

Audited Financial Statements of

School District No. 8 (Kootenay Lake)

June 30, 2016

School District No. 8 (Kootenay Lake)

June 30, 2016

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School District No. 8 (Kootenay Lake)

MANAGEMENT REPORT

Version: 5741-2605-9623

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 8 (Kootenay Lake) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.

The Board of Education of School District No. 8 (Kootenay Lake) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 8 (Kootenay Lake) 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. 8 (Kootenay Lake)

Signature of the Chairperson of the Board of Education

Date Signed

Signature of the Superintendent

Date Signed

Signature of the Secretary Treasurer

Date Signed

Independent auditors' report

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To the Board of Education of
School District No. 8 (Kootenay Lake) and the Ministry of Education:

We have audited the accompanying financial statements of School District No. 8 (Kootenay Lake), which comprise the statement of financial position as at June 30, 2016 and the statement of operations, statement of changes in net financial assets (debt) and statement of cash flows for the year then ended, and 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 accounting requirements 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 the auditors' 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, the auditor considers internal control relevant to the District'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 District'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 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. 8 (Kootenay Lake) for the year ended June 30, 2016 are prepared, in all material respects, in accordance with the accounting requirements 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 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.

Other matters

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subject to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

Kelowna, Canada
September 27, 2016



Chartered Professional Accountants

School District No. 8 (Kootenay Lake)

Statement 1

Statement of Financial Position

As at June 30, 2016

	2016	2015
	Actual	Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents (Note 3)	9,200,061	8,817,274
Accounts Receivable		
Due from Province - Ministry of Education	26,863	26,863
Other (Note 4)	535,854	488,905
Portfolio Investments	91,707	95,184
Total Financial Assets	9,854,485	9,428,226
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	3,618,983	3,446,609
Unearned Revenue (Note 6)	616,754	365,156
Deferred Revenue (Note 7)	2,343,374	2,445,313
Deferred Capital Revenue (Note 8)	49,735,231	50,264,634
Employee Future Benefits (Note 9)	879,515	900,862
Total Liabilities	57,193,857	57,422,574
Net Financial Assets (Debt)	(47,339,372)	(47,994,348)
Non-Financial Assets		
Tangible Capital Assets (Note 10)	71,755,177	72,832,871
Prepaid Expenses	34,928	127,041
Total Non-Financial Assets	71,790,105	72,959,912
Accumulated Surplus (Deficit)	24,450,733	24,965,564

Contractual Obligations and Contingencies (Note 15)

Approved by the Board

Signature of the Chairperson of the Board of Education

Date Signed

Signature of the Superintendent

Date Signed

Signature of the Secretary Treasurer

Date Signed

School District No. 8 (Kootenay Lake)

Statement 2

Statement of Operations
Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	50,604,049	50,318,672	49,290,499
Other	125,830	124,326	126,049
Tuition	1,491,475	1,426,345	1,132,358
Other Revenue	3,066,813	3,268,770	2,809,311
Rentals and Leases	117,742	127,818	140,295
Investment Income	97,258	72,407	99,612
Gain (Loss) on Disposal of Tangible Capital Assets (Note 11)		3,750	
Amortization of Deferred Capital Revenue	2,520,000	2,618,604	2,565,492
Total Revenue	<u>58,023,167</u>	<u>57,960,692</u>	<u>56,163,616</u>
Expenses			
Instruction	43,712,653	43,506,094	41,734,117
District Administration	2,263,238	2,337,447	2,134,726
Operations and Maintenance	10,494,313	10,379,507	10,002,685
Transportation and Housing	2,396,961	2,252,475	2,307,618
Total Expense	<u>58,867,165</u>	<u>58,475,523</u>	<u>56,179,146</u>
Surplus (Deficit) for the year	<u>(843,998)</u>	<u>(514,831)</u>	<u>(15,530)</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		24,965,564	24,981,094
Accumulated Surplus (Deficit) from Operations, end of year		<u><u>24,450,733</u></u>	<u>24,965,564</u>

School District No. 8 (Kootenay Lake)

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Surplus (Deficit) for the year	(843,998)	(514,831)	(15,530)
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(1,395,954)	(2,275,090)	(2,226,921)
Amortization of Tangible Capital Assets	3,265,000	3,349,784	3,256,200
Net carrying value of Tangible Capital Assets disposed of		3,000	
Total Effect of change in Tangible Capital Assets	1,869,046	1,077,694	1,029,279
Acquisition of Prepaid Expenses		(10,403)	(110,484)
Use of Prepaid Expenses		102,516	10,925
Total Effect of change in Other Non-Financial Assets	-	92,113	(99,559)
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>1,025,048</u>	654,976	914,190
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		654,976	914,190
Net Financial Assets (Debt), beginning of year		(47,994,348)	(48,908,538)
Net Financial Assets (Debt), end of year		<u>(47,339,372)</u>	<u>(47,994,348)</u>

School District No. 8 (Kootenay Lake)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(514,831)	(15,530)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(46,949)	92,787
Prepaid Expenses	92,113	(99,559)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	172,374	(662,161)
Unearned Revenue	251,598	140,133
Deferred Revenue	(101,939)	(91,400)
Employee Future Benefits	(21,347)	2,849
Loss (Gain) on Disposal of Tangible Capital Assets	(3,750)	
Amortization of Tangible Capital Assets	3,349,784	3,256,200
Amortization of Deferred Capital Revenue	(2,618,604)	(2,565,492)
Total Operating Transactions	558,449	57,827
Capital Transactions		
Tangible Capital Assets Purchased	(2,275,090)	(2,226,921)
District Portion of Proceeds on Disposal (Note 11)	6,750	
Total Capital Transactions	(2,268,340)	(2,226,921)
Financing Transactions		
Capital Revenue Received	2,089,201	1,481,969
Total Financing Transactions	2,089,201	1,481,969
Investing Transactions		
Investments in Portfolio Investments	3,477	2,677
Total Investing Transactions	3,477	2,677
Net Increase (Decrease) in Cash and Cash Equivalents	382,787	(684,448)
Cash and Cash Equivalents, beginning of year	8,817,274	9,501,722
Cash and Cash Equivalents, end of year	9,200,061	8,817,274
Cash and Cash Equivalents, end of year, is made up of:		
Cash	8,704,818	8,420,925
Cash Equivalents	495,243	396,349
	9,200,061	8,817,274

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on December 2, 1996, operates under the authority of the School Act of British Columbia as a corporation under the name of “The Board of Education of School District No. 8 (Kootenay Lake)”, and operates as “School District No. 8 (Kootenay Lake)” (the “District”). A Board of Education (the “Board”) elected for a four-year term governs the District. The 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. 8 (Kootenay Lake) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

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

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

- Year-ended June 30, 2015 – decrease in annual surplus by \$1,083,934
- June 30, 2015 – increase in accumulated surplus and decrease in deferred contributions by \$50,205,259
- Year-ended June 30, 2016 – decrease in annual surplus by \$664,827
- June 30, 2016 – increase in accumulated surplus and decrease in deferred contributions by \$49,540,432

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

b) Cash and Cash Equivalents

Cash and cash equivalents include cash balances and term 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.

c) Accounts Receivable

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

d) Portfolio Investments

The District has investments in mutual funds which are quoted in an active market and are reported at fair value and the associated transaction costs are expensed upon initial recognition. The change in the fair value is recognized in a Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal when applicable. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations.

Impairment is defined as a loss in value of a portfolio investment that is other than a temporary decline and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in a Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

e) Unearned Revenue

Unearned revenue includes revenue for services 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 services are provided.

f) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by 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 (m).

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

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

g) Employee Future Benefits

The District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2016 and projected to June 30, 2019. The next valuation will be performed at March 31, 2019 for use at June 30, 2019. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The 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. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

h) 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 Statement of Operations.

i) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the District:
 - is directly responsible; or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

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.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

j) Tangible Capital Assets (continued)

- 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 District to provide services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- 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

k) Prepaid Expenses

Prepaid licenses, membership, and insurance are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

l) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 13 – Interfund Transfers and Note 19 – Internally Restricted Surplus).

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

m) 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 District has to meet in order to receive the contributions including authorization by the transferring government.

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

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

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

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

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

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

n) Expenditures

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

Categories of Salaries

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

Allocation of Costs

- Operating expenses are reported by function, program, and object. Whenever possible, expenditures are determined by actual identification. Additional costs pertaining to specific instructional programs, such as special and aboriginal education, are allocated to these programs. All other costs are allocated to related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

o) 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 District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the District is not exposed to significant credit, liquidity or market risks arising from these financial instruments.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

o) Financial Instruments (continued)

Except for portfolio investments in equity instruments quoted in an active market that are recorded at fair value, all financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in a Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Statement of Operations.

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

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

p) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2 (a) requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the potential impairment of assets, liabilities for contaminated sites, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

NOTE 3 CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are funds in the amount of \$502,978 (2015 – \$523,141), restricted and paid out to teachers who contribute to and take part in the District's self-funded summer saving plan.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 4 ACCOUNTS RECEIVABLE – OTHER

	2016	2015
GST recoverable	\$ 44,416	\$ 41,150
Invoices receivable	289,797	301,893
Other receivables	201,641	145,862
	\$ 535,854	\$ 488,905

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	2016	2015
Trade payables and other	\$ 615,798	\$ 824,537
Salaries and benefits payable	2,065,639	1,597,215
Accrued vacation pay	434,568	501,716
Teacher 12 month pay accrual	502,978	523,141
	\$ 3,618,983	\$ 3,446,609

NOTE 6 UNEARNED REVENUE

	2016	2015
Balance, beginning of year	\$ 365,156	\$ 225,023
Changes for the year:		
Increases:		
Tuition Fees	613,438	365,156
IHA Health Promoting Schools Grant	2,567	-
	616,005	365,156
Decreases:		
Tuition Fees	(364,407)	(225,023)
Balance, end of year	\$ 616,754	\$ 365,156

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 7 DEFERRED REVENUE

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled. Detailed information about the changes in deferred revenue is included in Schedule 3A.

	2016	2015
Balance, beginning of year	\$ 2,445,313	\$ 2,536,713
Add: Restricted grants	4,649,570	4,290,615
Less: Allocated to revenue	(4,751,509)	(4,382,015)
Balance, end of year	\$ 2,343,374	\$ 2,445,313

NOTE 8 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired. Detailed information about the changes in deferred capital revenue is included in Schedule 4C and 4D.

	2016	2015
Balance, beginning of year	\$ 50,264,634	\$ 51,348,157
Add: Contributions received in the year	2,068,951	1,481,969
Add: Proceeds of Disposal: Wynndel Elementary	20,250	-
Less: Amortization of deferred capital revenue	(2,618,604)	(2,565,492)
Balance, end of year	\$ 49,735,231	\$ 50,264,634

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 EMPLOYEE FUTURE BENEFITS

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

	2016	2015
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 894,950	\$ 841,146
Service Cost	62,417	55,467
Interest Cost	20,555	27,784
Benefit Payments	(105,024)	(93,936)
Actuarial Loss	180,083	64,489
Accrued Benefit Obligation – March 31	\$ 1,052,981	\$ 894,950
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation - March 31	\$ 1,052,981	\$ 894,950
Market Value of Plan Assets - March 31	-	-
Funded Status - Surplus (Deficit)	(1,052,981)	(894,950)
Employer Contributions After Measurement Date	8,675	8,667
Benefits Expense After Measurement Date	(24,118)	(20,743)
Unamortized Net Actuarial (Gain) Loss	188,910	6,164
Accrued Benefit Liability - June 30	\$ (879,515)	\$ (900,862)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability - July 1	\$ 900,862	\$ 898,013
Net Expense for Fiscal Year	83,685	72,749
Employer Contributions – July 1 to March 31	(96,357)	(61,233)
Employer Contributions – April 1 to June 30	(8,675)	(8,667)
Accrued Benefit Liability - June 30	\$ 879,515	\$ 900,862

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

Components of Net Benefit Expense

Service Cost – July 1 to March 31	\$ 46,813	\$ 41,600
Service Cost – April 1 to June 30	17,544	15,604
Interest Cost – July 1 to March 31	15,416	20,838
Interest Cost – April 1 to June 30	6,575	5,139
Amortization of Net Actuarial (Gain) Loss	<u>(2,662)</u>	<u>(10,432)</u>
Net Benefit Expense	<u>\$ 83,685</u>	<u>\$ 72,749</u>

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

	<u>2016</u>	<u>2015</u>
Discount Rate – April 1	2.25%	3.25%
Discount Rate – March 31	2.50%	2.25%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	8.1	8.3

NOTE 10 **TANGIBLE CAPITAL ASSETS**

	<u>2016</u>	<u>2015</u>
Net Book Value		
Sites	\$ 9,054,596	\$ 9,057,596
Buildings	59,340,736	59,982,283
Vehicles	2,606,461	2,858,227
Furniture and equipment	533,812	611,642
Computer hardware	167,813	236,834
Computer software	<u>51,759</u>	<u>86,289</u>
Total	<u>\$ 71,755,177</u>	<u>\$ 72,832,871</u>

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 10 TANGIBLE CAPITAL ASSETS (Continued)

	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
Cost				
Sites	\$ 9,057,596	\$ -	\$ (3,000)	\$ 9,054,596
Buildings	123,316,577	1,921,510	(161,824)	125,076,263
Vehicles	5,260,420	274,276	(839,559)	4,695,137
Furniture and equipment	1,374,481	59,618	(13,135)	1,420,964
Computer hardware	443,540	19,686	(201,105)	262,121
Computer software	172,651	-	(41,331)	131,320
Total	\$ 139,625,265	\$ 2,275,090	\$ (1,259,954)	\$ 140,640,401

Accumulated Amortization	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	63,334,294	2,563,057	(161,824)	65,735,527
Vehicles	2,402,193	526,042	(839,559)	2,088,676
Furniture and equipment	762,839	137,448	(13,135)	887,152
Computer hardware	206,706	88,707	(201,105)	94,308
Computer software	86,362	34,530	(41,331)	79,561
Total	\$ 66,792,394	\$ 3,349,784	\$ (1,256,954)	\$ 68,885,224

Cost	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
Sites	\$ 9,057,596	\$ -	\$ -	\$ 9,057,596
Buildings	121,885,499	1,431,078	-	123,316,577
Vehicles	4,640,837	619,583	-	5,260,420
Furniture and equipment	1,352,086	24,123	(1,728)	1,374,481
Computer hardware	348,535	152,137	(57,132)	443,540
Computer software	209,167	-	(36,516)	172,651
Total	\$ 137,493,720	\$ 2,226,921	\$ (95,376)	\$ 139,625,265

Accumulated Amortization	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	60,788,926	2,545,368	-	63,334,294
Vehicles	1,938,105	464,088	-	2,402,193
Furniture and equipment	629,363	135,204	(1,728)	762,839
Computer hardware	194,130	69,708	(57,132)	206,706
Computer software	81,046	41,832	(36,516)	86,362
Total	\$ 63,631,570	\$ 3,256,200	\$ (95,376)	\$ 66,792,394

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 DISPOSAL OF SITE AND BUILDING

On December 8, 2015, after a request for proposal process and evaluation of proposals received, the District sold the Wynndel Elementary School site and building. The site was acquired in 1960 for a cost of \$3,000. Construction of the building followed and was completed the same year at a cost of \$161,824. The sale price was \$27,000. Of the proceeds, \$20,250 (75%) was allocated to Ministry of Education Restricted Capital within Deferred Capital Revenue and \$6,750 (25%) was allocated to Local Capital.

NOTE 12 EMPLOYEE PENSION PLANS

The 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 defined benefit pension plans.

Basic pension benefits provided are based on a formula. As at December 31, 2014, the Teachers' Pension Plan has about 45,000 active members from school districts, and approximately 35,000 retired members from school districts. As at December 31, 2014, the Municipal Pension Plan has about 185,000 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 amortization of any funding deficit.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014 indicated a \$449 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2017 with results available in 2018. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual entities participating in the plan.

The District paid \$4,836,283 (2015 - \$4,552,372) for employer contributions to these plans in the year ended June 30, 2016.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 13 INTERFUND TRANSFERS

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

- Tangible capital assets purchased from special purpose funds - \$105,679 (2015 - \$164,225)
- Tangible capital assets purchased from operating funds - \$215,634 (2015 - \$581,138)

NOTE 14 RELATED PARTY TRANSACTIONS

The 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 15 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The District has entered into a number of multiple-year contracts for office equipment and a vehicle. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	2017	2018	2019	2020
Future operating lease payments	\$ 92,514	\$ 92,514	\$ 92,514	\$ 12,956

The District is involved in certain legal actions. Some of these legal actions are managed and covered by the District, School's Protection Program. The outcome of these matters cannot be determined at this time. In the event that any claims are successful, it is management's opinion that the settlements of such claims would not have a material effect on the financial position of the District. The resulting loss on the District, if any, will be recorded in the period in which it is determinable.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 16 BUDGET FIGURES

Budget figures included in the financial statements are the original planned budget approved by the Board through the adoption of an annual budget on April 21, 2015. While PSAS require the presentation of the originally planned budget, an amended budget based on more accurate enrollment numbers was approved by the Board and filed with the Ministry of Education on February 23, 2016. Significant changes between the original and amended budget are as follows:

	Original Budget	Amended Budget	Change
Revenue			
Provincial Grants MOE	\$ 50,604,049	\$ 50,649,857	\$ 45,808
Amortization of deferred capital revenue	2,520,000	2,595,272	75,272
Other	4,899,118	4,724,323	(174,795)
	<u>\$ 58,023,167</u>	<u>\$ 57,969,452</u>	<u>\$ (53,715)</u>
Expenses			
Instruction	\$ 43,712,653	\$ 44,264,578	\$ (551,925)
District Administration	2,263,238	2,432,262	(169,024)
Operations and Maintenance	7,229,313	7,618,991	(389,678)
Transportation and Housing	2,396,961	2,359,022	37,939
Amortization of tangible capital assets	3,265,000	3,349,784	(84,784)
	<u>\$ 58,867,165</u>	<u>\$ 60,024,637</u>	<u>\$ (1,157,472)</u>

NOTE 17 ASSET RETIREMENT OBLIGATION

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. As at June 30, 2016 the liability is not reasonably determinable.

NOTE 18 EXPENSE BY OBJECT

	2016	2015
Salaries and benefits	\$ 44,562,182	\$ 42,895,365
Services and supplies	10,563,557	10,027,581
Amortization of tangible capital assets	3,349,784	3,256,200
	<u>\$ 58,475,523</u>	<u>\$ 56,179,146</u>

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 19 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

	2016	2015
Internally restricted (appropriated) by Board for:		
Schools and other programs	\$ 56,822	\$ 132,505
Aboriginal Education	200,170	195,823
International program	76,000	76,000
Contractual Pro-D	93,620	96,856
Transformative Learning Environments Grants	78,000	-
Facilities Plan	1,189,579	-
Staffing	-	745,200
My Education Implementation	-	41,039
2015/2016 Budget	-	400,000
Technology: Next Generation Network	-	115,482
Subtotal internally restricted	1,694,191	1,802,905
District reserve	500,000	500,000
Unrestricted operating surplus	-	-
Total available for future operations	<u>\$ 2,194,191</u>	<u>\$ 2,302,905</u>

NOTE 20 ECONOMIC DEPENDENCE

The operations of the District are dependent on continued funding from the Ministry of Education and various governmental agencies to carry out its programs. These financial statements have been prepared on a going concern basis.

NOTE 21 RISK MANAGEMENT

The 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 District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash and cash equivalents, accounts receivable and portfolio investments.

The District is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated through application of stringent credit policies.

SCHOOL DISTRICT NO. 8 (KOOTENAY LAKE)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 21 RISK MANAGEMENT *(continued)*

b) Credit risk *(continued)*:

It is management's opinion that the District is not exposed to significant credit risk associated with its cash deposits and investments as they are placed in recognized British Columbia institutions and the District invests solely in term deposits and mutual funds.

c) 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 District is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The District is exposed to interest rate risk through its investments. It is management's opinion that the District is not exposed to significant interest rate risk as they invest solely in term deposits, that have a maturity date of no more than 3 years, and mutual funds.

d) Liquidity risk

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

The 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 District's reputation.

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

School District No. 8 (Kootenay Lake)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2016 Actual	2015 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	2,302,905		22,662,659	24,965,564	24,981,094
Changes for the year					
Surplus (Deficit) for the year	106,920	105,679	(727,430)	(514,831)	(15,530)
Interfund Transfers					
Tangible Capital Assets Purchased	(215,634)	(105,679)	321,313	-	
Net Changes for the year	(108,714)	-	(406,117)	(514,831)	(15,530)
Accumulated Surplus (Deficit), end of year - Statement 2	2,194,191	-	22,256,542	24,450,733	24,965,564

School District No. 8 (Kootenay Lake)

Schedule of Operating Operations

Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	48,451,633	48,446,671	47,216,690
Other	125,830	124,326	126,049
Tuition	1,491,475	1,426,345	1,132,358
Other Revenue	496,813	369,042	501,105
Rentals and Leases	117,742	127,818	140,295
Investment Income	96,258	72,407	99,612
Total Revenue	<u>50,779,751</u>	<u>50,566,609</u>	<u>49,216,109</u>
Expenses			
Instruction	39,378,624	39,037,958	37,662,560
District Administration	2,178,238	2,191,212	2,025,926
Operations and Maintenance	7,025,928	6,978,044	6,709,052
Transportation and Housing	2,396,961	2,252,475	2,307,618
Total Expense	<u>50,979,751</u>	<u>50,459,689</u>	<u>48,705,156</u>
Operating Surplus (Deficit) for the year	<u>(200,000)</u>	<u>106,920</u>	<u>510,953</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>400,000</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(200,000)	(215,634)	(581,138)
Other		-	
Total Net Transfers	<u>(200,000)</u>	<u>(215,634)</u>	<u>(581,138)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(108,714)</u>	<u>(70,185)</u>
Operating Surplus (Deficit), beginning of year		2,302,905	2,373,090
Operating Surplus (Deficit), end of year		<u>2,194,191</u>	<u>2,302,905</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		<u>2,194,191</u>	2,302,905
Total Operating Surplus (Deficit), end of year		<u>2,194,191</u>	<u>2,302,905</u>

School District No. 8 (Kootenay Lake)

Schedule 2A

Schedule of Operating Revenue by Source

Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	48,215,771	48,108,077	47,698,548
AANDC/LEA Recovery	(225,830)	(150,557)	(214,258)
Strike Savings Recovery			(1,534,337)
Other Ministry of Education Grants			
Labour Settlement Funding			754,070
Pay Equity	300,996	300,996	300,996
Funding for Graduated Adults	76,000	11,126	120,716
Economic Stability Dividend		34,358	
FSA and Exam Marking	8,696	8,696	8,696
Carbon Reimbursement	76,000	123,000	82,259
Curriculum Implementation Support		9,700	
International Student Homestay Guidelines Project Grant		1,275	
Total Provincial Grants - Ministry of Education	48,451,633	48,446,671	47,216,690
Provincial Grants - Other	125,830	124,326	126,049
Tuition			
Offshore Tuition Fees	1,491,475	1,364,545	1,091,058
Correspondence Course Fees		61,800	41,300
Total Tuition	1,491,475	1,426,345	1,132,358
Other Revenues			
LEA/Direct Funding from First Nations	225,830	150,557	214,258
Miscellaneous			
Cultural Grant	3,800	11,100	11,230
Private School Bussing Fees	47,000	57,458	53,045
Out of Catchment Bussing Fees	29,000	-	43,925
DASH BC After School Sports Grant	50,000	50,000	50,000
Industry Training Authority (ITA)	70,000	68,700	77,300
Miscellaneous	71,183	31,227	51,347
Total Other Revenue	496,813	369,042	501,105
Rentals and Leases	117,742	127,818	140,295
Investment Income	96,258	72,407	99,612
Total Operating Revenue	50,779,751	50,566,609	49,216,109

School District No. 8 (Kootenay Lake)

Schedule of Operating Expense by Object

Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Salaries			
Teachers	19,062,791	19,390,988	18,264,600
Principals and Vice Principals	3,064,606	3,216,874	2,929,926
Educational Assistants	2,605,470	2,904,140	2,839,243
Support Staff	6,026,350	6,012,234	5,944,435
Other Professionals	1,316,101	1,157,977	1,247,319
Substitutes	1,474,242	1,701,373	1,487,486
Total Salaries	33,549,560	34,383,586	32,713,009
Employee Benefits	9,432,596	9,066,723	8,933,833
Total Salaries and Benefits	42,982,156	43,450,309	41,646,842
Services and Supplies			
Services	857,452	1,036,359	799,007
Student Transportation	35,000	28,524	27,435
Professional Development and Travel	420,448	912,366	903,494
Rentals and Leases	156,307	117,118	165,500
Dues and Fees	53,176	238,810	211,448
Insurance	161,700	150,674	156,917
Interest	-	2,867	362
Supplies	4,826,093	3,279,846	3,521,720
Utilities	1,487,419	1,242,816	1,272,431
Total Services and Supplies	7,997,595	7,009,380	7,058,314
Total Operating Expense	50,979,751	50,459,689	48,705,156

School District No. 8 (Kootenay Lake)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

	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	16,365,145	651,636	166,465	228,126	-	1,066,550	18,477,922
1.03 Career Programs	78,024	6,009				2,605	86,638
1.07 Library Services	142,071	81,737		113,364		3,748	340,920
1.08 Counselling	416,483	88,744				-	505,227
1.10 Special Education	1,998,457	73,792	2,461,900	65,818	129,773	149,496	4,879,236
1.30 English Language Learning	23,504	8,271	7,347			-	39,122
1.31 Aboriginal Education	172,466	21,639	237,139	23,087	-	10,357	464,688
1.41 School Administration		2,080,100		1,003,661		46,957	3,130,718
1.62 Offshore Students	194,838	94,797	31,289	52,795		3,020	376,739
1.64 Other							-
Total Function 1	19,390,988	3,106,725	2,904,140	1,486,851	129,773	1,282,733	28,301,210
4 District Administration							
4.11 Educational Administration		98,671			303,544	1,422	403,637
4.40 School District Governance					100,370		100,370
4.41 Business Administration		11,478		238,035	421,706	32,004	703,223
Total Function 4	-	110,149	-	238,035	825,620	33,426	1,207,230
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				69,532	190,180	1,901	261,613
5.50 Maintenance Operations				2,971,705		216,390	3,188,095
5.52 Maintenance of Grounds				125,709		6,181	131,890
5.56 Utilities							-
Total Function 5	-	-	-	3,166,946	190,180	224,472	3,581,598
7 Transportation and Housing							
7.41 Transportation and Housing Administration				28,037	12,404		40,441
7.70 Student Transportation				1,092,365		160,742	1,253,107
Total Function 7	-	-	-	1,120,402	12,404	160,742	1,293,548
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	19,390,988	3,216,874	2,904,140	6,012,234	1,157,977	1,701,373	34,383,586

School District No. 8 (Kootenay Lake)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2016 Actual	2016 Budget	2015 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	18,477,922	4,768,682	23,246,604	1,614,327	24,860,931	24,680,610	23,799,352
1.03 Career Programs	86,638	21,763	108,401	7,745	116,146	113,673	89,632
1.07 Library Services	340,920	85,664	426,584	41,803	468,387	524,017	444,542
1.08 Counselling	505,227	122,312	627,539	546	628,085	732,124	661,739
1.10 Special Education	4,879,236	1,391,226	6,270,462	308,625	6,579,087	6,857,527	6,770,277
1.30 English Language Learning	39,122	11,392	50,514	3,824	54,338	68,555	29,803
1.31 Aboriginal Education	464,688	123,954	588,642	341,312	929,954	974,436	774,911
1.41 School Administration	3,130,718	833,635	3,964,353	115,809	4,080,162	3,732,045	3,867,364
1.62 Offshore Students	376,739	98,746	475,485	773,681	1,249,166	1,645,637	1,164,608
1.64 Other	-	-	-	71,702	71,702	50,000	60,332
Total Function 1	28,301,210	7,457,374	35,758,584	3,279,374	39,037,958	39,378,624	37,662,560
4 District Administration							
4.11 Educational Administration	403,637	91,256	494,893	107,790	602,683	604,064	493,766
4.40 School District Governance	100,370	1,581	101,951	115,125	217,076	213,029	228,927
4.41 Business Administration	703,223	169,850	873,073	498,380	1,371,453	1,361,145	1,303,233
Total Function 4	1,207,230	262,687	1,469,917	721,295	2,191,212	2,178,238	2,025,926
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	261,613	52,544	314,157	282,788	596,945	598,380	552,726
5.50 Maintenance Operations	3,188,095	846,785	4,034,880	855,823	4,890,703	4,666,003	4,596,695
5.52 Maintenance of Grounds	131,890	42,650	174,540	73,040	247,580	280,626	287,200
5.56 Utilities	-	-	-	1,242,816	1,242,816	1,480,919	1,272,431
Total Function 5	3,581,598	941,979	4,523,577	2,454,467	6,978,044	7,025,928	6,709,052
7 Transportation and Housing							
7.41 Transportation and Housing Administration	40,441	10,502	50,943	9,188	60,131	47,162	56,902
7.70 Student Transportation	1,253,107	394,181	1,647,288	545,056	2,192,344	2,349,799	2,250,716
Total Function 7	1,293,548	404,683	1,698,231	554,244	2,252,475	2,396,961	2,307,618
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	34,383,586	9,066,723	43,450,309	7,009,380	50,459,689	50,979,751	48,705,156

School District No. 8 (Kootenay Lake)

Schedule of Special Purpose Operations
Year Ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	2,152,416	1,872,001	2,073,809
Other Revenue	2,570,000	2,899,728	2,308,206
Total Revenue	<u>4,722,416</u>	<u>4,771,729</u>	<u>4,382,015</u>
Expenses			
Instruction	4,334,029	4,468,136	4,071,557
District Administration	85,000	146,235	108,800
Operations and Maintenance	203,385	51,679	37,433
Total Expense	<u>4,622,414</u>	<u>4,666,050</u>	<u>4,217,790</u>
Special Purpose Surplus (Deficit) for the year	<u>100,002</u>	<u>105,679</u>	<u>164,225</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(100,002)	(105,679)	(164,225)
Total Net Transfers	<u>(100,002)</u>	<u>(105,679)</u>	<u>(164,225)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 8 (Kootenay Lake)

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

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	592	-		8,082	621,075	1,597,095	28,392	38,062	13,732
Add: Restricted Grants									
Provincial Grants - Ministry of Education	150,002	1,012,012		1,752			160,000	51,450	89,542
Other					30,126	2,524,171			
Investment Income					4,882				
	150,002	1,012,012	-	1,752	35,008	2,524,171	160,000	51,450	89,542
Less: Allocated to Revenue	150,002	839,530	-	9,834	27,294	2,807,837	169,351	42,538	88,668
Deferred Revenue, end of year	592	172,482	-	-	628,789	1,313,429	19,041	46,974	14,606
Revenues									
Provincial Grants - Ministry of Education	150,002	839,530	-	9,834			169,351	42,538	88,668
Other Revenue					27,294	2,807,837			
	150,002	839,530	-	9,834	27,294	2,807,837	169,351	42,538	88,668
Expenses									
Salaries									
Teachers		523,896							
Principals and Vice Principals							4,989		15,090
Educational Assistants		127,329							23,075
Support Staff							5,769	535	
Other Professionals									
Substitutes		21,749							780
	-	672,974	-	-	-	-	10,758	535	38,945
Employee Benefits		165,889					2,495	161	13,563
Services and Supplies	44,323	667	-	9,834	27,294	2,807,837	156,098	41,842	36,160
	44,323	839,530	-	9,834	27,294	2,807,837	169,351	42,538	88,668
Net Revenue (Expense) before Interfund Transfers	105,679	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(105,679)								
Other									
	(105,679)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 8 (Kootenay Lake)

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

	Community- LINK	Service Delivery Transformation	Festival Nelson	Donations	TOTAL
	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	86,959	30,183	8,336	12,805	2,445,313
Add: Restricted Grants					
Provincial Grants - Ministry of Education	581,208			-	2,045,966
Other				64,645	2,618,942
Investment Income					4,882
	581,208	-	-	64,645	4,669,790
Less: Allocated to Revenue	541,895	30,183		64,597	4,771,729
Deferred Revenue, end of year	126,272	-	8,336	12,853	2,343,374
Revenues					
Provincial Grants - Ministry of Education	541,895	30,183			1,872,001
Other Revenue				64,597	2,899,728
	541,895	30,183	-	64,597	4,771,729
Expenses					
Salaries					
Teachers	1,337				525,233
Principals and Vice Principals					20,079
Educational Assistants	109,674				260,078
Support Staff	8,337				14,641
Other Professionals		25,040			25,040
Substitutes	14,629				37,158
	133,977	25,040	-	-	882,229
Employee Benefits	42,393	5,143			229,644
Services and Supplies	365,525			64,597	3,554,177
	541,895	30,183	-	64,597	4,666,050
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	105,679
Interfund Transfers					
Tangible Capital Assets Purchased					(105,679)
Other					-
	-	-	-	-	(105,679)
Net Revenue (Expense)	-	-	-	-	-

School District No. 8 (Kootenay Lake)

Schedule of Capital Operations

Year Ended June 30, 2016

	2016 Budget	2016 Actual			2015 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Investment Income	1,000			-	
Gain (Loss) on Disposal of Tangible Capital Assets		3,750		3,750	
Amortization of Deferred Capital Revenue	2,520,000	2,618,604		2,618,604	2,565,492
Total Revenue	<u>2,521,000</u>	<u>2,622,354</u>	-	<u>2,622,354</u>	<u>2,565,492</u>
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	3,265,000	3,349,784		3,349,784	3,256,200
Total Expense	<u>3,265,000</u>	<u>3,349,784</u>	-	<u>3,349,784</u>	<u>3,256,200</u>
Capital Surplus (Deficit) for the year	<u>(744,000)</u>	<u>(727,430)</u>	-	<u>(727,430)</u>	<u>(690,708)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	300,002	321,313		321,313	745,363
Total Net Transfers	<u>300,002</u>	<u>321,313</u>	-	<u>321,313</u>	<u>745,363</u>
Other Adjustments to Fund Balances					
District Portion of Proceeds on Disposal		(6,750)	6,750	-	
Total Other Adjustments to Fund Balances		<u>(6,750)</u>	<u>6,750</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>(443,998)</u>	<u>(412,867)</u>	<u>6,750</u>	<u>(406,117)</u>	<u>54,655</u>
Capital Surplus (Deficit), beginning of year		<u>22,627,611</u>	<u>35,048</u>	<u>22,662,659</u>	<u>22,608,004</u>
Capital Surplus (Deficit), end of year		<u>22,214,744</u>	<u>41,798</u>	<u>22,256,542</u>	<u>22,662,659</u>

School District No. 8 (Kootenay Lake)

Tangible Capital Assets
Year Ended June 30, 2016

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	9,057,596	123,316,577	1,374,481	5,260,420	172,651	443,540	139,625,265
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		1,815,831		137,946			1,953,777
Operating Fund			59,618	136,330		19,686	215,634
Special Purpose Funds		105,679					105,679
	-	1,921,510	59,618	274,276	-	19,686	2,275,090
Decrease:							
Disposed of	3,000	161,824					164,824
Deemed Disposals			13,135	839,559	41,331	201,105	1,095,130
	3,000	161,824	13,135	839,559	41,331	201,105	1,259,954
Cost, end of year	9,054,596	125,076,263	1,420,964	4,695,137	131,320	262,121	140,640,401
Work in Progress, end of year							-
Cost and Work in Progress, end of year	9,054,596	125,076,263	1,420,964	4,695,137	131,320	262,121	140,640,401
Accumulated Amortization, beginning of year		63,334,294	762,839	2,402,193	86,362	206,706	66,792,394
Changes for the Year							
Increase: Amortization for the Year		2,563,057	137,448	526,042	34,530	88,707	3,349,784
Decrease:							
Disposed of		161,824					161,824
Deemed Disposals			13,135	839,559	41,331	201,105	1,095,130
		161,824	13,135	839,559	41,331	201,105	1,256,954
Accumulated Amortization, end of year		65,735,527	887,152	2,088,676	79,561	94,308	68,885,224
Tangible Capital Assets - Net	9,054,596	59,340,736	533,812	2,606,461	51,759	167,813	71,755,177

School District No. 8 (Kootenay Lake)

Deferred Capital Revenue

Year Ended June 30, 2016

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
Deferred Capital Revenue, beginning of year	\$ 49,411,989	\$ 475,584	\$ 317,686	\$ 50,205,259
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,953,777			1,953,777
	<u>1,953,777</u>	-	-	<u>1,953,777</u>
Decrease:				
Amortization of Deferred Capital Revenue	2,595,272	13,988	9,344	2,618,604
	<u>2,595,272</u>	<u>13,988</u>	<u>9,344</u>	<u>2,618,604</u>
Net Changes for the Year	<u>(641,495)</u>	<u>(13,988)</u>	<u>(9,344)</u>	<u>(664,827)</u>
Deferred Capital Revenue, end of year	<u>48,770,494</u>	<u>461,596</u>	<u>308,342</u>	<u>49,540,432</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>48,770,494</u>	<u>461,596</u>	<u>308,342</u>	<u>49,540,432</u>

School District No. 8 (Kootenay Lake)

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

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
Balance, beginning of year	\$ 59,375	\$	\$	\$	\$	\$ 59,375
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	2,068,951					2,068,951
MEd Restricted Portion of Proceeds on Disposal		20,250				20,250
	2,068,951	20,250	-	-	-	2,089,201
Decrease:						
Transferred to DCR - Capital Additions	1,953,777					1,953,777
	1,953,777	-	-	-	-	1,953,777
Net Changes for the Year	115,174	20,250	-	-	-	135,424
Balance, end of year	174,549	20,250	-	-	-	194,799