,335,329	1,200,023
Substitutes	1,242,713	1,340,769	1,137,215
<b>Total Salaries</b>	<b>30,470,499</b>	<b>30,565,002</b>	<b>29,862,836</b>
<b>Employee Benefits</b>	<b>8,152,811</b>	<b>8,180,308</b>	<b>8,444,593</b>
<b>Total Salaries and Benefits</b>	<b>38,623,310</b>	<b>38,745,310</b>	<b>38,307,429</b>
<b>Services and Supplies</b>			
Services	2,594,558	2,445,394	1,998,728
Student Transportation	1,000	-	-
Professional Development and Travel	427,338	607,738	541,624
Rentals and Leases	5,000	4,146	2,438
Dues and Fees	50,450	70,483	62,322
Insurance	174,000	155,642	139,474
Supplies	1,690,702	1,712,523	1,789,592
Utilities	991,500	959,881	923,047
<b>Total Services and Supplies</b>	<b>5,934,548</b>	<b>5,955,807</b>	<b>5,457,225</b>
<b>Total Operating Expense</b>	<b>44,557,858</b>	<b>44,701,117</b>	<b>43,764,654</b>

# School District No. 69 (Qualicum)

Operating Expense by Function, Program and Object  
Year Ended June 30, 2017

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
<b>1 Instruction</b>							
1.02 Regular Instruction	14,513,457	533,560		10,773		810,171	15,867,961
1.03 Career Programs	180,077			38,478		2,775	221,330
1.07 Library Services	398,512			223,690		2,157	624,359
1.08 Counselling	403,644	50,750					454,394
1.10 Special Education	1,770,021	133,821	2,894,705	40,728		273,761	5,113,036
1.30 English Language Learning	141,795						141,795
1.31 Aboriginal Education	35,337	105,367	226,537	6,885			374,126
1.41 School Administration	21,861	1,573,520		961,972		42,207	2,577,699
1.61 Continuing Education	276,072	218,934		24,923	153,160		673,089
1.64 Other					35,099		35,099
<b>Total Function 1</b>	<b>17,740,776</b>	<b>2,615,952</b>	<b>3,121,242</b>	<b>1,307,449</b>	<b>188,259</b>	<b>1,131,071</b>	<b>26,104,749</b>
<b>4 District Administration</b>							
4.11 Educational Administration				352,528			352,528
4.40 School District Governance				85,353			85,353
4.41 Business Administration				449,576		27	731,304
<b>Total Function 4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>281,701</b>	<b>887,457</b>	<b>27</b>	<b>1,169,185</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration				50,031	202,613		252,644
5.50 Maintenance Operations				1,826,431		112,392	1,938,823
5.52 Maintenance of Grounds				105,353		(5,634)	99,719
5.56 Utilities							-
<b>Total Function 5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,981,815</b>	<b>202,613</b>	<b>106,758</b>	<b>2,291,186</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration				49,181	57,000	3,085	109,266
7.70 Student Transportation				790,788		99,828	890,616
7.73 Housing							-
<b>Total Function 7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>839,969</b>	<b>57,000</b>	<b>102,913</b>	<b>999,882</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>17,740,776</b>	<b>2,615,952</b>	<b>3,121,242</b>	<b>4,410,934</b>	<b>1,335,329</b>	<b>1,340,769</b>	<b>30,565,002</b>

# School District No. 69 (Qualicum)

Schedule 2C

Operating Expense by Function, Program and Object  
Year Ended June 30, 2017

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2017 Actual	2017 Budget	2016 Actual
	\$	\$	\$	\$	\$	\$	(Restated - Note 21) \$
<b>1 Instruction</b>							
1.02 Regular Instruction	15,867,961	4,087,393	19,955,354	946,417	20,901,771	20,747,721	20,463,526
1.03 Career Programs	221,330	58,691	280,021	466,132	746,153	699,771	679,804
1.07 Library Services	624,359	176,443	800,802	25,057	825,859	822,040	830,111
1.08 Counselling	454,394	119,628	574,022		574,022	571,649	554,643
1.10 Special Education	5,113,036	1,586,583	6,699,619	70,077	6,769,696	6,802,967	6,643,217
1.30 English Language Learning	141,795	33,739	175,534		175,534	174,838	160,053
1.31 Aboriginal Education	374,126	89,167	463,293	72,067	535,360	538,466	540,309
1.41 School Administration	2,577,699	677,694	3,255,393	99,309	3,354,702	3,340,238	3,378,883
1.61 Continuing Education	21,861	5,322	27,183		27,183	27,076	21,645
1.62 International and Out of Province Students	673,089	154,712	827,801	1,908,304	2,736,105	2,651,699	2,382,842
1.64 Other	35,099	8,945	44,044		44,044	41,738	42,652
<b>Total Function 1</b>	<b>26,104,749</b>	<b>6,998,317</b>	<b>33,103,066</b>	<b>3,587,363</b>	<b>36,690,429</b>	<b>36,418,203</b>	<b>35,697,685</b>
<b>4 District Administration</b>							
4.11 Educational Administration	352,528	79,048	431,576	60,627	492,203	499,484	501,678
4.40 School District Governance	85,353	8,273	93,626	81,294	174,920	178,868	188,846
4.41 Business Administration	731,304	175,803	907,107	200,227	1,107,334	1,159,404	1,122,892
<b>Total Function 4</b>	<b>1,169,185</b>	<b>263,124</b>	<b>1,432,309</b>	<b>342,148</b>	<b>1,774,457</b>	<b>1,837,756</b>	<b>1,813,416</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration	252,644	52,155	304,799	246,369	551,168	481,592	453,141
5.50 Maintenance Operations	1,938,823	527,503	2,466,326	465,454	2,931,780	2,804,855	2,994,940
5.52 Maintenance of Grounds	99,719	32,349	132,068	64,430	196,498	217,551	278,764
5.56 Utilities	-	-	-	959,881	959,881	1,141,500	1,025,845
<b>Total Function 5</b>	<b>2,291,186</b>	<b>612,007</b>	<b>2,903,193</b>	<b>1,736,134</b>	<b>4,639,327</b>	<b>4,645,498</b>	<b>4,752,690</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration	109,266	23,611	132,877	6,411	139,288	148,804	133,615
7.70 Student Transportation	890,616	283,249	1,173,865	269,751	1,443,616	1,483,597	1,346,948
7.73 Housing	-	-	-	14,000	14,000	24,000	20,300
<b>Total Function 7</b>	<b>999,882</b>	<b>306,860</b>	<b>1,306,742</b>	<b>290,162</b>	<b>1,596,904</b>	<b>1,656,401</b>	<b>1,500,863</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>30,565,002</b>	<b>8,180,308</b>	<b>38,745,310</b>	<b>5,955,807</b>	<b>44,701,117</b>	<b>44,557,858</b>	<b>43,764,654</b>

**School District No. 69 (Qualicum)**

Schedule of Special Purpose Operations

Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual (Restated - Note 21)
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	1,616,606	1,997,807	1,647,085
Other Revenue	1,350,000	1,520,855	1,881,043
<b>Total Revenue</b>	<u>2,966,606</u>	<u>3,518,662</u>	<u>3,528,128</u>
<b>Expenses</b>			
Instruction	2,750,291	3,302,347	3,311,813
Operations and Maintenance	216,315	216,315	216,315
<b>Total Expense</b>	<u>2,966,606</u>	<u>3,518,662</u>	<u>3,528,128</u>
<b>Special Purpose Surplus (Deficit) for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Special Purpose Surplus (Deficit) for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special Purpose Surplus (Deficit), beginning of year</b>			
<b>Special Purpose Surplus (Deficit), end of year</b>		<u>-</u>	<u>-</u>

**School District No. 69 (Qualicum)**

Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2017

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Service Delivery Transformation	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>	-	-	-	25,000	584,645	-	-	-	-
<b>Add:</b> Restricted Grants									
Provincial Grants - Ministry of Education	216,315	788,994	-	-	1,498,699	96,736	19,600	102,964	364,874
Other	-	-	-	-	-	-	-	-	-
<b>Less:</b> Allocated to Revenue	216,315	788,994	-	-	1,520,855	96,736	19,600	102,964	364,874
<b>Deferred Revenue, end of year</b>	-	-	-	25,000	562,489	-	-	-	-
<b>Revenues</b>									
Provincial Grants - Ministry of Education	216,315	788,994	-	-	1,520,855	96,736	19,600	102,964	364,874
Other Revenue	-	-	-	-	-	-	-	-	-
<b>Expenses</b>									
Salaries									
Teachers		510,766						38,033	5,143
Principals and Vice Principals									32,698
Educational Assistants		125,864							227,048
Support Staff	136,537								
Employee Benefits	136,537	636,630						38,033	264,889
Services and Supplies	28,871	152,364						9,923	51,079
	50,907				1,520,855	96,736	19,600	55,008	48,906
	216,315	788,994			1,520,855	96,736	19,600	102,964	364,874
<b>Net Revenue (Expense) before Interfund Transfers</b>	-	-	-	-	-	-	-	-	-
<b>Interfund Transfers</b>	-	-	-	-	-	-	-	-	-
<b>Net Revenue (Expense)</b>	-	-	-	-	-	-	-	-	-

**School District No. 69 (Qualicum)**

Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2017

	Coding and Curriculum Implementation	Priority Measures	TOTAL
	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>	-	-	609,645
<b>Add:</b>			
Restricted Grants	57,495	396,646	2,043,624
Provincial Grants - Ministry of Education			1,498,699
Other			3,542,323
Less: Allocated to Revenue	11,678	396,646	3,518,662
<b>Deferred Revenue, end of year</b>	<b>45,817</b>	<b>-</b>	<b>633,306</b>
<b>Revenues</b>			
Provincial Grants - Ministry of Education	11,678	396,646	1,997,807
Other Revenue	11,678	396,646	1,520,855
<b>Expenses</b>			
Salaries			
Teachers		316,548	870,490
Principals and Vice Principals			32,698
Educational Assistants			352,912
Support Staff			136,537
Employee Benefits	-	316,548	1,392,637
Services and Supplies	11,678	80,098	322,335
	11,678	396,646	1,803,690
			3,518,662
<b>Net Revenue (Expense) before Interfund Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interfund Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Revenue (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>

# School District No. 69 (Qualicum)

Schedule 4

## Schedule of Capital Operations

Year Ended June 30, 2017

	2017 Budget	2017 Actual			2016 Actual (Restated - Note 21)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Provincial Grants					
Ministry of Education	325,000	389,450		389,450	366,340
Other		16,087		16,087	
Amortization of Deferred Capital Revenue	2,168,494	2,168,493		2,168,493	2,103,955
<b>Total Revenue</b>	<b>2,493,494</b>	<b>2,574,030</b>	<b>-</b>	<b>2,574,030</b>	<b>2,470,295</b>
<b>Expenses</b>					
Operations and Maintenance	325,000	405,537	275,708	681,245	702,635
Amortization of Tangible Capital Assets					
Operations and Maintenance	2,299,483	2,272,368		2,272,368	2,259,336
Transportation and Housing	195,000	222,115		222,115	170,924
Debt Services					
Capital Lease Interest	1,624		1,086	1,086	1,624
<b>Total Expense</b>	<b>2,821,107</b>	<b>2,900,020</b>	<b>276,794</b>	<b>3,176,814</b>	<b>3,134,519</b>
<b>Capital Surplus (Deficit) for the year</b>	<b>(327,613)</b>	<b>(325,990)</b>	<b>(276,794)</b>	<b>(602,784)</b>	<b>(664,224)</b>
<b>Net Transfers (to) from other funds</b>					
Tangible Capital Assets Purchased	336,296	9,054		9,054	197,910
Local Capital			482,128	482,128	436,296
Capital Lease Payment	32,254		32,254	32,254	32,254
<b>Total Net Transfers</b>	<b>368,550</b>	<b>9,054</b>	<b>514,382</b>	<b>523,436</b>	<b>666,460</b>
<b>Other Adjustments to Fund Balances</b>					
Tangible Capital Assets Purchased from Local Capital		6,420	(6,420)	-	
Principal Payment					
Capital Lease		31,168	(31,168)	-	
<b>Total Other Adjustments to Fund Balances</b>		<b>37,588</b>	<b>(37,588)</b>	<b>-</b>	
<b>Total Capital Surplus (Deficit) for the year</b>	<b>40,937</b>	<b>(279,348)</b>	<b>200,000</b>	<b>(79,348)</b>	<b>2,236</b>
<b>Capital Surplus (Deficit), beginning of year</b>		<b>17,722,217</b>	<b>100,000</b>	<b>17,822,217</b>	<b>17,819,981</b>
<b>Capital Surplus (Deficit), end of year</b>		<b>17,442,869</b>	<b>300,000</b>	<b>17,742,869</b>	<b>17,822,217</b>

# School District No. 69 (Qualicum)

Tangible Capital Assets

Year Ended June 30, 2017

Schedule 4A

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	11,929,778	100,274,181	904,106	2,221,144	-	101,180	115,430,389
<b>Changes for the Year</b>							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		952,620		297,650			1,250,270
Deferred Capital Revenue - Other			29,083				29,083
Operating Fund			6,420	9,054			9,054
Local Capital			27,150				6,420
Deferred Capital Revenue - Other Provincial		952,620	62,653	306,704			27,150
Decrease:							
Deemed Disposals			53,090	212,146		21,049	286,285
Cost, end of year	-	-	53,090	212,146	-	21,049	286,285
Work in Progress, end of year	11,929,778	101,226,801	913,669	2,315,702	-	80,131	116,466,081
Cost and Work in Progress, end of year	11,929,778	101,226,801	913,669	2,315,702	-	80,131	116,466,081
Accumulated Amortization, beginning of year			350,282	675,145		46,579	50,691,741
<b>Changes for the Year</b>							
Increase: Amortization for the Year		2,161,722	90,410	222,115		20,236	2,494,483
Decrease:							
Deemed Disposals			53,090	212,146		21,049	286,285
Accumulated Amortization, end of year		51,781,457	387,602	685,114		45,766	52,899,939
Tangible Capital Assets - Net	11,929,778	49,445,344	526,067	1,630,588	-	34,365	63,566,142

# School District No. 69 (Qualicum)

Schedule 4C

Deferred Capital Revenue

Year Ended June 30, 2017

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
<b>Deferred Capital Revenue, beginning of year</b>	45,962,420	915,108	60,776	46,938,304
<b>Changes for the Year</b>				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,250,270		29,083	1,279,353
Transferred from Deferred Revenue - Other Provincial		27,150		27,150
	<u>1,250,270</u>	<u>27,150</u>	<u>29,083</u>	<u>1,306,503</u>
Decrease:				
Amortization of Deferred Capital Revenue	2,132,665	29,151	6,677	2,168,493
	<u>2,132,665</u>	<u>29,151</u>	<u>6,677</u>	<u>2,168,493</u>
<b>Net Changes for the Year</b>	<u>(882,395)</u>	<u>(2,001)</u>	<u>22,406</u>	<u>(861,990)</u>
<b>Deferred Capital Revenue, end of year</b>	<u>45,080,025</u>	<u>913,107</u>	<u>83,182</u>	<u>46,076,314</u>
<b>Work in Progress, beginning of year</b>				-
<b>Changes for the Year</b>				
<b>Net Changes for the Year</b>	-	-	-	-
<b>Work in Progress, end of year</b>	-	-	-	-
<b>Total Deferred Capital Revenue, end of year</b>	<u>45,080,025</u>	<u>913,107</u>	<u>83,182</u>	<u>46,076,314</u>

**School District No. 69 (Qualicum)**

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2017

Schedule 4D

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	167,795	150,972		191,036		509,803
<b>Changes for the Year</b>						
Increase:						
Provincial Grants - Ministry of Education	1,597,835		67,040			1,597,835
Provincial Grants - Other					29,083	29,083
Donated Playground Equipment	1,597,835	-	67,040	-	29,083	1,693,958
Decrease:						
Transferred to DCR - Capital Additions	1,250,270				29,083	1,279,353
Purchase of Services and Supplies	389,450		16,087			405,537
Transferred to DCR - Other Provincial	1,639,720	-	43,237	-	29,083	1,712,040
	(41,885)	-	23,803	-	-	(18,082)
<b>Net Changes for the Year</b>	<b>125,910</b>	<b>150,972</b>	<b>23,803</b>	<b>191,036</b>	<b>-</b>	<b>491,721</b>
<b>Balance, end of year</b>						