

Consolidated Audited Financial Statements of

**School District No. 22 (Vernon)**

June 30, 2015

# School District No. 22 (Vernon)

June 30, 2015

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# School District No. 22 (Vernon)

## MANAGEMENT REPORT

Version: 5248-9990-8008

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 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. 22 (Vernon)

Original signed copy is on file at the Board office

September 16, 2015

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Signature of the Chairperson of the Board of Education

Date Signed

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Signature of the Superintendent

Date Signed

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Signature of the Secretary Treasurer

Date Signed



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## INDEPENDENT AUDITORS' REPORT

To the Board of Education, and  
To the Minister of Education, Province of British Columbia

We have audited the accompanying financial statements of School District No. 22 (Vernon), which comprise the statement of financial position as at June 30, 2015, the statement of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements of School District No. 22 (Vernon) as at and for the year ended June 30, 2015 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 3 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Professional Accountants

September 16, 2015  
Vernon, Canada

# School District No. 22 (Vernon)

## Consolidated Statement of Financial Position

As at June 30, 2015

	2015 Actual	2014 Actual (Recast - Note 11)
	\$	\$
<b>Financial Assets</b>		
Cash and Cash Equivalents	20,229,008	19,003,778
Accounts Receivable		
Due from Province - Ministry of Education	564,183	810,489
Due from LEA/Direct Funding	419,220	461,166
Other	292,610	383,886
Other assets	946,750	946,750
<b>Total Financial Assets</b>	<u>22,451,771</u>	<u>21,606,069</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education	-	1,500,994
Other	1,520,296	2,102,795
Unearned Revenue (Note 4)	2,573,764	2,218,202
Deferred Revenue (Note 5)	1,501,553	1,508,812
Deferred Capital Revenue (Note 6)	91,728,720	92,473,342
Employee Future Benefits (Note 7)	3,279,548	3,152,151
Other Liabilities	4,777,689	3,673,821
<b>Total Liabilities</b>	<u>105,381,570</u>	<u>106,630,117</u>
<b>Net Financial Assets (Debt)</b>	<u>(82,929,799)</u>	<u>(85,024,048)</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 8)	110,753,688	111,700,791
Prepaid Expenses	168,773	276,790
<b>Total Non-Financial Assets</b>	<u>110,922,461</u>	<u>111,977,581</u>
<b>Accumulated Surplus (Deficit) (Note 9)</b>	<u>27,992,662</u>	<u>26,953,533</u>

Contractual Obligations and Contingencies (Note 10)

Approved by the Board

Original signed copy is on file at Board office

September 16, 2015

Signature of the Chairperson of the Board of Education

Date Signed

Signature of the Superintendent

Date Signed

Signature of the Secretary Treasurer

Date Signed

# School District No. 22 (Vernon)

## Consolidated Statement of Operations

Year Ended June 30, 2015

	2015 Budget (Note 12)	2015 Actual	2014 Actual (Recast - Note 11)
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	70,692,411	<b>71,706,065</b>	69,722,393
Other	273,190	<b>211,550</b>	221,779
Tuition	4,207,468	<b>4,556,038</b>	3,942,061
Other Revenue	3,391,532	<b>3,900,967</b>	3,393,941
Rentals and Leases	65,000	<b>30,832</b>	60,759
Investment Income	65,000	<b>207,048</b>	154,003
Gain (Loss) on Disposal of Tangible Capital Assets			1,449,073
Amortization of Deferred Capital Revenue	3,304,383	<b>3,805,512</b>	3,653,486
<b>Total Revenue</b>	<u>81,998,984</u>	<u><b>84,418,012</b></u>	<u>82,597,495</u>
<b>Expenses</b>			
Instruction	66,738,740	<b>66,022,156</b>	63,381,080
District Administration	2,448,535	<b>2,785,174</b>	2,399,018
Operations and Maintenance	12,857,638	<b>12,096,357</b>	11,795,573
Transportation and Housing	2,636,251	<b>2,475,196</b>	2,633,596
<b>Total Expense</b>	<u>84,681,164</u>	<u><b>83,378,883</b></u>	<u>80,209,267</u>
<b>Surplus (Deficit) for the year</b>	<u>(2,682,180)</u>	<u><b>1,039,129</b></u>	<u>2,388,228</u>
<b>Accumulated Surplus (Deficit) from Operations, beginning of year</b>		<b>26,953,533</b>	24,565,305
<b>Accumulated Surplus (Deficit) from Operations, end of year</b>		<u><u><b>27,992,662</b></u></u>	<u>26,953,533</u>

# School District No. 22 (Vernon)

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

Year Ended June 30, 2015

	2015 Budget (Note 12)	2015 Actual	2014 Actual (Recast - Note 11)
	\$	\$	\$
<b>Surplus (Deficit) for the year</b>	(2,682,180)	<b>1,039,129</b>	2,388,228
<b>Effect of change in Tangible Capital Assets</b>			
Acquisition of Tangible Capital Assets	-	<b>(4,272,270)</b>	(9,279,223)
Amortization of Tangible Capital Assets	5,478,500	<b>5,207,623</b>	4,479,318
Net carrying value of Tangible Capital Assets disposed of	-		3,000
Tangible Capital Assets - Other Disposal	-	<b>11,750</b>	-
<b>Total Effect of change in Tangible Capital Assets</b>	5,478,500	<b>947,103</b>	(4,796,905)
Acquisition of Prepaid Expenses	-	<b>108,017</b>	(76,773)
<b>Total Effect of change in Other Non-Financial Assets</b>	-	<b>108,017</b>	(76,773)
<b>(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)</b>	<u>2,796,320</u>	<b>2,094,249</b>	(2,485,450)
<b>Net Remeasurement Gains (Losses)</b>			
<b>(Increase) Decrease in Net Financial Assets (Debt)</b>		<b>2,094,249</b>	(2,485,450)
<b>Net Financial Assets (Debt), beginning of year</b>		<b>(85,024,048)</b>	(82,538,598)
<b>Net Financial Assets (Debt), end of year</b>		<b>(82,929,799)</b>	(85,024,048)



# School District No. 22 (Vernon)

## Consolidated Statement of Cash Flows

Year Ended June 30, 2015

	2015 Actual	2014 Actual (Recast - Note 11)
	\$	\$
<b>Operating Transactions</b>		
Surplus (Deficit) for the year	1,039,129	2,388,228
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	379,528	(1,034,311)
Prepaid Expenses	108,017	(76,773)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(2,083,493)	2,014,348
Unearned Revenue	355,562	626,875
Deferred Revenue	(7,259)	(108,715)
Employee Future Benefits	127,397	216,891
Other Liabilities	1,103,868	(1,253,581)
Loss (Gain) on Disposal of Tangible Capital Assets	-	(1,449,073)
Amortization of Tangible Capital Assets	5,207,623	4,479,318
Amortization of Deferred Capital Revenue	(3,805,512)	(3,653,486)
<b>Total Operating Transactions</b>	<b>2,424,860</b>	<b>2,149,721</b>
<b>Capital Transactions</b>		
Tangible Capital Assets Purchased	(4,201,625)	(9,279,223)
District Portion of Proceeds on Disposal	-	1,452,073
Tangible Capital Assets - Other Additions	(70,645)	-
Tangible Capital Assets - Other Disposal	11,750	-
<b>Total Capital Transactions</b>	<b>(4,260,520)</b>	<b>(7,827,150)</b>
<b>Financing Transactions</b>		
Capital Revenue Received	3,060,890	6,799,304
<b>Total Financing Transactions</b>	<b>3,060,890</b>	<b>6,799,304</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,225,230</b>	<b>1,121,875</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>19,003,778</b>	<b>17,881,903</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>20,229,008</b>	<b>19,003,778</b>
<b>Cash and Cash Equivalents, end of year, is made up of:</b>		
Cash	20,229,008	19,003,778
	<b>20,229,008</b>	<b>19,003,778</b>

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**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 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. 22 (Vernon) is exempt from federal and provincial corporate income taxes.

**NOTE 2      ADOPTION OF NEW ACCOUNTING POLICY**

On July 1, 2014, the District adopted PS 3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis to July 1, 2013 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the District.

**NOTE 3      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.

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 3      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

a) Basis of Accounting *(Continued)*

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

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

As a result, revenue recognized in the statement of operations and certain related deferred capital 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**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 3      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 3 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 3 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.

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

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 3      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

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:

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

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 3      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

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, software license fees 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**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 3**      **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.

Operating expenses are reported by function and object. Whenever possible, expenditures are determined by actual identification.

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 3**      **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 3 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**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 4      UNEARNED REVENUE**

	2015	2014
Balance, beginning of year	\$ 2,218,202	\$ 1,591,327
Changes for the year:		
Increase:		
Tuition fees collected	4,911,600	4,568,476
Decrease:		
Tuition fees recognized	4,556,038	3,941,601
Net changes for the year	355,562	626,875
Balance, end of year	\$ 2,573,764	\$ 2,218,202

**NOTE 5      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.

	2015	2014
Balance, beginning of year	\$ 1,508,812	\$ 1,617,527
Changes for the year:		
Increase:		
Grants: Provincial – Ministry of Education	2,800,602	2,590,270
School generated funds	2,188,887	1,864,551
Other	149,923	132,469
Interest	-	22,036
	5,139,412	4,609,326
Decrease:		
Allocated to Revenue: Provincial – Ministry of Education	2,663,044	2,543,012
Other	2,483,627	2,175,029
	5,146,627	4,718,041
Net changes for the year	(7,259)	(108,715)
Balance, end of year	\$ 1,501,553	\$ 1,508,812

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 6 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.

	2015	2014
<b>Deferred capital revenue subject to amortization</b>		
Balance, beginning of year	\$ 91,803,324	\$ 89,208,474
Increases:		
Capital additions	3,206,024	6,247,936
Decreases:		
Amortization	3,805,512	3,653,486
Net change for the year	(599,488)	2,594,450
Balance, end of year	91,203,836	91,803,324
<b>Deferred capital revenue - unspent</b>		
Balance, beginning of year	670,018	118,650
Increases:		
Provincial grants – Ministry of Education	3,058,712	6,783,359
Investment income	2,178	15,945
Decrease:		
Transfer to deferred capital revenue subject to amortization	3,206,024	6,247,936
Net change for the year	(145,134)	551,368
Balance, end of year	524,884	670,018
<b>Total deferred capital revenue balance, end of year</b>	\$ 91,728,720	\$ 92,473,342

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 7      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.

	2015	2014
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued Benefit Obligation – April 1	\$ 3,227,321	\$ 3,287,164
Service Cost	246,651	246,560
Interest Cost	108,241	100,724
Benefit Payments	(189,444)	(213,508)
Actuarial Loss	129,276	(193,619)
Accrued Benefit Obligation – March 31	\$ 3,522,045	\$ 3,227,321
<b>Reconciliation of Funded Status at End of Fiscal Year</b>		
Accrued Benefit Obligation – March 31	\$ 3,522,045	\$ 3,227,321
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(3,522,045)	(3,227,321)
Employer contributions After Measurement Date	61,284	-
Benefits Expense After Measurement Date	(90,385)	(88,723)
Unamortized Net Actuarial Loss	271,598	163,893
Accrued Benefit Liability – June 30	\$ (3,279,548)	\$ (3,152,151)
<b>Reconciliation of Change in Accrued Benefit Liability</b>		
Accrued Benefit Liability – July 1	\$ 3,152,151	\$ 2,935,260
Net expense for Fiscal Year	378,125	390,718
Employer Contributions	(250,728)	(173,827)
Accrued Benefit Liability – June 30	\$ 3,279,548	\$ 3,152,151
<b>Components of Net Benefit Expense</b>		
Service Cost	\$ 254,740	\$ 246,582
Interest Cost	101,814	102,603
Amortization of Net Actuarial Loss	21,572	41,533
Net Benefit Expense	\$ 378,125	\$ 390,718

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 7 EMPLOYEE FUTURE BENEFITS** *(Continued)*

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

	2015	2014
Discount Rate – April 1	3.25%	3.00%
Discount Rate – March 31	2.25%	3.25%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	9.7	9.7

**NOTE 8 TANGIBLE CAPITAL ASSETS**

**June 30, 2015**

	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
<b>Cost:</b>				
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	155,548,770	2,954,681	-	158,503,451
Furniture & Equipment	2,667,244	272,201	147,894	2,791,551
Vehicles	5,118,361	360,577	99,017	5,379,921
Computer Software	407,773	-	22,618	385,155
Computer Hardware	4,514,437	684,811	56,495	5,142,753
<b>Total</b>	<b>\$ 177,073,545</b>	<b>\$ 4,272,270</b>	<b>\$ 326,024</b>	<b>\$ 181,019,792</b>

	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
<b>Accumulated Amortization:</b>				
Buildings	\$ 61,613,266	\$ 3,444,622	\$ -	\$ 65,057,888
Furniture & Equipment	981,942	266,724	147,894	1,100,772
Vehicles	1,947,047	511,836	87,267	2,371,616
Computer Software	127,084	81,554	22,618	186,020
Computer Hardware	703,415	902,887	56,495	1,549,807
<b>Total</b>	<b>\$ 65,372,754</b>	<b>\$ 5,207,623</b>	<b>\$ 314,274</b>	<b>\$ 70,266,103</b>

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

**NOTE 8 TANGIBLE CAPITAL ASSETS** *(Continued)*

**June 30, 2014**

Cost:	Balance at July 1, 2013	Additions	Disposals	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
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
<b>Total</b>	<b>\$ 168,596,204</b>	<b>\$9,279,223</b>	<b>\$801,882</b>	<b>\$177,073,545</b>

Accumulated Amortization:	Balance at July 1, 2013	Additions	Disposals	Balance at June 30, 2014
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
<b>Total</b>	<b>\$ 61,692,318</b>	<b>\$ 4,479,318</b>	<b>\$ 798,882</b>	<b>\$ 65,372,754</b>

**Net Book Value:**

	June 30, 2015	June 30, 2014
Sites	\$ 8,816,960	\$ 8,816,960
Buildings	93,445,563	93,935,504
Furniture & Equipment	1,690,779	1,685,302
Vehicles	3,008,305	3,171,314
Computer Software	199,135	280,689
Computer Hardware	3,592,946	3,811,022
<b>Total</b>	<b>\$ 110,753,688</b>	<b>\$ 111,700,791</b>

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**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 9 ACCUMULATED SURPLUS**

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

	2015	2014 (adjusted)
Invested in tangible capital assets	\$ 19,549,853	\$ 19,734,752
Operating surplus	4,285,027	5,760,999
Special purpose surplus	2,714	2,714
Local capital surplus	4,155,068	1,455,068
	\$ 27,992,662	\$ 26,953,533

The 2015 operating surplus has been internally restricted by the Board as follows:

To offset costs budgeted in 2015/2016	\$ 914,308
District contingency fund	1,011,302
Maintenance projects	100,000
Employee benefits	946,750
Aboriginal education	184,021
Union obligations	305,169
Professional development programs	141,314
Curricular programs	151,385
Special education programs	275,943
School supplies and projects	254,835
Total Available for Future Operations	\$ 4,285,027

**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:

	2016	2017	2018	2019	2020	Thereafter
Photocopy Lease	\$ 98,927	\$ 98,927	\$ 49,464	\$ -	\$ -	\$ -

The School District has approximately \$700,000 of purchase orders which remain outstanding at June 30, 2015.

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, 2015, 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.

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 11      COMPARATIVE FIGURES**

The School District is entitled to the economic benefit arising from any excess of premiums paid over claims made, less administration fees, of the School District's employee health and dental plans. An immaterial adjustment has been made to reflect this expected economic benefit as an asset in these consolidated financial statements. The opening surplus as at July 1, 2013 was increased by \$946,750, representing an estimate of this asset at that time. The surplus for the years ended June 30, 2014 and 2015 has not changed.

**NOTE 12      BUDGET FIGURES**

The budget figures data presented in these financial statements is based upon the 2015 annual budget adopted by the Board on April 30, 2014.

**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 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 33,000 retired members from school districts. The Municipal Pension Plan has about 182,000 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 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, 2011 indicated an \$855 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2014 with results available later 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 \$7,014,990 (2014 - \$6,583,616) for employer contributions to these Plans in the year ended June 30, 2015.

**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 14 EXPENSE BY OBJECT**

	2015	2014
Salaries and benefits	\$ 65,305,003	\$ 63,865,736
Services and supplies	12,866,257	11,864,213
Amortization	5,207,623	4,479,318
	<u>\$ 83,378,883</u>	<u>\$ 80,209,267</u>

**NOTE 15 RELATED PARTY TRANSACTIONS**

The School District is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

**NOTE 16 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.

**NOTE 17 RISK MANAGEMENT**

The Board ensures that the School District has identified its risks and ensures that management monitors and controls them. The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

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.



**SCHOOL DISTRICT NO. 22 (VERNON)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015**

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**NOTE 17     RISK MANAGEMENT** *(Continued)*

b) Market risk:

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

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

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.

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 of Changes in Accumulated Surplus (Deficit) by Fund  
Year Ended June 30, 2015

	Operating Fund	Special Purpose Fund	Capital Fund	2015 Actual	2014 Actual <small>(Recast - Note 11)</small>
	\$	\$	\$	\$	\$
<b>Accumulated Surplus (Deficit), beginning of year</b>	5,760,999	2,714	21,189,820	<b>26,953,533</b>	23,618,555
Prior Period Adjustments					946,750
<b>Accumulated Surplus (Deficit), beginning of year, as restated</b>	<b>5,760,999</b>	<b>2,714</b>	<b>21,189,820</b>	<b>26,953,533</b>	24,565,305
<b>Changes for the year</b>					
Surplus (Deficit) for the year	2,382,345	58,895	(1,402,111)	<b>1,039,129</b>	2,388,228
Interfund Transfers					
Tangible Capital Assets Purchased	(995,602)		995,602	-	
Local Capital	(2,700,000)		2,700,000	-	
Other	(162,715)	(58,895)	221,610	-	
<b>Net Changes for the year</b>	<b>(1,475,972)</b>	<b>-</b>	<b>2,515,101</b>	<b>1,039,129</b>	<b>2,388,228</b>
<b>Accumulated Surplus (Deficit), end of year - Statement 2</b>	<b>4,285,027</b>	<b>2,714</b>	<b>23,704,921</b>	<b>27,992,662</b>	26,953,533

# School District No. 22 (Vernon)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2015

	2015 Budget (Note 12)	2015 Actual	2014 Actual (Recast - Note 11)
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	67,933,752	<b>69,043,021</b>	67,179,381
Other	273,190	<b>211,550</b>	221,779
Tuition	4,207,468	<b>4,556,038</b>	3,942,061
Other Revenue	1,327,948	<b>1,417,340</b>	1,359,464
Rentals and Leases	65,000	<b>30,832</b>	60,759
Investment Income	65,000	<b>207,048</b>	153,964
<b>Total Revenue</b>	<u>73,872,358</u>	<u><b>75,465,829</b></u>	<u>72,917,408</u>
<b>Expenses</b>			
Instruction	62,198,275	<b>61,020,139</b>	59,399,602
District Administration	2,415,535	<b>2,785,174</b>	2,364,110
Operations and Maintenance	7,633,959	<b>7,314,811</b>	7,265,716
Transportation and Housing	2,132,652	<b>1,963,360</b>	2,152,002
<b>Total Expense</b>	<u>74,380,421</u>	<u><b>73,083,484</b></u>	<u>71,181,430</u>
<b>Operating Surplus (Deficit) for the year</b>	<u>(508,063)</u>	<u><b>2,382,345</b></u>	<u>1,735,978</u>
<b>Budgeted Appropriation (Retirement) of Surplus (Deficit)</b>	<u>508,063</u>		
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	-	<b>(995,602)</b>	(3,002,317)
Local Capital	-	<b>(2,700,000)</b>	-
Other	-	<b>(162,715)</b>	-
<b>Total Net Transfers</b>	<u>-</u>	<u><b>(3,858,317)</b></u>	<u>(3,002,317)</u>
<b>Total Operating Surplus (Deficit), for the year</b>	<u>-</u>	<u><b>(1,475,972)</b></u>	<u>(1,266,339)</u>
<b>Operating Surplus (Deficit), beginning of year</b>		<b>5,760,999</b>	6,080,588
Prior Period Adjustments			
Employee benefits surplus			946,750
<b>Operating Surplus (Deficit), beginning of year, as restated</b>		<u><b>5,760,999</b></u>	<u>7,027,338</u>
<b>Operating Surplus (Deficit), end of year</b>		<u><b>4,285,027</b></u>	<u>5,760,999</u>
<b>Operating Surplus (Deficit), end of year</b>			
Internally Restricted		<u><b>4,285,027</b></u>	<u>5,760,999</u>
<b>Total Operating Surplus (Deficit), end of year</b>		<u><b>4,285,027</b></u>	<u>5,760,999</u>

# School District No. 22 (Vernon)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2015

	2015 Budget (Note 12)	2015 Actual	2014 Actual (Recast - Note 11)
	\$	\$	\$
<b>Provincial Grants - Ministry of Education</b>			
Operating Grant, Ministry of Education	68,782,803	<b>70,577,306</b>	69,535,593
AANDC/LEA Recovery	(1,023,615)	<b>(880,386)</b>	(889,991)
Strike Savings Recovery	-	<b>(2,330,695)</b>	(1,678,121)
Other Ministry of Education Grants			
Labour Settlement Funding	-	<b>1,360,327</b>	
Pay Equity	85,865	<b>85,865</b>	85,865
Funding for Graduated Adults	13,705	<b>34,471</b>	21,320
FSA and Monitored Marking	13,769	<b>13,769</b>	13,769
Carbon Trust Reimbursement	51,225	<b>72,750</b>	80,946
Teacher Quality Grant	10,000	-	10,000
Next Generation Network	-	<b>26,038</b>	-
Skills Training Access	-	<b>5,000</b>	-
Teacher Benefit Grant	-	<b>78,576</b>	-
<b>Total Provincial Grants - Ministry of Education</b>	<b>67,933,752</b>	<b>69,043,021</b>	67,179,381
<b>Provincial Grants - Other</b>	<b>273,190</b>	<b>211,550</b>	221,779
<b>Tuition</b>			
Summer School Fees	-	<b>4,785</b>	460
Offshore Tuition Fees	4,207,468	<b>4,551,253</b>	3,941,601
<b>Total Tuition</b>	<b>4,207,468</b>	<b>4,556,038</b>	3,942,061
<b>Other Revenues</b>			
LEA/Direct Funding from First Nations	1,023,615	<b>880,386</b>	889,991
Miscellaneous			
Cafeteria Revenue	170,000	<b>127,773</b>	140,215
Donations	-	<b>2,870</b>	11,250
Fees	-	<b>120,275</b>	-
Miscellaneous	111,833	<b>286,036</b>	318,008
Ipals	10,000	-	-
Meals	12,500	-	-
<b>Total Other Revenue</b>	<b>1,327,948</b>	<b>1,417,340</b>	1,359,464
<b>Rentals and Leases</b>	<b>65,000</b>	<b>30,832</b>	60,759
<b>Investment Income</b>	<b>65,000</b>	<b>207,048</b>	153,964
<b>Total Operating Revenue</b>	<b>73,872,358</b>	<b>75,465,829</b>	72,917,408

# School District No. 22 (Vernon)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2015

	2015 Budget (Note 12)	2015 Actual	2014 Actual (Recast - Note 11)
	\$	\$	\$
<b>Salaries</b>			
Teachers	33,591,580	<b>32,363,511</b>	30,649,941
Principals and Vice Principals	4,397,168	<b>3,757,315</b>	4,457,439
Educational Assistants	3,741,248	<b>3,732,499</b>	4,180,378
Support Staff	7,087,101	<b>6,705,183</b>	7,432,607
Other Professionals	1,050,113	<b>1,715,148</b>	917,291
Substitutes	1,722,554	<b>1,619,215</b>	1,762,638
<b>Total Salaries</b>	<b>51,589,764</b>	<b>49,892,871</b>	49,400,294
<b>Employee Benefits</b>	12,787,872	<b>13,772,086</b>	13,009,217
<b>Total Salaries and Benefits</b>	<b>64,377,636</b>	<b>63,664,957</b>	62,409,511
<b>Services and Supplies</b>			
Services	3,246,370	<b>3,657,960</b>	3,124,670
Student Transportation	154,986	<b>36,560</b>	95,658
Professional Development and Travel	397,346	<b>539,115</b>	465,872
Rentals and Leases	124,721	<b>82,247</b>	59,596
Dues and Fees	421,100	<b>590,760</b>	329,547
Insurance	350,072	<b>339,759</b>	225,657
Supplies	3,569,734	<b>2,665,497</b>	2,831,657
Utilities	1,738,456	<b>1,506,629</b>	1,639,262
<b>Total Services and Supplies</b>	<b>10,002,785</b>	<b>9,418,527</b>	8,771,919
<b>Total Operating Expense</b>	<b>74,380,421</b>	<b>73,083,484</b>	71,181,430

# School District No. 22 (Vernon)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2015

	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	24,529,057	1,029,523	-	459,080	-	1,192,914	27,210,574
1.03 Career Programs	217,914	-	-	17,190	-	-	235,104
1.07 Library Services	769,496	-	-	208,223	-	-	977,719
1.08 Counselling	956,705	-	-	-	-	18,184	974,889
1.10 Special Education	4,428,528	-	3,252,909	44,395	105,919	227,048	8,058,799
1.30 English Language Learning	23,556	-	-	-	-	-	23,556
1.31 Aboriginal Education	216,117	100,870	479,590	25,082	-	178	821,837
1.41 School Administration	-	2,519,679	-	1,221,490	-	27,950	3,769,119
1.60 Summer School	10,719	-	-	-	-	-	10,719
1.62 Off Shore Students	1,177,800	107,243	-	84,953	117,051	-	1,487,047
1.64 Other	16,384	-	-	13,437	-	-	29,821
<b>Total Function 1</b>	<b>32,346,276</b>	<b>3,757,315</b>	<b>3,732,499</b>	<b>2,073,850</b>	<b>222,970</b>	<b>1,466,274</b>	<b>43,599,184</b>
<b>4 District Administration</b>							
4.11 Educational Administration	14,640	-	-	72,533	387,578	40,738	515,489
4.40 School District Governance	-	-	-	-	88,593	-	88,593
4.41 Business Administration	2,595	-	-	452,467	540,498	3,411	998,971
<b>Total Function 4</b>	<b>17,235</b>	<b>-</b>	<b>-</b>	<b>525,000</b>	<b>1,016,669</b>	<b>44,149</b>	<b>1,603,053</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration	-	-	-	50,850	389,205	322	440,377
5.50 Maintenance Operations	-	-	-	2,845,783	-	78,458	2,924,241
5.52 Maintenance of Grounds	-	-	-	165,044	-	-	165,044
5.56 Utilities	-	-	-	-	-	-	-
<b>Total Function 5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,061,677</b>	<b>389,205</b>	<b>78,780</b>	<b>3,529,662</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration	-	-	-	48,900	86,304	-	135,204
7.70 Student Transportation	-	-	-	995,756	-	30,012	1,025,768
<b>Total Function 7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,044,656</b>	<b>86,304</b>	<b>30,012</b>	<b>1,160,972</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>32,363,511</b>	<b>3,757,315</b>	<b>3,732,499</b>	<b>6,705,183</b>	<b>1,715,148</b>	<b>1,619,215</b>	<b>49,892,871</b>

# School District No. 22 (Vernon)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2015

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2015 Actual	2015 Budget (Note 12)	2014 Actual (Recast - Note 11)
	\$	\$	\$	\$	\$	\$	\$
<b>1 Instruction</b>							
1.02 Regular Instruction	27,210,574	7,149,855	34,360,429	1,433,526	35,793,955	38,653,960	35,662,084
1.03 Career Programs	235,104	59,005	294,109	159,626	453,735	340,807	368,573
1.07 Library Services	977,719	289,274	1,266,993	43,817	1,310,810	1,197,680	898,013
1.08 Counselling	974,889	253,939	1,228,828	6,985	1,235,813	1,219,062	1,197,510
1.10 Special Education	8,058,799	2,446,921	10,505,720	306,832	10,812,552	9,918,747	10,125,372
1.30 English Language Learning	23,556	6,236	29,792	326	30,118	-	82,628
1.31 Aboriginal Education	821,837	284,037	1,105,874	431,453	1,537,327	1,207,560	1,246,949
1.41 School Administration	3,769,119	1,163,064	4,932,183	136,282	5,068,465	5,150,141	5,928,652
1.60 Summer School	10,719	2,335	13,054	186	13,240	70,042	122,671
1.62 Off Shore Students	1,487,047	400,138	1,887,185	2,545,850	4,433,035	4,207,468	3,469,068
1.64 Other	29,821	3,845	33,666	297,423	331,089	232,808	298,082
<b>Total Function 1</b>	<b>43,599,184</b>	<b>12,058,649</b>	<b>55,657,833</b>	<b>5,362,306</b>	<b>61,020,139</b>	<b>62,198,275</b>	<b>59,399,602</b>
<b>4 District Administration</b>							
4.11 Educational Administration	515,489	139,356	654,845	130,481	785,326	684,846	658,166
4.40 School District Governance	88,593	1,741	90,334	104,394	194,728	187,049	159,622
4.41 Business Administration	998,971	268,409	1,267,380	537,740	1,805,120	1,543,640	1,546,322
<b>Total Function 4</b>	<b>1,603,053</b>	<b>409,506</b>	<b>2,012,559</b>	<b>772,615</b>	<b>2,785,174</b>	<b>2,415,535</b>	<b>2,364,110</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration	440,377	76,257	516,634	137,251	653,885	523,261	421,346
5.50 Maintenance Operations	2,924,241	799,118	3,723,359	1,063,684	4,787,043	4,993,479	4,904,346
5.52 Maintenance of Grounds	165,044	50,662	215,706	151,548	367,254	378,763	300,763
5.56 Utilities	-	-	-	1,506,629	1,506,629	1,738,456	1,639,261
<b>Total Function 5</b>	<b>3,529,662</b>	<b>926,037</b>	<b>4,455,699</b>	<b>2,859,112</b>	<b>7,314,811</b>	<b>7,633,959</b>	<b>7,265,716</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration	135,204	36,421	171,625	7,284	178,909	177,337	189,618
7.70 Student Transportation	1,025,768	341,473	1,367,241	417,210	1,784,451	1,955,315	1,962,384
<b>Total Function 7</b>	<b>1,160,972</b>	<b>377,894</b>	<b>1,538,866</b>	<b>424,494</b>	<b>1,963,360</b>	<b>2,132,652</b>	<b>2,152,002</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>49,892,871</b>	<b>13,772,086</b>	<b>63,664,957</b>	<b>9,418,527</b>	<b>73,083,484</b>	<b>74,380,421</b>	<b>71,181,430</b>

# School District No. 22 (Vernon)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2015

	2015 Budget (Note 12)	2015 Actual	2014 Actual (Recast - Note 11)
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	2,758,659	2,663,044	2,543,012
Other Revenue	2,063,584	2,483,627	2,034,477
<b>Total Revenue</b>	<u>4,822,243</u>	<u>5,146,671</u>	<u>4,577,489</u>
<b>Expenses</b>			
Instruction	4,540,465	5,002,017	3,981,478
District Administration	33,000	-	34,908
Operations and Maintenance	248,778	85,759	532,133
<b>Total Expense</b>	<u>4,822,243</u>	<u>5,087,776</u>	<u>4,548,519</u>
<b>Special Purpose Surplus (Deficit) for the year</b>	<u>-</u>	<u>58,895</u>	<u>28,970</u>
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	-		(28,970)
Other	-	(58,895)	-
<b>Total Net Transfers</b>	<u>-</u>	<u>(58,895)</u>	<u>(28,970)</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>		2,714	2,714
<b>Special Purpose Surplus (Deficit), end of year</b>		<u>2,714</u>	<u>2,714</u>
<b>Special Purpose Surplus (Deficit), end of year</b>			
Related Entities		2,714	2,714
Endowment Contributions		-	-
<b>Total Special Purpose Surplus (Deficit), end of year</b>		<u>2,714</u>	<u>2,714</u>



**School District No. 22 (Vernon)**

Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2015

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	Scholarships and Bursaries	Special Education Technology	School Generated Funds	Related Entities	Strong Start
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>	-	-	39,634	26,388	313,413	67,674	783,150	76,391	9,624
<b>Add:</b> Restricted Grants									
Provincial Grants - Ministry of Education	230,740	1,388,053	-	16,845	-	217,981	-	-	128,000
Other	-	-	-	-	128,228	-	2,188,887	-	-
	230,740	1,388,053	-	16,845	128,228	217,981	2,188,887	-	128,000
<b>Less:</b> Allocated to Revenue	85,759	1,341,521	-	-	111,041	213,044	2,285,639	76,391	130,364
Recovered	-	-	-	-	-	66,944	-	-	-
Strike Savings Recovery	-	-	-	-	-	5,667	-	-	7,260
<b>Deferred Revenue, end of year</b>	<b>144,981</b>	<b>46,532</b>	<b>39,634</b>	<b>43,233</b>	<b>330,600</b>	<b>-</b>	<b>686,398</b>	<b>-</b>	<b>-</b>
<b>Revenues</b>									
Provincial Grants - Ministry of Education	85,759	1,341,521	-	-	-	213,044	-	-	130,364
Other Revenue	-	-	-	-	111,041	-	2,285,639	76,391	-
	85,759	1,341,521	-	-	111,041	213,044	2,285,639	76,391	130,364
<b>Expenses</b>									
Salaries									
Teachers	-	869,593	-	-	-	77,823	-	-	-
Educational Assistants	-	184,717	-	-	-	-	-	-	102,114
Support Staff	12,417	-	-	-	-	-	-	-	-
	12,417	1,054,310	-	-	-	77,823	-	-	102,114
Employee Benefits	2,301	287,211	-	-	-	19,244	-	-	17,881
Services and Supplies	71,041	-	-	-	111,041	115,977	2,285,639	17,496	10,369
	85,759	1,341,521	-	-	111,041	213,044	2,285,639	17,496	130,364
<b>Net Revenue (Expense) before Interfund Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,895</b>	<b>-</b>
<b>Interfund Transfers</b>									
Other	-	-	-	-	-	-	-	(58,895)	-
	-	-	-	-	-	-	-	(58,895)	-
<b>Net Revenue (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2015

	Ready, Set, Learn	OLEP	Community- LINK	Service Delivery Transformation	Student Concerts	TOTAL
	\$	\$	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>	17	133,594	51,084	-	7,843	1,508,812
<b>Add:</b> Restricted Grants						
Provincial Grants - Ministry of Education	31,850	172,630	644,240	51,853	-	2,882,192
Other	-	-	10,250	-	11,445	2,338,810
	31,850	172,630	654,490	51,853	11,445	5,221,002
<b>Less:</b> Allocated to Revenue	31,867	198,319	662,170	-	10,556	5,146,671
Recovered	-	-	-	-	-	66,944
Strike Savings Recovery	-	1,719	-	-	-	14,646
<b>Deferred Revenue, end of year</b>	-	<b>106,186</b>	<b>43,404</b>	<b>51,853</b>	<b>8,732</b>	<b>1,501,553</b>
<b>Revenues</b>						
Provincial Grants - Ministry of Education	31,867	198,319	662,170	-	-	2,663,044
Other Revenue	-	-	-	-	10,556	2,483,627
	31,867	198,319	662,170	-	10,556	5,146,671
<b>Expenses</b>						
Salaries						
Teachers	2,029	46,363	-	-	-	995,808
Educational Assistants	-	-	-	-	-	286,831
Support Staff	-	-	5,423	-	-	17,840
	2,029	46,363	5,423	-	-	1,300,479
Employee Benefits	455	11,515	960	-	-	339,567
Services and Supplies	29,383	140,441	655,787	-	10,556	3,447,730
	31,867	198,319	662,170	-	10,556	5,087,776
<b>Net Revenue (Expense) before Interfund Transfers</b>	-	-	-	-	-	58,895
<b>Interfund Transfers</b>						
Other	-	-	-	-	-	(58,895)
	-	-	-	-	-	(58,895)
<b>Net Revenue (Expense)</b>	-	-	-	-	-	-

# School District No. 22 (Vernon)

Schedule 4 (Unaudited)

## Schedule of Capital Operations

Year Ended June 30, 2015

	2015	2015 Actual			2014
	Budget (Note 12)	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual (Recast - Note 11)
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Provincial Grants					
Investment Income	-		-	-	39
Gain (Loss) on Disposal of Tangible Capital Assets	-	-		-	1,449,073
Amortization of Deferred Capital Revenue	3,304,383	3,805,512		3,805,512	3,653,486
<b>Total Revenue</b>	<b>3,304,383</b>	<b>3,805,512</b>	<b>-</b>	<b>3,805,512</b>	<b>5,102,598</b>
<b>Expenses</b>					
Amortization of Tangible Capital Assets					
Operations and Maintenance	4,974,901	4,695,787		4,695,787	3,997,724
Transportation and Housing	503,599	511,836		511,836	481,594
<b>Total Expense</b>	<b>5,478,500</b>	<b>5,207,623</b>	<b>-</b>	<b>5,207,623</b>	<b>4,479,318</b>
<b>Capital Surplus (Deficit) for the year</b>	<b>(2,174,117)</b>	<b>(1,402,111)</b>	<b>-</b>	<b>(1,402,111)</b>	<b>623,280</b>
<b>Net Transfers (to) from other funds</b>					
Tangible Capital Assets Purchased	-	995,602		995,602	3,031,287
Local Capital			2,700,000	2,700,000	
Other	-	221,610	-	221,610	-
<b>Total Net Transfers</b>	<b>-</b>	<b>1,217,212</b>	<b>2,700,000</b>	<b>3,917,212</b>	<b>3,031,287</b>
<b>Total Capital Surplus (Deficit) for the year</b>	<b>(2,174,117)</b>	<b>(184,899)</b>	<b>2,700,000</b>	<b>2,515,101</b>	<b>3,654,567</b>
<b>Capital Surplus (Deficit), beginning of year</b>		<b>19,734,752</b>	<b>1,455,068</b>	<b>21,189,820</b>	<b>17,535,253</b>
<b>Capital Surplus (Deficit), end of year</b>		<b>19,549,853</b>	<b>4,155,068</b>	<b>23,704,921</b>	<b>21,189,820</b>

# School District No. 22 (Vernon)

Tangible Capital Assets  
Year Ended June 30, 2015

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost, beginning of year</b>	8,816,960	155,548,770	2,667,244	5,118,361	407,773	4,514,437	<b>177,073,545</b>
<b>Changes for the Year</b>							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	-	2,954,681	30,478	220,864	-	-	<b>3,206,023</b>
Operating Fund	-	-	218,078	92,713	-	684,811	<b>995,602</b>
Other	-	-	23,645	47,000	-	-	<b>70,645</b>
	-	2,954,681	272,201	360,577	-	684,811	<b>4,272,270</b>
Decrease:							
Deemed Disposals			147,894	99,017	22,618	56,495	<b>326,024</b>
	-	-	147,894	99,017	22,618	56,495	<b>326,024</b>
<b>Cost, end of year</b>	8,816,960	158,503,451	2,791,551	5,379,921	385,155	5,142,753	<b>181,019,791</b>
<b>Work in Progress, end of year</b>							<b>-</b>
<b>Cost and Work in Progress, end of year</b>	8,816,960	158,503,451	2,791,551	5,379,921	385,155	5,142,753	<b>181,019,791</b>
<b>Accumulated Amortization, beginning of year</b>		61,613,266	981,942	1,947,047	127,084	703,415	<b>65,372,754</b>
<b>Changes for the Year</b>							
Increase: Amortization for the Year		3,444,622	266,724	511,836	81,554	902,887	<b>5,207,623</b>
Decrease:							
Deemed Disposals			147,894	99,017	22,618	56,495	<b>326,024</b>
Other		-	-	(11,750)	-	-	<b>(11,750)</b>
		-	147,894	87,267	22,618	56,495	<b>314,274</b>
<b>Accumulated Amortization, end of year</b>		65,057,888	1,100,772	2,371,616	186,020	1,549,807	<b>70,266,103</b>
<b>Tangible Capital Assets - Net</b>	<b>8,816,960</b>	<b>93,445,563</b>	<b>1,690,779</b>	<b>3,008,305</b>	<b>199,135</b>	<b>3,592,946</b>	<b>110,753,688</b>

# School District No. 22 (Vernon)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2015

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
<b>Deferred Capital Revenue, beginning of year</b>	91,792,176	-	11,148	<b>91,803,324</b>
<b>Changes for the Year</b>				
Increase:				
Transferred from Deferred Revenue - Capital Additions	3,206,023	-	-	<b>3,206,023</b>
	<u>3,206,023</u>	<u>-</u>	<u>-</u>	<u><b>3,206,023</b></u>
Decrease:				
Amortization of Deferred Capital Revenue	3,805,512	-	-	<b>3,805,512</b>
	<u>3,805,512</u>	<u>-</u>	<u>-</u>	<u><b>3,805,512</b></u>
<b>Net Changes for the Year</b>	<u>(599,489)</u>	<u>-</u>	<u>-</u>	<u><b>(599,489)</b></u>
<b>Deferred Capital Revenue, end of year</b>	<u>91,192,687</u>	<u>-</u>	<u>11,148</u>	<u><b>91,203,835</b></u>
<b>Work in Progress, beginning of year</b>	-	-	-	-
<b>Changes for the Year</b>				
<b>Net Changes for the Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Work in Progress, end of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Deferred Capital Revenue, end of year</b>	<u><b>91,192,687</b></u>	<u><b>-</b></u>	<u><b>11,148</b></u>	<u><b>91,203,835</b></u>

# School District No. 22 (Vernon)

Changes in Unspent Deferred Capital Revenue  
Year Ended June 30, 2015

	<b>Bylaw Capital</b>	<b>MEd Restricted Capital</b>	<b>Other Provincial Capital</b>	<b>Land Capital</b>	<b>Other Capital</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, beginning of year</b>	549,690	119,238	-	-	1,090	<b>670,018</b>
<b>Changes for the Year</b>						
Increase:						
Provincial Grants - Ministry of Education	3,058,712					<b>3,058,712</b>
Investment Income	798	1,380	-	-	-	<b>2,178</b>
	<u>3,059,510</u>	<u>1,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>3,060,890</b></u>
Decrease:						
Transferred to DCR - Capital Additions	3,206,023	-	-	-	-	<b>3,206,023</b>
	<u>3,206,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>3,206,023</b></u>
<b>Net Changes for the Year</b>	<u>(146,513)</u>	<u>1,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>(145,133)</b></u>
<b>Balance, end of year</b>	<u><b>403,177</b></u>	<u><b>120,618</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>1,090</b></u>	<u><b>524,885</b></u>