

Consolidated Audited Financial Statements of

School District No. 22 (Vernon)

June 30, 2014

School District No. 22 (Vernon)

June 30, 2014

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School District No. 22 (Vernon)

MANAGEMENT REPORT

Version: 5467-4721-2739

Management's Responsibility for the Consolidated Financial Statements.

The accompanying consolidated financial statements of School District No. 22 (Vernon) 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 consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated 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. 22 (Vernon) (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 consolidated financial statements on a monthly basis and externally audited consolidated financial statements yearly.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of School District No. 22 (Vernon) and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.

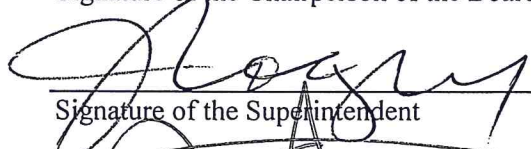
On behalf of School District No. 22 (Vernon)



Signature of the Chairperson of the Board of Education

SEP 26/2014


Date Signed



Signature of the Superintendent

SEP 26/2014

Date Signed



Signature of the Secretary Treasurer

SEP 26/2014

Date Signed



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of School District 22 (Vernon), and
To the Minister of Education, Province of British Columbia

We have audited the accompanying consolidated financial statements of School District 22 (Vernon), which comprise the statement of financial position as at June 30, 2014, the statement of operations, the statements of changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of School District 22 (Vernon) as at and for the year ended June 30, 2014 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 (a) to the consolidated financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read "K. MCGILL". The signature is written in a cursive, slightly slanted style.

Chartered Accountants

September 24, 2014

Vernon, Canada

School District No. 22 (Vernon)

Statement 1

Consolidated Statement of Financial Position
As at June 30, 2014


	2014 Actual	2013 Actual (Recast - Note 15)
	\$	\$
Financial Assets		
Cash and Cash Equivalents	19,003,778	17,881,903
Accounts Receivable		
Due from Province - Ministry of Education	810,489	104,882
Due from LEA/Direct Funding	461,166	263,989
Other	383,886	252,359
Total Financial Assets	<u>20,659,319</u>	<u>18,503,133</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education	1,500,994	-
Other	2,102,795	1,589,441
Unearned Revenue (Note 3)	2,218,202	1,591,327
Deferred Revenue (Note 4)	1,508,812	1,617,527
Deferred Capital Revenue (Note 5)	92,473,342	89,327,524
Employee Future Benefits (Note 6)	3,152,151	2,935,260
Other Liabilities	3,673,821	4,927,402
Total Liabilities	<u>106,630,117</u>	<u>101,988,481</u>
Net Financial Assets (Debt)	<u>(85,970,798)</u>	<u>(83,485,348)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 7)	111,700,791	106,903,886
Prepaid Expenses	276,790	200,017
Total Non-Financial Assets	<u>111,977,581</u>	<u>107,103,903</u>
Accumulated Surplus (Deficit) (Note 13)	<u>26,006,783</u>	<u>23,618,555</u>

Contractual Obligations and Contingencies (Note 10)

Approved by the Board


Signature of the Chairperson of the Board of Education

SEP 26/2014
Date Signed


Signature of the Superintendent

SEP 26/2014
Date Signed


Signature of the Secretary Treasurer

SEP 26/2014
Date Signed

School District No. 22 (Vernon)

Consolidated Statement of Operations

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Recast - Note 15)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	70,592,273	69,722,393	72,137,227
Other	273,190	221,779	258,953
Tuition	4,146,656	3,942,061	4,269,198
Other Revenue	3,449,182	3,393,941	3,637,602
Rentals and Leases	65,000	60,759	112,193
Investment Income	80,153	154,003	147,400
Gain (Loss) on Disposal of Tangible Capital Assets		1,449,073	
Amortization of Deferred Capital Revenue	3,363,328	3,653,486	3,155,061
Total Revenue	81,969,782	82,597,495	83,717,634
Expenses			
Instruction	66,265,940	63,381,080	66,746,590
District Administration	2,438,926	2,399,018	2,500,833
Operations and Maintenance	12,093,251	11,795,573	11,114,144
Transportation and Housing	2,162,926	2,633,596	2,558,617
Total Expense	82,961,043	80,209,267	82,920,184
Surplus (Deficit) for the year	(991,261)	2,388,228	797,450
Accumulated Surplus (Deficit) from Operations, beginning of year		23,618,555	22,821,105
Accumulated Surplus (Deficit) from Operations, end of year		26,006,783	23,618,555

School District No. 22 (Vernon)

Consolidated Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Recast - Note 15)
	\$	\$	\$
Surplus (Deficit) for the year	<u>(991,261)</u>	<u>2,388,228</u>	<u>797,450</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	-	(9,279,223)	(13,063,560)
Amortization of Tangible Capital Assets	4,354,589	4,479,318	3,971,114
Net carrying value of Tangible Capital Assets disposed of	-	3,000	-
Total Effect of change in Tangible Capital Assets	<u>4,354,589</u>	<u>(4,796,905)</u>	<u>(9,092,446)</u>
Acquisition of Prepaid Expenses	-	(76,773)	(47,611)
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(76,773)</u>	<u>(47,611)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>3,363,328</u>	<u>(2,485,450)</u>	<u>(8,342,607)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(2,485,450)</u>	<u>(8,342,607)</u>
Net Financial Assets (Debt), beginning of year		<u>(83,485,348)</u>	<u>(75,142,741)</u>
Net Financial Assets (Debt), end of year		<u>(85,970,798)</u>	<u>(83,485,348)</u>

School District No. 22 (Vernon)

Statement 5

Consolidated Statement of Cash Flows

Year Ended June 30, 2014

	2014 Actual	2013 Actual (Recast - Note 15)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	2,388,228	797,450
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(1,034,311)	1,372,062
Prepaid Expenses	(76,773)	(47,611)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	2,014,348	(191,022)
Unearned Revenue	626,875	(53,720)
Deferred Revenue	(108,715)	248,624
Employee Future Benefits	216,891	193,541
Other Liabilities	(1,253,581)	35,484
Loss (Gain) on Disposal of Tangible Capital Assets	(1,449,073)	-
Amortization of Tangible Capital Assets	4,479,318	3,971,114
Amortization of Deferred Capital Revenue	(3,653,486)	(3,155,061)
Total Operating Transactions	2,149,721	3,170,861
Capital Transactions		
Tangible Capital Assets Purchased	(9,279,223)	(13,063,560)
District Portion of Proceeds on Disposal	1,452,073	-
Total Capital Transactions	(7,827,150)	(13,063,560)
Financing Transactions		
Capital Revenue Received	6,799,304	11,290,310
Total Financing Transactions	6,799,304	11,290,310
Net Increase (Decrease) in Cash and Cash Equivalents	1,121,875	1,397,611
Cash and Cash Equivalents, beginning of year	17,881,903	16,484,292
Cash and Cash Equivalents, end of year	19,003,778	17,881,903
Cash and Cash Equivalents, end of year, is made up of:		
Cash	19,003,778	17,881,903
	19,003,778	17,881,903

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 1, 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. 22 (Vernon)", and operates as "School District No. 22 (Vernon)." 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. 22 (Vernon) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Accounting

The financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections effective their first fiscal year commencing after January 1, 2012.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

a) Basis of Accounting *(Continued)*

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

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

b) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities. All of the shares of 554210 B.C. Ltd are held by third parties in trust for the School District. 554210 B.C. Ltd. is therefore controlled by the School District. Inter-organizational and inter-departmental transactions and balances have been eliminated.

c) Cash and Cash Equivalents

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

d) Accounts Receivable

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

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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

f) Deferred 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 n).

g) Deferred Capital Revenue

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 as detailed in Note 2 n).

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.

h) 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, 2013 and projected to June 30, 2016. The next valuation will be performed at March 31, 2016 for use at June 30, 2016. 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

h) Employee Future Benefits (Continued)

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.

i) Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations.

j) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- 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 Consolidated 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 consolidated 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:

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

j) Tangible Capital Assets (Continued)

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

k) 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.

l) Prepaid Expenses

Amounts for insurance 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.

m) 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.

n) 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

n) Revenue Recognition (*Continued*)

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.

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 creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished.

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

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

o) Expenditures

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

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. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

p) 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, accrued liabilities, and other liabilities.

All financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

q) Measurement Uncertainty

Preparation of consolidated 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 consolidated financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the estimated useful life of assets and estimated employee future benefits. Actual results could differ from those estimates.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 3 UNEARNED REVENUE

	2014	2013
Balance, beginning of year	\$ 1,591,327	\$ 1,645,047
Changes for the year:		
Increase:		
Tuition fees collected	4,568,476	4,212,778
Decrease:		
Tuition fees recognized	3,941,601	4,266,498
Net changes for the year	\$626,875	(\$53,720)
Balance, end of year	\$ 2,218,202	\$ 1,591,327

NOTE 4 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 Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled.

	2014	2013
Balance, beginning of year	\$1,617,527	\$1,368,903
Changes for the year:		
Increase:		
Grants: Provincial – Ministry of Education	2,590,270	2,842,146
School generated funds	1,864,551	1,900,248
Other	132,469	135,104
Interest	22,036	20,862
	4,609,326	4,898,360
Decrease:		
Allocated to Revenue: Provincial – Ministry of Education	2,543,012	2,586,399
Other	2,175,029	2,061,761
Interest	-	1,576
	4,718,041	4,649,736
Net changes for the year	(108,715)	248,624
Balance, end of year	\$1,508,812	\$1,617,527

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 5 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 Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired.

	2014	2013
Deferred capital revenue subject to amortization		
Balance, beginning of year	\$89,208,474	\$58,665,270
Increases:		
Capital additions	6,247,936	11,288,779
Recognition of Work In Progress	-	22,409,886
Decreases:		
Amortization	3,653,486	3,155,061
Net change for the year	2,594,450	30,543,604
Balance, end of year	\$91,803,324	\$89,208,874
Deferred capital revenue - work in progress		
Balance, beginning of year	-	22,409,886
Increases:		
Transfers from deferred contributions	-	-
Decrease:		
Transfer to deferred capital revenue subject to amortization	-	22,409,886
Net change for the year	-	22,409,886
Balance, end of year	-	-
Deferred capital revenue - unspent		
Balance, beginning of year	118,650	117,119
Increases:		
Provincial grants – Ministry of Education	6,783,359	11,288,779
Investment income	15,945	1,531
Decrease:		
Transfer to deferred capital revenue subject to amortization	6,247,936	11,288,779
Transfer to deferred capital revenue – work in progress	-	-
Net change for the year	551,368	1,531
Balance, end of year	670,018	118,650
Total deferred capital revenue balance, end of year	\$92,473,342	\$89,327,524

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 6 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.

	2014	2013 (recast)
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 3,287,164	\$ 2,887,662
Service Cost	246,560	210,449
Interest Cost	100,724	126,515
Benefit Payments	(213,508)	(309,438)
Increase (Decrease) in obligation due to Plan Amendment	-	
Actuarial Loss	(193,619)	371,976
Accrued Benefit Obligation – March 31	\$3,227,321	\$ 3,287,164

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation – March 31	\$3,227,321	\$ 3,287,164
Market Value of Plan Assets – March 31	-	-
Funded Status –Deficit	(3,227,321)	(3,287,164)
Employer contributions After Measurement Date	-	39,681
Benefits Expense After Measurement Date	(88,723)	(86,821)
Unamortized Net Actuarial Loss	163,893	399,044
Accrued Benefit Liability – June 30	\$ (3,152,151)	(2,935,260)

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability – July 1	\$ 2,935,260	\$ 2,735,092
Recognize Benefit Expense April 1 – June 30, 2012		84,241
Accrued Benefit Liability – July 1 (recast)	2,935,260	2,819,333
Net expense for Fiscal Year	390,718	342,729
Employer Contributions	(173,827)	(226,802)
Accrued Benefit Liability – June 30	\$ 3,152,151	\$ 2,935,260

Components of Net Benefit Expense

Service Cost	\$ 246,582	\$ 219,477
Interest Cost	102,603	120,067
Amortization of Net Actuarial Loss	41,533	3,185
Net Benefit Expense	\$390,718	\$ 342,729

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 6 EMPLOYEE FUTURE BENEFITS *(Continued)*

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

	2014	2013
Discount Rate – April 1	3.00%	4.25%
Discount Rate – March 31	3.25%	3.00%
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	9.7	9.7

NOTE 7 TANGIBLE CAPITAL ASSETS

June 30, 2014

Cost:	Balance at July 1, 2013	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2014
Sites	\$ 8,819,960	\$ -	\$3,000	\$ -	\$8,816,960
Buildings	149,998,734	5,687,036	137,000		155,548,770
Buildings – work in progress	-	-	-	-	-
Furniture & Equipment	2,473,822	194,321	899	-	2,667,244
Vehicles	4,815,943	623,971	321,553	-	5,118,361
Computer Software	341,147	121,658	55,032	-	407,773
Computer Hardware	2,146,598	2,652,237	284,398	-	4,514,437
Total	\$168,596,204	\$9,279,223	\$801,882	\$	\$177,073,545

Accumulated Amortization:	Balance at July 1, 2013	Additions	Disposals	Balance at June 30, 2014
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	58,428,534	3,321,732	137,000	61,613,266
Furniture & Equipment	735,459	247,382	899	981,942
Vehicles	1,787,006	481,594	321,553	1,947,047
Computer Software	122,890	59,226	55,032	127,084
Computer Hardware	618,429	369,384	284,398	703,415
Total	\$61,692,318	\$4,479,318	\$798,882	\$65,372,754

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 7 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2013

Cost:	Balance at July 1, 2012	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2013
Sites	\$ 8,819,960	\$ -	\$ -	\$ -	\$ 8,819,960
Buildings	118,521,508	9,161,127	-	22,316,099	149,998,734
Buildings – work in progress	22,409,886	-	-	(22,409,886)	-
Furniture & Equipment	1,437,058	963,311	(20,334)	93,787	2,473,822
Vehicles	3,439,679	1,418,870	(42,606)	-	4,815,943
Computer Software	224,117	152,026	(34,996)	-	341,147
Computer Hardware	1,093,332	1,368,226	(314,960)	-	2,146,598
Total	\$155,945,540	\$13,063,560	(\$412,896)	\$ -	\$168,596,204

Accumulated Amortization:	Balance at July 1, 2012	Additions	Disposals	Balance at June 30, 2013
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	55,484,407	2,944,127	-	58,428,534
Furniture & Equipment	559,232	196,561	(20,334)	735,459
Vehicles	1,414,700	414,912	(42,606)	1,787,006
Computer Software	97,860	60,026	(34,996)	122,890
Computer Hardware	577,901	355,488	(314,960)	618,429
Total	\$58,134,100	\$3,971,114	(\$412,896)	\$61,692,318

Net Book Value:

	Net Book Value June 30, 2014	Net Book Value June 30, 2013
Sites	\$ 8,816,960	\$ 8,819,960
Buildings	93,935,504	91,570,200
Buildings – work in progress	-	-
Furniture & Equipment	1,685,302	1,738,363
Vehicles	3,171,314	3,028,937
Computer Software	280,689	218,257
Computer Hardware	3,811,022	1,528,169
Total	\$111,700,791	\$106,903,886

Work in progress is not amortized, and amortization will commence when the asset is put into service.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 8 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension Plans. The Board of Trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. The Teachers' Pension Plan has about 45,000 active members from school districts, and approximately 32,000 retired members from school districts. The Municipal Pension Plan has about 179,000 active members, of which approximately 24,000 are from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2011 indicated an \$855 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2014 with results available in 2015. 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. The next valuation 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 the Plans in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual employers participating in the Plans.

The School District paid \$6,583,616 (2013 - \$7,003,182) for employer contributions to these Plans in the year ended June 30, 2014.

NOTE 9 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. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 10 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has committed to a five year operating lease agreement for photocopiers at various locations. Future minimum lease payments are as follows:

	2015	2016	2017	2018	2019	Thereafter
Photocopy Lease	\$ 98,927	\$ 98,927	\$ 98,927	\$ 49,464	\$ -	\$ -

The School District has approximately \$600,000 of purchase orders which remain outstanding at June 30, 2014.

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.

The nature of the School District's activities are such that there is usually litigation pending or in process at any time. With respect to unsettled claims at June 30, 2014, management believes the School District has valid defenses and appropriate insurance coverage in place. In the event that any claims are successful, management believes that such claims are not expected to have a material effect on the School District's financial position or operations.

NOTE 11 BUDGET FIGURES

Budget figures included in the consolidated financial statements were approved by the Board through the adoption of an annual budget on May 1, 2013.

NOTE 12 EXPENSE BY OBJECT

	2014	2013 (recast)
Salaries and benefits	\$63,865,736	\$66,473,082
Services and supplies	11,864,213	12,475,988
Amortization	4,479,318	3,971,114
	\$80,209,267	\$82,920,184

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 13 ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surpluses and reserves and reserve funds as follows:

	2014	2013 (recast)
Invested in tangible capital assets	19,734,752	17,532,297
Operating surplus	4,814,249	6,080,588
Special purpose surplus	2,714	2,714
Local capital surplus	1,455,068	2,956
	26,006,783	23,618,555

The Operating Fund has been Internally Restricted (appropriated) by the Board for:

To offset costs budgeted in 2014/2015	\$166,892
District contingency fund	1,275,080
Computer refresh program	444,239
Maintenance projects	738,245
Other School District programs	759,048
Aboriginal target surplus	478,987
CUPE funded programs	150,547
Education programs	217,664
Curricular programs	216,261
Special education programs	209,789
School surpluses	198,496
Total Available for Future Operations	\$ 4,814,249

NOTE 14 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 consolidated financial statements have been prepared on a going concern basis.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 15 COMPARATIVE FIGURES

In prior years school districts reported annual Employee Future Benefit (EFB) expense equal to the 12 months ended March 31 expenses as determined by the actuary rather than the 12 months ended June 30. An adjustment was made to increase the EFB liability to include benefits expense incurred after the early measurement date of March 31 (see Note 6). The June 30, 2013 EFB liability increased by \$86,821 representing the EFB expenses April 1 to June 30, 2013. The opening surplus as at July 1, 2012 was decreased by \$84,241 representing the April 1 – June 2012 EFB expenses. The surplus for the year ended June 30, 2013 was decreased by \$2,580 representing the April 1 – June 2013 EFB expense minus the April 1 – June 2012 EFB expense.

NOTE 16 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 amounts receivable.

The School District is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated as most amounts receivable are due from the Province and are collectible.

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits as they are placed in Chartered Bank instruments.

b) Market risk:

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

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

It is management's opinion that the School District is not exposed to significant market risk associated with interest rate risk as the School District has no borrowings and interest earned on existing deposits is not significant to the School District's operations.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 16 **RISK MANAGEMENT** (*Continued*)

c) Liquidity risk:

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

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

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

School District No. 22 (Vernon)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2014

	Operating Fund	Special Purpose Fund	Capital Fund	2014 Actual	2013 Actual (Recast - Note 15)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	6,080,588	2,714	17,535,253	23,618,555	22,905,346
Prior Period Adjustments					(84,241)
Accumulated Surplus (Deficit), beginning of year, as restated	6,080,588	2,714	17,535,253	23,618,555	22,821,105
Changes for the year					
Surplus (Deficit) for the year	1,735,978	28,970	623,280	2,388,228	797,450
Interfund Transfers					
Tangible Capital Assets Purchased	(3,002,317)	(28,970)	3,031,287	-	
Net Changes for the year	(1,266,339)	-	3,654,567	2,388,228	797,450
Accumulated Surplus (Deficit), end of year - Statement 2	4,814,249	2,714	21,189,820	26,006,783	23,618,555

School District No. 22 (Vernon)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Recast - Note 15)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	67,953,164	67,179,381	69,559,824
Other	273,190	221,779	258,953
Tuition	4,146,656	3,942,061	4,269,198
Other Revenue	1,418,954	1,359,464	1,575,841
Rentals and Leases	65,000	60,759	112,193
Investment Income	65,000	153,964	145,786
Total Revenue	<u>73,921,964</u>	<u>72,917,408</u>	<u>75,921,795</u>
Expenses			
Instruction	61,953,491	59,399,602	62,560,229
District Administration	2,401,356	2,364,110	2,463,263
Operations and Maintenance	7,404,191	7,265,716	7,230,703
Transportation and Housing	2,162,926	2,152,002	2,143,072
Total Expense	<u>73,921,964</u>	<u>71,181,430</u>	<u>74,397,267</u>
Operating Surplus (Deficit) for the year	<u>-</u>	<u>1,735,978</u>	<u>1,524,528</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	-	(3,002,317)	(1,685,844)
Total Net Transfers	<u>-</u>	<u>(3,002,317)</u>	<u>(1,685,844)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(1,266,339)</u>	<u>(161,316)</u>
Operating Surplus (Deficit), beginning of year		6,080,588	6,326,145
Prior Period Adjustments			(84,241)
April - June 2012 EFB Expense Restatement			(84,241)
Operating Surplus (Deficit), beginning of year, as restated		<u>6,080,588</u>	<u>6,241,904</u>
Operating Surplus (Deficit), end of year		<u>4,814,249</u>	<u>6,080,588</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		<u>4,814,249</u>	6,080,588
Total Operating Surplus (Deficit), end of year		<u><u>4,814,249</u></u>	<u>6,080,588</u>

School District No. 22 (Vernon)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Recast - Note 15)
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	68,903,221	67,857,472	70,365,703
AANDC/LEA Recovery	(1,114,621)	(889,991)	(1,054,268)
Other Ministry of Education Grants			
Pay Equity	85,865	85,865	85,865
FSA	13,769	13,769	13,769
Education Guarantee	13,705	21,320	60,775
Carbon Trust Reimbursement	51,225	80,946	72,984
Special Education Contract	-	-	6,000
Local Revenue Meals Programs	-	-	8,996
Teacher Quality Grant	-	10,000	-
Total Provincial Grants - Ministry of Education	67,953,164	67,179,381	69,559,824
Provincial Grants - Other	273,190	221,779	258,953
Tuition			
Summer School Fees	-	460	2,700
Offshore Tuition Fees	4,146,656	3,941,601	4,266,498
Total Tuition	4,146,656	3,942,061	4,269,198
Other Revenues			
LEA/Direct Funding from First Nations	1,114,621	889,991	1,054,268
Miscellaneous			
Cafeteria Revenue	170,000	140,215	145,110
Donations	-	11,250	36,463
Fees	-	-	110,255
Miscellaneous	111,833	318,008	229,745
Ipals	10,000	-	-
Meals	12,500	-	-
Total Other Revenue	1,418,954	1,359,464	1,575,841
Rentals and Leases	65,000	60,759	112,193
Investment Income	65,000	153,964	145,786
Total Operating Revenue	73,921,964	72,917,408	75,921,795

School District No. 22 (Vernon)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object
Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Recast - Note 15)
	\$	\$	\$
Salaries			
Teachers	33,130,095	30,649,941	33,845,883
Principals and Vice Principals	4,394,250	4,457,439	4,255,769
Educational Assistants	3,807,515	4,180,378	3,925,725
Support Staff	7,092,463	7,432,607	7,312,426
Other Professionals	989,426	917,291	989,670
Substitutes	1,730,509	1,762,638	1,997,318
Total Salaries	51,144,258	49,400,294	52,326,791
Employee Benefits	12,485,546	13,009,217	12,717,639
Total Salaries and Benefits	63,629,804	62,409,511	65,044,430
Services and Supplies			
Services	3,251,950	3,124,670	3,325,498
Student Transportation	154,986	95,658	149,397
Professional Development and Travel	445,777	465,872	550,181
Rentals and Leases	124,721	59,596	83,768
Dues and Fees	421,100	329,547	347,616
Insurance	350,072	225,657	344,427
Interest	-	-	-
Supplies	3,940,946	2,831,657	3,027,972
Bad Debts	-	-	-
Utilities	1,602,608	1,639,262	1,523,978
Total Services and Supplies	10,292,160	8,771,919	9,352,837
Total Operating Expense	73,921,964	71,181,430	74,397,267

School District No. 22 (Vernon)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2014

	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	24,351,013	933,430	-	443,841	-	1,419,671	27,147,955
1.03 Career Programs	191,967	-	-	14,760	-	-	206,727
1.07 Library Services	416,609	-	-	236,059	-	1,109	653,777
1.08 Counselling	950,151	-	-	-	-	-	950,151
1.10 Special Education	3,523,355	116,951	3,835,325	54,930	-	172,445	7,703,006
1.30 English Language Learning	65,554	-	-	-	-	-	65,554
1.31 Aboriginal Education	100,870	199,394	345,053	36,888	-	1,940	684,145
1.41 School Administration	-	2,753,572	-	1,783,147	-	51,133	4,587,852
1.60 Summer School	92,502	-	-	-	6,300	-	98,802
1.61 Continuing Education	-	-	-	-	-	-	-
1.62 Off Shore Students	926,902	153,715	-	4,350	68,494	277	1,153,738
1.64 Other	9,995	-	-	2,581	-	-	12,576
Total Function 1	30,628,918	4,157,062	4,180,378	2,576,556	74,794	1,646,575	43,264,283
4 District Administration							
4.11 Educational Administration	20,324	176,005	-	73,610	175,492	39,172	484,603
4.40 School District Governance	-	-	-	-	77,851	-	77,851
4.41 Business Administration	699	124,372	-	421,926	341,955	88	889,040
Total Function 4	21,023	300,377	-	495,536	595,298	39,260	1,451,494
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	47,427	160,726	-	208,153
5.50 Maintenance Operations	-	-	-	3,072,668	-	50,780	3,123,448
5.52 Maintenance of Grounds	-	-	-	150,806	-	-	150,806
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	-	3,270,901	160,726	50,780	3,482,407
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	54,639	86,473	-	141,112
7.70 Student Transportation	-	-	-	1,034,975	-	26,023	1,060,998
7.73 Housing	-	-	-	-	-	-	-
Total Function 7	-	-	-	1,089,614	86,473	26,023	1,202,110
9 Debt Services							
9.92 Interest on Bank Loans	-	-	-	-	-	-	-
9.94 Interest on Temporary Borrowing	-	-	-	-	-	-	-
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	30,649,941	4,457,439	4,180,378	7,432,607	917,291	1,762,638	49,400,294

School District No. 22 (Vernon)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2014

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2014 Actual	2014 Budget	2013 Actual (Recast - Note 15)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	27,147,955	7,109,043	34,256,998	1,405,086	35,662,084	38,154,121	38,999,504
1.03 Career Programs	206,727	51,261	257,988	110,585	368,573	339,068	314,065
1.07 Library Services	653,777	200,047	853,824	44,189	898,013	1,274,757	1,206,964
1.08 Counselling	950,151	239,934	1,190,085	7,425	1,197,510	1,214,869	1,256,811
1.10 Special Education	7,703,006	2,118,254	9,821,260	304,112	10,125,372	10,116,415	10,076,602
1.30 English Language Learning	65,554	16,966	82,520	108	82,628	-	77,144
1.31 Aboriginal Education	684,145	201,662	885,807	361,142	1,246,949	1,192,480	1,255,084
1.41 School Administration	4,587,852	1,189,834	5,777,686	150,966	5,928,652	5,212,787	5,276,474
1.60 Summer School	98,802	21,104	119,906	2,765	122,671	69,998	94,683
1.61 Continuing Education	-	-	-	-	-	-	-
1.62 Off Shore Students	1,153,738	282,196	1,435,934	2,033,134	3,469,068	4,146,656	3,641,168
1.64 Other	12,576	2,149	14,725	283,357	298,082	232,340	361,730
Total Function 1	43,264,283	11,432,450	54,696,733	4,702,869	59,399,602	61,953,491	62,560,229
4 District Administration							
4.11 Educational Administration	484,603	101,699	586,302	71,864	658,166	667,088	694,576
4.40 School District Governance	77,851	1,109	78,960	80,662	159,622	169,035	158,211
4.41 Business Administration	889,040	226,231	1,115,271	431,051	1,546,322	1,565,233	1,610,476
Total Function 4	1,451,494	329,039	1,780,533	583,577	2,364,110	2,401,356	2,463,263
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	208,153	72,527	280,680	140,666	421,346	533,630	496,548
5.50 Maintenance Operations	3,123,448	772,178	3,895,626	1,008,720	4,904,346	4,898,050	4,887,565
5.52 Maintenance of Grounds	150,806	39,176	189,982	110,781	300,763	369,903	322,910
5.56 Utilities	-	-	-	1,639,261	1,639,261	1,602,608	1,523,680
Total Function 5	3,482,407	883,881	4,366,288	2,899,428	7,265,716	7,404,191	7,230,703
7 Transportation and Housing							
7.41 Transportation and Housing Administration	141,112	36,448	177,560	12,058	189,618	173,773	191,954
7.70 Student Transportation	1,060,998	327,399	1,388,397	573,987	1,962,384	1,989,153	1,951,118
7.73 Housing	-	-	-	-	-	-	-
Total Function 7	1,202,110	363,847	1,565,957	586,045	2,152,002	2,162,926	2,143,072
9 Debt Services							
9.92 Interest on Bank Loans	-	-	-	-	-	-	-
9.94 Interest on Temporary Borrowing	-	-	-	-	-	-	-
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	49,400,294	13,009,217	62,409,511	8,771,919	71,181,430	73,921,964	74,397,267

School District No. 22 (Vernon)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual (Recast - Note 15)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	2,639,109	2,543,012	2,577,403
Other Revenue	2,030,228	2,034,477	2,061,761
Investment Income	15,153		1,576
Total Revenue	<u>4,684,490</u>	<u>4,577,489</u>	<u>4,640,740</u>
Expenses			
Instruction	4,312,449	3,981,478	4,186,361
District Administration	37,570	34,908	37,570
Operations and Maintenance	334,471	532,133	327,872
Total Expense	<u>4,684,490</u>	<u>4,548,519</u>	<u>4,551,803</u>
Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>28,970</u>	<u>88,937</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	-	(28,970)	(88,937)
Total Net Transfers	<u>-</u>	<u>(28,970)</u>	<u>(88,937)</u>
Total Special Purpose Surplus (Deficit) for the year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Special Purpose Surplus (Deficit), beginning of year		2,714	2,714
Special Purpose Surplus (Deficit), end of year		<u><u>2,714</u></u>	<u><u>2,714</u></u>
Special Purpose Surplus (Deficit), end of year			
Related Entities		2,714	2,714
Total Special Purpose Surplus (Deficit), end of year		<u><u>2,714</u></u>	<u><u>2,714</u></u>

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2014

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	Scholarships and Bursaries	Transportation for Deaf and Hard of Hearing	Special Education Technology	School Generated Funds	Related Entities
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	222,492	95,031	39,119	18,347	315,136	-	9,649	788,894	91,008
Add: Restricted Grants									
Provincial Grants - Ministry of Education	306,268	887,259	-	9,964	-	-	401,413	-	-
Other	-	-	-	-	109,077	-	-	1,864,551	13,792
Investment Income	3,373	-	515	265	3,715	-	730	10,591	1,280
	309,641	887,259	515	10,229	112,792	-	402,143	1,875,142	15,072
Less: Allocated to Revenue	532,133	857,700	-	2,188	114,515	-	334,469	1,880,886	29,689
Recovered	-	95,031	-	-	-	-	9,649	-	-
Stike Recovery by Ministry	-	29,559	-	-	-	-	-	-	-
Deferred Revenue, end of year	-	-	39,634	26,388	313,413	-	67,674	783,150	76,391
Revenues									
Provincial Grants - Ministry of Education	532,133	857,700	-	2,188	-	-	334,469	-	-
Other Revenue	-	-	-	-	114,515	-	-	1,880,886	29,689
	532,133	857,700	-	2,188	114,515	-	334,469	1,880,886	29,689
Expenses									
Salaries									
Teachers	-	589,794	-	-	-	-	91,226	22,319	-
Educational Assistants	-	102,673	-	-	-	-	-	-	-
Support Staff	279,742	-	-	-	-	-	-	-	-
	279,742	692,467	-	-	-	-	91,226	22,319	-
Employee Benefits	52,371	165,233	-	-	-	-	22,139	4,279	-
Services and Supplies	200,020	-	-	2,188	114,515	-	221,104	1,854,288	29,689
	532,133	857,700	-	2,188	114,515	-	334,469	1,880,886	29,689
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2014

	Strong Start	Ready, Set, Learn	OLEP	Community- LINK	Student Concerts	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	9,309	-	-	21,013	7,529	1,617,527
Add: Restricted Grants						
Provincial Grants - Ministry of Education	128,000	34,300	178,826	644,240	-	2,590,270
Other	-	-	-	-	9,600	1,997,020
Investment Income	550	17	-	899	101	22,036
	128,550	34,317	178,826	645,139	9,701	4,609,326
Less: Allocated to Revenue	128,235	34,300	38,919	615,068	9,387	4,577,489
Recovered	-	-	-	-	-	104,680
Stike Recovery by Ministry	-	-	6,313	-	-	35,872
Deferred Revenue, end of year	9,624	17	133,594	51,084	7,843	1,508,812
Revenues						
Provincial Grants - Ministry of Education	128,235	34,300	38,919	615,068	-	2,543,012
Other Revenue	-	-	-	-	9,387	2,034,477
	128,235	34,300	38,919	615,068	9,387	4,577,489
Expenses						
Salaries						
Teachers	86,461	2,759	6,827	-	670	800,056
Educational Assistants	-	-	-	-	-	102,673
Support Staff	-	-	-	-	-	279,742
	86,461	2,759	6,827	-	670	1,182,471
Employee Benefits	29,178	471	-	-	83	273,754
Services and Supplies	12,596	31,070	3,122	615,068	8,634	3,092,294
	128,235	34,300	9,949	615,068	9,387	4,548,519
Net Revenue (Expense) before Interfund Transfers	-	-	28,970	-	-	28,970
Interfund Transfers						
Tangible Capital Assets Purchased	-	-	(28,970)	-	-	(28,970)
	-	-	(28,970)	-	-	(28,970)
Net Revenue (Expense)	-	-	-	-	-	-

School District No. 22 (Vernon)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2014

	2014 Budget	2014 Actual			2013 Actual (Recast - Note 15)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Investment Income	-		39	39	38
Gain (Loss) on Disposal of Tangible Capital Assets	-	1,449,073		1,449,073	-
Amortization of Deferred Capital Revenue	3,363,328	3,653,486		3,653,486	3,155,061
Total Revenue	3,363,328	5,102,559	39	5,102,598	3,155,099
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	4,354,589	3,997,724		3,997,724	3,555,569
Transportation and Housing	-	481,594		481,594	415,545
Total Expense	4,354,589	4,479,318	-	4,479,318	3,971,114
Capital Surplus (Deficit) for the year	(991,261)	623,241	39	623,280	(816,015)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	-	3,031,287		3,031,287	1,774,781
Total Net Transfers	-	3,031,287	-	3,031,287	1,774,781
Other Adjustments to Fund Balances					
District Portion of Proceeds on Disposal		(1,452,073)	1,452,073	-	
Total Other Adjustments to Fund Balances		(1,452,073)	1,452,073	-	
Total Capital Surplus (Deficit) for the year	(991,261)	2,202,455	1,452,112	3,654,567	958,766
Capital Surplus (Deficit), beginning of year		17,532,297	2,956	17,535,253	16,576,487
Capital Surplus (Deficit), end of year		19,734,752	1,455,068	21,189,820	17,535,253

School District No. 22 (Vernon)

Tangible Capital Assets
Year Ended June 30, 2014

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	8,819,960	149,998,734	2,473,822	4,815,943	341,147	2,146,598	168,596,204
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	-	5,658,265	110,357	479,314	-	-	6,247,936
Operating Fund	-	28,771	83,964	144,657	121,658	2,623,267	3,002,317
Special Purpose Funds	-	-	-	-	-	28,970	28,970
	-	5,687,036	194,321	623,971	121,658	2,652,237	9,279,223
Decrease:							
Disposed of	3,000	137,000	-	-	-	-	140,000
Deemed Disposals			899	321,553	55,032	284,398	661,882
	3,000	137,000	899	321,553	55,032	284,398	801,882
Cost, end of year	8,816,960	155,548,770	2,667,244	5,118,361	407,773	4,514,437	177,073,545
Work in Progress, end of year							-
Cost and Work in Progress, end of year	8,816,960	155,548,770	2,667,244	5,118,361	407,773	4,514,437	177,073,545
Accumulated Amortization, beginning of year		58,428,534	735,459	1,787,006	122,890	618,429	61,692,318
Changes for the Year							
Increase: Amortization for the Year		3,321,732	247,382	481,594	59,226	369,384	4,479,318
Decrease:							
Disposed of		137,000	-	-	-	-	137,000
Deemed Disposals			899	321,553	55,032	284,398	661,882
		137,000	899	321,553	55,032	284,398	798,882
Accumulated Amortization, end of year		61,613,266	981,942	1,947,047	127,084	703,415	65,372,754
Tangible Capital Assets - Net	8,816,960	93,935,504	1,685,302	3,171,314	280,689	3,811,022	111,700,791

School District No. 22 (Vernon)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2014

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	89,195,699	-	13,175	89,208,874
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	6,247,936	-	-	6,247,936
	<u>6,247,936</u>	<u>-</u>	<u>-</u>	<u>6,247,936</u>
Decrease:				
Amortization of Deferred Capital Revenue	3,651,459	-	2,027	3,653,486
	<u>3,651,459</u>	<u>-</u>	<u>2,027</u>	<u>3,653,486</u>
Net Changes for the Year	<u>2,596,477</u>	<u>-</u>	<u>(2,027)</u>	<u>2,594,450</u>
Deferred Capital Revenue, end of year	<u>91,792,176</u>	<u>-</u>	<u>11,148</u>	<u>91,803,324</u>
Work in Progress, beginning of year	-	-	-	-
Changes for the Year				
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Work in Progress, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Capital Revenue, end of year	<u>91,792,176</u>	<u>-</u>	<u>11,148</u>	<u>91,803,324</u>

School District No. 22 (Vernon)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2014

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
Balance, beginning of year	\$ 1	\$ 117,687	\$ -	\$ -	\$ 962	\$ 118,650
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	6,783,359					6,783,359
Investment Income	14,266	1,551	-	-	128	15,945
	6,797,625	1,551	-	-	128	6,799,304
Decrease:						
Transferred to DCR - Capital Additions	6,247,936	-	-	-	-	6,247,936
	6,247,936	-	-	-	-	6,247,936
Net Changes for the Year	549,689	1,551	-	-	128	551,368
Balance, end of year	549,690	119,238	-	-	1,090	670,018