

Audited Financial Statements of

School District No. 68 (Nanaimo-Ladysmith)

June 30, 2016

School District No. 68 (Nanaimo-Ladysmith)

June 30, 2016

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School District No. 68 (Nanaimo-Ladysmith)

MANAGEMENT REPORT

Version: 9807-9061-7079

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 68 (Nanaimo-Ladysmith) 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. 68 (Nanaimo-Ladysmith) (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, MNP, 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. 68 (Nanaimo-Ladysmith) 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. 68 (Nanaimo-Ladysmith)

Signature of the Chairperson of the Board of Education

SEPT. 29/16

Date Signed

Signature of the Superintendent

SEPT. 29/16

Date Signed

Signature of the Secretary Treasurer

SEPT. 29/16

Date Signed

Independent Auditors' Report

To the Board of Education of School District No. 68 (Nanaimo-Ladysmith) and the Minister of Education:

We have audited the accompanying financial statements of School District No. 68 (Nanaimo-Ladysmith), which comprise the statement of financial position as at June 30, 2016, and the statements of operations, changes in net financial assets (debt), cash flows and remeasurement gains and losses for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with the financial reporting framework based on Section 23.1 of the Budget Transparency and Accountability Act and the Province of British Columbia's Treasury Board Regulations 257/2010 and 198/2011, 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 of 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 entity's preparation and presentation 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 present the financial position of School District No. 68 (Nanaimo-Ladysmith) as at June 30, 2016 and the results of its operations, changes in net financial assets (debt), cash flows and remeasurement gains and losses for the year then ended in compliance with, in all material respects, the financial reporting framework based on Section 23.1 of the Budget Transparency and Accountability Act and the Province of British Columbia's Treasury Board Regulations 257/2010 and 198/2011.

Emphasis of Matter

We draw attention to Note 2 which describes the financial reporting framework being followed by School District No. 68 (Nanaimo-Ladysmith).

Other Matter

We draw attention to the Supplementary Financial Information included in Schedules 1 to 4D which has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Nanaimo, British Columbia

September 21, 2016

MNP LLP
Chartered Professional Accountants

School District No. 68 (Nanaimo-Ladysmith)

Statement of Financial Position

As at June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	26,901,432	30,701,846
Accounts Receivable		
Due from Province - Ministry of Education (Note 3)	668,735	2,337,648
Due from Province - Other		5,000
Due from LEA/Direct Funding (Note 3)	70,935	-
Other (Note 3)	475,761	748,928
Mortgage Receivable (Note 4)	114,197	121,623
Total Financial Assets	28,231,060	33,915,045
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education		-
Other (Note 5)	9,415,639	11,121,994
Unearned Revenue (Note 6)	2,353,035	2,374,787
Deferred Revenue (Note 7)	1,928,262	2,212,127
Deferred Capital Revenue (Note 8)	117,759,058	114,412,391
Employee Future Benefits (Note 9)	1,666,551	1,656,558
Capital Lease Obligations (Note 10)	980,318	1,545,292
Other Liabilities	1,700,975	1,458,704
District Entered	-	-
Total Liabilities	135,803,838	134,781,853
Net Financial Assets (Debt)	(107,572,778)	(100,866,808)
Non-Financial Assets		
Tangible Capital Assets (Note 11)	156,715,963	150,005,611
Prepaid Expenses (Note 12)	-	140,550
Total Non-Financial Assets	156,715,963	150,146,161
Accumulated Surplus (Deficit)	49,143,185	49,279,353

Contractual Obligations and Contingencies (Note 20)

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. 68 (Nanaimo-Ladysmith)

Statement of Operations

Year Ended June 30, 2016

	2016 Budget (Note 19)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	118,920,913	119,082,485	116,243,097
Other	171,000	178,216	227,879
Tuition	3,900,000	3,671,733	3,761,297
Other Revenue	5,129,112	5,345,890	5,094,910
Rentals and Leases	462,928	667,832	500,815
Investment Income	201,000	350,470	387,945
Gain (Loss) on Disposal of Tangible Capital Assets			884,701
Amortization of Deferred Capital Revenue	4,471,264	4,802,252	4,535,954
Total Revenue	<u>133,256,217</u>	<u>134,098,878</u>	<u>131,636,598</u>
Expenses			
Instruction	108,370,048	106,080,019	101,543,284
District Administration	4,298,946	4,463,125	4,965,326
Operations and Maintenance	21,327,270	21,849,959	22,270,522
Transportation and Housing	1,856,323	1,820,048	1,677,481
Debt Services	34,500	21,895	35,564
Total Expense	<u>135,887,087</u>	<u>134,235,046</u>	<u>130,492,177</u>
Surplus (Deficit) for the year	<u>(2,630,870)</u>	<u>(136,168)</u>	<u>1,144,421</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		49,279,353	48,134,932
Accumulated Surplus (Deficit) from Operations, end of year		<u>49,143,185</u>	<u>49,279,353</u>

School District No. 68 (Nanaimo-Ladysmith)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2016

	2016 Budget (Note 19)	2016 Actual	2015 Actual
	\$	\$	\$
Surplus (Deficit) for the year	(2,630,870)	(136,168)	1,144,421
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(12,777,500)	(13,351,349)	(12,765,775)
Amortization of Tangible Capital Assets	6,354,228	6,640,997	6,415,537
Net carrying value of Tangible Capital Assets disposed of			307,100
Demolition Expense		-	
Total Effect of change in Tangible Capital Assets	(6,423,272)	(6,710,352)	(6,043,138)
Use of Prepaid Expenses		140,550	76,895
Total Effect of change in Other Non-Financial Assets	-	140,550	76,895
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	(9,054,142)	(6,705,970)	(4,821,822)
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		(6,705,970)	(4,821,822)
Net Financial Assets (Debt), beginning of year		(100,866,808)	(96,044,986)
Net Financial Assets (Debt), end of year		(107,572,778)	(100,866,808)

School District No. 68 (Nanaimo-Ladysmith)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(136,168)	1,144,421
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	1,876,145	(946,300)
Prepaid Expenses	140,550	76,895
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(1,706,355)	907,769
Unearned Revenue	(21,752)	509,317
Deferred Revenue	(283,865)	(8,796)
Employee Future Benefits	9,993	(47,051)
Other Liabilities	242,271	310,864
Loss (Gain) on Disposal of Tangible Capital Assets	-	(884,701)
Amortization of Tangible Capital Assets	6,640,997	6,415,537
Amortization of Deferred Capital Revenue	(4,802,252)	(4,535,954)
Total Operating Transactions	1,959,564	2,942,001
Capital Transactions		
Tangible Capital Assets Purchased	(4,701,976)	(2,097,903)
Tangible Capital Assets -WIP Purchased	(8,649,373)	(10,571,050)
District Portion of Proceeds on Disposal	-	1,191,801
Demolition Expense	(418,723)	-
Total Capital Transactions	(13,770,072)	(11,477,152)
Financing Transactions		
Capital Revenue Received	8,567,642	11,475,678
Capital Lease Principal Payments	(564,974)	(598,235)
Total Financing Transactions	8,002,668	10,877,443
Investing Transactions		
Decrease (Increase) in Mortgage Receivable	7,426	7,279
Total Investing Transactions	7,426	7,279
Net Increase (Decrease) in Cash and Cash Equivalents	(3,800,414)	2,349,571
Cash and Cash Equivalents, beginning of year	30,701,846	28,352,275
Cash and Cash Equivalents, end of year	26,901,432	30,701,846
Cash and Cash Equivalents, end of year, is made up of:		
Cash	26,901,432	30,701,846
	26,901,432	30,701,846

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 12, 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.68 (Nanaimo-Ladysmith) and operates as "School District No. 68 (Nanaimo-Ladysmith)" and "Nanaimo Ladysmith Public Schools." 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. 68 (Nanaimo-Ladysmith) 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(e) 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 School District before or after this regulation was in effect.

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

Year-ended June 30, 2015 - increase in annual surplus by \$11,331,294

June 30, 2015 - increase in accumulated surplus and decrease in deferred contributions by \$110,025,581

Year-ended June 30, 2016 - increase in annual surplus by \$12,088,529

June 30, 2016 - increase in accumulated surplus and decrease in deferred contributions by \$116,893,435.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
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 deposits held in commercial banks as well as deposits held by the Provincial Treasurer.

c) Accounts and Mortgage Receivables

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

d) Unearned Revenue

Unearned revenue includes tuition fees received for courses to be delivered in future periods and receipt of proceeds for services or products to be delivered in a future period. Revenue will be recognized in that future period when the courses, services, or products are provided.

e) Deferred Revenue and Deferred Capital Revenue

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

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.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

f) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements. The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing. The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

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

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

g) 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.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

h) 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 and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School 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.

i) 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 Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

i) Tangible Capital Assets (cont'd)

- 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

- In the year of acquisition amortization is recorded as half of the annual rate for the year.

j) Capital Leases

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

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

k) Prepaid Expenses

Insurance premiums, software licenses, postage and other dues and fees 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 Notes 15 – Interfund Transfers and Note 23 – Accumulated Surplus).

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
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 School District has to meet in order to receive the contributions including authorization by the transferring government.

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

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

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

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 3(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. 68 (NANAIMO-LADYSMITH)
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. Interest expense includes payments made on capital leases.

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 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, mortgage receivable, accounts payable and 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.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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

o) Financial Instruments (cont'd)

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the 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 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.

p) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2a) 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, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

q) Statement of Remeasurement Gains and Losses

A statement of remeasurement gains and losses has not been presented as the District does not hold any financial assets or liabilities that would give rise to remeasurement gains or losses.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 3 ACCOUNTS RECEIVABLE

Due From Province – Ministry of Education

	2016	2015
Bylaw – Capital Funding	\$ 440,342	\$ 2,198,124
Carbon Tax Rebate	160,000	60,000
French Programs	60,775	60,775
Other	7,618	18,749
	<u>\$ 668,735</u>	<u>\$ 2,337,648</u>

Other Receivables

	2016	2015
Insurance Claim – NDSS claim #153391	\$ 41,186	\$ 222,379
Due from Federal Government	234,482	174,886
Due from Local Education Agreement	70,935	-
Nanaimo District Teachers Association	-	83,849
Other	200,093	267,814
	<u>\$ 546,696</u>	<u>\$ 748,928</u>

NOTE 4 MORTGAGE RECEIVABLE

The District holds a mortgage on former Diamond Elementary School (Lot 1, District Lot 77, Oyster District Plan 15004). The mortgage is interest free with monthly payments of \$650 with the last payment due May 1, 2018 including the remaining outstanding balance of \$110,000. The principal outstanding at June 30, 2016 is \$124,950 (2015: \$132,750). This carrying value has been discounted to \$114,197 (2015: \$121,623) which reflects the present value of the payments using a 2% discount rate.

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Other Accounts Payable and Accrued Liabilities

	2016	2015
Trade payables	\$ 2,414,715	\$ 3,170,490
Salaries and benefits payable	5,816,659	6,134,466
Accrued vacation pay	1,153,196	1,324,895
Construction holdbacks	31,069	492,143
	<u>\$ 9,415,639</u>	<u>\$ 11,121,994</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 6 UNEARNED REVENUE

Unearned revenue consists of contributions received for services to be delivered in a future period. Changes in unearned revenue are as follows:

	2016	2015
Balance, beginning of year	\$ 2,374,787	\$ 1,865,470
Changes for the year:		
Increase:		
Tuition fees	3,649,981	4,270,614
Decrease:		
Tuition fees	3,671,733	3,761,297
Net changes for the year	(21,752)	509,317
Balance, end of year	\$ 2,353,035	\$ 2,374,787

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. Changes in deferred revenue are as follows:

	2016	2015
Balance, beginning of year	\$ 2,212,127	\$ 2,220,923
Changes for the year:		
Increase:		
Provincial Grants – Ministry of Education	5,702,735	5,686,369
Other	2,820,860	2,689,497
Investment income	12,904	16,475
	8,536,499	8,392,341
Decrease:		
Expenses	8,760,736	8,349,256
Transfers – tangible capital assets purchased	59,628	51,881
	8,820,364	8,401,137
Net changes for the year	283,865	(8,796)
Balance, end of year	\$ 1,928,262	\$ 2,212,127

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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. Changes to deferred capital revenue are as follows:

	Deferred Capital 2016	Unspent Capital 2016	Total Deferred Capital Revenue 2016	Total Deferred Capital Revenue 2015
Balance, beginning of year	\$110,025,881	\$4,386,510	\$114,412,391	\$107,472,667
Changes for the year:				
Increase:				
Transfer from Unspent – Capital Additions	3,020,433		3,020,433	760,244
Transfer from Unspent – Work in Progress	8,649,373		8,649,373	10,571,050
Provincial Grants – Ministry of Education		8,543,892	8,543,892	11,429,158
Investment income		23,750	23,750	46,520
Transfer from AFG - Seismic				-
	11,669,806	8,567,642	20,237,448	22,806,972
Decrease:				
Amortization of Deferred Capital	4,802,252		4,802,252	4,535,954
Capital additions – transfer to Deferred Capital		3,020,433	3,020,433	760,244
Work in Progress – transfer to Deferred Capital		8,649,373	8,649,373	10,571,050
Harewood Demolition Funding		418,723	418,723	-
	4,802,252	12,088,529	16,890,781	15,867,248
Net changes for the year	7,286,277	(3,520,887)	3,346,667	6,939,724
Balance, end of year	\$116,893,435	\$ 865,623	\$117,759,058	\$114,412,391

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
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 School District has provided for the payment of these benefits.

	2016	2015
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 2,038,255	\$ 1,936,905
Service Cost	149,579	133,295
Interest Cost	46,770	63,770
Benefit Payments	(266,336)	(237,694)
Increase (Decrease) due to plan amendment	(11,172)	-
Actuarial (Gain) Loss	56,870	141,979
Accrued Benefit Obligation – March 31	<u>\$ 2,013,996</u>	<u>\$ 2,038,255</u>

Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 2,013,996	\$ 2,038,255
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	(2,013,996)	(2,038,255)
Employer Contributions After Measurement Date	23,752	57,342
Benefits Expense After Measurement Date	(45,800)	(49,087)
Unamortized Net Actuarial (Gain) Loss	369,463	373,442
Accrued Benefit Asset (Liability) – June 30	<u>\$ (1,666,551)</u>	<u>\$ (1,656,558)</u>

Components of Net Benefit Expense		
Service Cost – July 1 to March 31	\$ 112,184	\$ 99,971
Service Cost- April 1 to June 30	33,183	37,395
Interest Cost – July 1 to March 31	35,077	47,827
Interest Cost – April 1 to June 30	12,617	11,692
Immediate Recognition of Plan Amendment	(11,172)	
Amortization of Net Actuarial (Gain)/Loss	60,849	35,764
Net Benefit Expense (Income)	<u>\$ 242,739</u>	<u>\$ 232,650</u>

Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 1,656,558	\$ 1,703,609
Net expense for Fiscal Year	242,739	232,650
Employer Contributions – July 1 to March 31	(208,994)	(222,358)
Employer Contributions – April 1 to June 30	(23,752)	(57,342)
Accrued Benefit Liability – June 30	<u>\$ 1,666,551</u>	<u>\$ 1,656,558</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 EMPLOYEE FUTURE BENEFITS *(Continued)*

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

	2016	2015
Discount Rate – April 1	2.25%	3.25%
Discount Rate – March 31	2.50%	2.25%
Long Term Salary Growth – April 1	2.50 + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50 + seniority	2.50% + seniority
EARSL – March 31	9.0 years	9.0 years

NOTE 10 CAPITAL LEASE OBLIGATIONS

The School District has entered into various capital lease agreements for vehicles and equipment. All of these capital leases are financed through the Municipal Finance Authority, which charges interest at prime less 1.0%. The principal repayments due are as follows:

2017	\$ 518,008
2018	311,895
2019	140,881
2020	9,534
	<u>\$ 980,318</u>

Total interest on leases for the year was \$21,895 (2015: \$35,564).

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2016	Net Book Value 2015
Sites	\$ 15,683,278	\$ 15,683,278
Buildings	134,086,265	113,178,027
Buildings – work in progress	1,689,668	16,088,582
Furniture & Equipment	1,309,313	1,251,267
Vehicles	1,897,032	2,244,903
Computer Software	30,132	75,855
Computer Hardware	2,020,275	1,483,699
Total	\$ 156,715,963	\$ 150,005,611

June 30, 2016

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2016
Sites	\$ 15,683,278	\$ -	\$ -	\$ -	\$ 15,683,278
Buildings	225,650,262	3,233,874		23,048,287	251,932,423
Buildings – work in progress	16,088,582	8,649,373		(23,048,287)	1,689,668
Furniture & Equipment	2,801,074	355,952	401,021		2,756,005
Vehicles	3,478,712	49,861			3,528,573
Computer Software	228,613	-	(1,131)		229,744
Computer Hardware	2,782,278	1,062,289	245,981		3,598,586
Total	\$266,712,799	\$13,770,072	\$645,871	\$ -	\$279,418,277

	Opening Accumulated Amortization	Additions	Disposals	Total 2016
Buildings	\$112,472,235	\$5,373,923	\$-	\$117,846,158
Furniture & Equipment	1,549,807	297,906	401,021	1,446,692
Vehicles	1,233,809	397,732		1,631,541
Computer Software	152,758	45,723	(1,131)	199,612
Computer Hardware	1,298,579	525,713	245,981	1,578,311
Total	\$116,707,188	\$6,640,997	\$645,871	\$122,702,314

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 TANGIBLE CAPITAL ASSETS (continued)

June 30, 2015

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2015
Sites	\$ 15,635,776	\$ 354,602	\$ 307,100	\$ -	\$ 15,683,278
Buildings	225,098,295	701,967	150,000	-	225,650,262
Buildings – work in progress	5,517,532	10,571,050	-	-	16,088,582
Furniture & Equipment	2,649,033	163,121	11,080	-	2,801,074
Vehicles	4,140,229	220,092	881,609	-	3,478,712
Computer Software	511,145	-	282,532	-	228,613
Computer Hardware	2,290,736	754,943	263,401	-	2,782,278
Total	\$255,842,746	\$12,765,775	\$1,895,722	\$ -	\$266,712,799

	Opening Accumulated Amortization	Additions	Disposals	Total 2015
Buildings	\$107,540,656	\$5,081,579	\$ 150,000	\$112,472,235
Furniture & Equipment	1,287,828	273,059	11,080	1,549,807
Vehicles	1,690,390	425,028	881,609	1,233,809
Computer Software	333,061	102,229	282,532	152,758
Computer Hardware	1,028,338	533,642	263,401	1,298,579
Total	\$111,880,273	\$6,415,537	\$1,588,622	\$116,707,188

Buildings-work in progress having a value of \$1,689,668 (2015: \$16,088,582) have not been amortized. Amortization of these assets will commence when the asset is put into use.

NOTE 12 PREPAID EXPENSES

	2016	2015
Software and Licenses	-	\$ 138,137
Other	-	2,413
	-	\$ 140,550

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 13 DISPOSAL OF SITES AND BUILDINGS

During the year the former Harewood Elementary School building was demolished at a cost of \$418,723. The building has been fully amortized. The cost of the demolition was recorded as an expense on the Statement of Operations.

NOTE 14 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension Plans. The boards of trustees for these plans represent plan members and employers and are responsible for managing the pension plans including investing assets and administering 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 and approximately 35,000 retired members. 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 adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate is then adjusted to the extent there is any amortization of any funding deficit.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014 indicated a \$449 million funding surplus for basic pension benefits. 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 billion 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 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The School District paid \$11,757,731 for employer contributions to these plans in the year ended June 30, 2015 (2014: \$11,536,826).

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 15 INTERFUND TRANSFERS

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

- A transfer in the amount of \$801,492 was made from the operating fund to the capital fund for capital purchases made during the year.
- A transfer in the amount of \$59,628 was made from the special purpose fund to the capital fund for capital purchase made during the year.
- A transfer in the amount of \$662,600 was made from the operating fund to the capital fund for capital lease commitments made during the year.

NOTE 16 RELATED PARTY TRANSACTIONS

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

NOTE 17 NANAIMO-LADYSMITH SCHOOLS FOUNDATION

The School District and the Nanaimo-Ladysmith Schools Foundation (the "Foundation") have a mutually supportive relationship whereby the Foundation acts as a fundraising agency for the students in School District No. 68, and the School District provided the Foundation with financial and administrative support. The Foundation is a separate legal entity, has its own Board of Directors and is a registered charity under the provisions of the Income Tax Act of Canada.

The School District provided contributions of \$139,658 (2015: \$163,446) for administrative assistance and support to the Foundation and also provided office space free of charge. The Foundation provided miscellaneous grants directly to Schools.

NOTE 18 CONTRACTUAL OBLIGATIONS

The School District has entered into a number of multiple-year contracts for the delivery of services and the construction of tangible capital assets. 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.

Contractual obligations	2017	2018
Future operating lease payments	\$ 13,700	-
	<u>\$ 13,700</u>	<u>\$-</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 19 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget on February 29, 2016. The amended budget is used for comparison purposes, as these are based on actual student enrollments. The difference between the two budgets is as follows:

	2016 Amended	2016 Preliminary	Difference
Revenues			
Provincial Grants			
Ministry of Education	\$118,920,913	\$117,656,881	\$ 1,264,032
Other	171,000	170,000	1,000
Tuition	3,900,000	3,020,500	879,500
Other Revenue	5,129,112	5,294,892	(165,780)
Rentals and Leases	462,928	462,928	-
Investment Income	201,000	201,000	-
Amortization of Deferred Capital Revenue	4,471,264	4,471,264	-
Total Revenue	\$133,256,217	\$131,277,465	\$ 1,978,752
Expenses			
Instruction	\$108,370,048	\$105,657,047	\$ 2,713,001
District Administration	4,901,885	4,192,258	709,627
Operations and Maintenance	20,724,331	21,332,132	(607,801)
Transportation and Housing	1,856,323	1,776,323	80,000
Debt Services	34,500	34,500	-
Total Expenses	\$135,887,087	\$132,992,260	\$ 2,894,827
Deficit for the year	\$ (2,630,870)	\$ (1,714,795)	\$ (916,075)
Effects of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(12,777,500)	(12,777,500)	-
Amortization of Tangible Capital Assets	6,354,228	6,354,228	-
Total Effect of change in Tangible Capital Assets	(6,423,272)	(6,423,272)	-
(Increase) Decrease in Net Financial Assets (Debt)	\$ (9,054,142)	\$ (8,138,067)	\$ (916,075)

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 20 CONTINGENCIES

Each year the School District is involved with a number of legal actions and arbitrations. Although the outcomes of these matters are not determinable at this time, management believes they will not have a material adverse effect on the School District's financial position or results of operations.

NOTE 21 ASSET RETIREMENT OBLIGATION

The District is subject to environmental laws and regulations enacted by the Province and local authorities.

The District currently provides educational programs in 40 schools. It also operates a number of administrative support buildings. Many of these schools and buildings were constructed prior to the implementation of current asbestos removal regulations and asbestos containing materials were utilized in their construction. The nature and extent of asbestos construction material varies from building to building.

Upon the retirement of these District buildings, either through demolition or sale, the District may incur removal costs or realize reduced sale proceeds because of the presence of asbestos. The District has made no provision for the financial impact of removal costs or reduced sale proceeds as they cannot be reasonably estimated due to the indeterminate nature and date of potential future retirements

NOTE 22 EXPENSE BY OBJECT

	2016	2015
Salaries	\$ 88,496,744	\$ 86,024,899
Benefits	22,977,868	22,959,249
Services and supplies	16,097,542	15,056,928
Interest	21,895	35,564
Amortization	6,640,997	6,415,537
	<u>\$ 134,235,046</u>	<u>\$ 130,492,177</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 23 ACCUMULATED SURPLUS

OPERATING	2016	2015
Internally Restricted (appropriated) by Board for:		
2016/17 Operating Budget	\$ 890,000	\$ 946,532
Staffing Contingencies	750,000	750,000
Replacement Cost Contingencies	750,000	750,000
School Supplies	294,777	222,990
Aboriginal Education Programs	219,109	177,651
Community Schools	71,443	166,181
Assessment Initiatives		100,000
Other		11,028
Subtotal Internally Restricted	2,975,329	3,124,382
Unrestricted Operating Surplus	2,249,021	1,998,761
Total Available for Future Operations	5,224,350	5,123,143
CAPITAL		
Investment in Tangible Capital Assets	38,205,896	37,798,124
Local Capital	5,712,939	6,358,086
Capital Surplus	43,918,835	44,156,210
ACCUMULATED SURPLUS	<u>\$ 49,143,185</u>	<u>\$ 49,279,353</u>

NOTE 24 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 25 RISK MANAGEMENT

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

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

a) Credit risk:

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

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

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 25 RISK MANAGEMENT *(Continued)*

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 recognized British Columbia institutions.

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.

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 School District is exposed to interest rate risk through its investments. It is management's opinion that the School District is not exposed to significant interest rate risk.

c) Liquidity risk

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

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

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

School District No. 68 (Nanaimo-Ladysmith)

Schedule 1 (Unaudited)

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	5,123,143		44,156,210	49,279,353	48,134,932
Changes for the year					
Surplus (Deficit) for the year	1,565,299	59,628	(1,761,095)	(136,168)	1,144,421
Interfund Transfers	(399,892)	(59,628)	459,520	-	-
Tangible Capital Assets Purchased	(1,064,200)		1,064,200	-	-
Local Capital	101,207	-	(237,375)	(136,168)	1,144,421
Net Changes for the year	5,224,350	-	43,918,835	49,143,185	49,279,353
Accumulated Surplus (Deficit), end of year - Statement					

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2016

	2016 Budget (Note 19)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	112,638,907	113,081,037	110,694,284
Other	170,000	178,216	186,169
Tuition	3,900,000	3,671,733	3,761,297
Other Revenue	2,413,676	2,466,974	2,284,296
Rentals and Leases	462,928	589,465	430,259
Investment Income	150,000	307,346	345,756
Total Revenue	119,735,511	120,294,771	117,702,061
Expenses			
Instruction	100,008,545	98,013,940	93,801,234
District Administration	4,298,946	4,463,125	4,965,326
Operations and Maintenance	14,370,103	14,432,359	15,247,779
Transportation and Housing	1,856,323	1,820,048	1,677,481
Total Expense	120,533,917	118,729,472	115,691,820
Operating Surplus (Deficit) for the year	(798,406)	1,565,299	2,010,241
Budgeted Appropriation (Retirement) of Surplus (Deficit)	1,862,606		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(459,000)	(399,892)	(847,307)
Local Capital	(605,200)	(1,064,200)	(3,877,400)
Total Net Transfers	(1,064,200)	(1,464,092)	(4,724,707)
Total Operating Surplus (Deficit), for the year	-	101,207	(2,714,466)
Operating Surplus (Deficit), beginning of year		5,123,143	7,837,609
Operating Surplus (Deficit), end of year		5,224,350	5,123,143
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 23)		2,975,329	3,124,382
Unrestricted		2,249,021	1,998,761
Total Operating Surplus (Deficit), end of year		5,224,350	5,123,143

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2016

	2016 Budget (Note 19)	2016 Actual	2015 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	113,668,557	114,052,753	112,984,200
AANDC/LEA Recovery	(1,346,950)	(1,424,772)	(1,346,950)
Strike Savings Recovery			(3,397,413)
Other Ministry of Education Grants			
Labour Settlement Funding			2,065,802
Pay Equity	160,000	160,000	160,000
Funding for Graduated Adults		3,139	32,256
Economic Stability Dividend		98,194	
Curriculum Implementation	22,300	22,300	-
Carbon Tax Rebate	135,000	100,000	101,210
Refugee Grant		27,755	-
Other		41,668	95,179
Total Provincial Grants - Ministry of Education	112,638,907	113,081,037	110,694,284
Provincial Grants - Other	170,000	178,216	186,169
Tuition			
Offshore Tuition Fees	3,900,000	3,671,733	3,761,297
Total Tuition	3,900,000	3,671,733	3,761,297
Other Revenues			
Other School District/Education Authorities	528,436	359,704	505,681
LEA/Direct Funding from First Nations	1,346,950	1,424,772	1,150,804
Miscellaneous			
Cafeteria Revenue	205,000	212,772	211,078
BC Hydro / Fortis BC Energy Initiatives	83,859	182,121	41,203
Other	249,431	287,605	375,530
Total Other Revenue	2,413,676	2,466,974	2,284,296
Rentals and Leases	462,928	589,465	430,259
Investment Income	150,000	307,346	345,756
Total Operating Revenue	119,735,511	120,294,771	117,702,061

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2016

	2016 Budget (Note 19)	2016 Actual	2015 Actual
	\$	\$	\$
Salaries			
Teachers	53,819,159	53,633,278	50,187,367
Principals and Vice Principals	5,803,150	5,876,007	5,907,710
Educational Assistants	7,929,717	7,762,890	7,633,781
Support Staff	10,454,719	10,680,178	11,386,903
Other Professionals	2,865,463	3,097,557	3,427,759
Substitutes	3,946,278	3,568,414	3,677,020
Total Salaries	84,818,486	84,618,324	82,220,540
Employee Benefits	22,487,546	22,081,861	22,027,997
Total Salaries and Benefits	107,306,032	106,700,185	104,248,537
Services and Supplies			
Services	2,944,625	3,033,268	2,419,609
Student Transportation	126,156	109,272	101,155
Professional Development and Travel	828,997	767,322	699,111
Rentals and Leases	20,038	12,670	19,532
Dues and Fees	499,735	524,748	456,072
Insurance	350,750	347,354	314,677
Supplies	6,202,584	5,298,039	5,244,635
Utilities	2,255,000	1,936,614	2,188,492
Total Services and Supplies	13,227,885	12,029,287	11,443,283
Total Operating Expense	120,533,917	118,729,472	115,691,820

School District No. 68 (Nanaimo-Ladysmith)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

Schedule 2C (Unaudited)

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	43,800,068	1,006,814	134,955	1,058	194,776	2,506,488	47,644,159
1.03 Career Programs	22,426		110,974			2,250	135,650
1.07 Library Services	1,442,993			226,021		65,000	1,734,014
1.08 Counselling	1,010,050					3,612	1,013,662
1.10 Special Education	6,134,510	131,804	6,678,239			449,696	13,394,249
1.30 English Language Learning	340,676	36,391				4,576	381,643
1.31 Aboriginal Education	677,175	95,174	787,326	44,627	40,558	70,549	1,715,409
1.41 School Administration	40,588	4,494,685		2,344,631	250,177		7,130,081
1.62 Offshore Students	164,792	111,139		72,715	120,258	11,930	480,834
1.64 Other			355	130			485
Total Function 1	53,633,278	5,876,007	7,711,849	2,689,182	355,592	3,364,278	73,630,186
4 District Administration							
4.11 Educational Administration				167,449	830,782		998,231
4.40 School District Governance				47,492	253,617		301,109
4.41 Business Administration				670,681	977,331	21,375	1,669,387
Total Function 4	-	-	-	885,622	2,061,730	21,375	2,968,727
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration			51,041	526,949	393,470	34,547	1,006,007
5.50 Maintenance Operations				5,133,521	190,308	102,409	5,426,238
5.52 Maintenance of Grounds				449,835			449,835
5.56 Utilities				62,618			62,618
Total Function 5	-	-	51,041	6,172,923	583,778	136,956	6,944,698
7 Transportation and Housing							
7.41 Transportation and Housing Administration				46,242	96,457		142,699
7.70 Student Transportation				886,209		45,805	932,014
Total Function 7	-	-	-	932,451	96,457	45,805	1,074,713
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	53,633,278	5,876,007	7,762,890	10,680,178	3,097,557	3,568,414	84,618,324

School District No. 68 (Nanaimo-Ladysmith)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

Schedule 2C (Unaudited)

	Total Salaries \$	Employee Benefits \$	Total Salaries and Benefits \$	Services and Supplies \$	2016 Actual \$	2016 Budget (Note 19) \$	2015 Actual \$
1 Instruction							
1.02 Regular Instruction	47,644,159	12,466,280	60,110,439	3,416,413	63,526,852	65,993,549	60,977,835
1.03 Career Programs	135,650	42,628	178,278	212,691	390,969	447,654	424,437
1.07 Library Services	1,734,014	468,434	2,202,448	72,449	2,274,897	2,439,665	1,842,377
1.08 Counselling	1,013,662	262,538	1,276,200	2,001	1,278,201	1,248,146	1,162,037
1.10 Special Education	13,394,249	3,704,420	17,098,669	228,462	17,327,131	16,595,324	16,222,625
1.30 English Language Learning	381,643	99,409	481,052	5,522	486,574	410,280	434,038
1.31 Aboriginal Education	1,715,409	432,824	2,148,233	255,350	2,403,583	2,617,840	2,464,976
1.41 School Administration	7,130,081	1,763,358	8,893,439	125,945	9,019,384	8,710,247	8,883,092
1.62 Offshore Students	480,834	118,687	599,521	659,573	1,259,094	1,329,036	1,306,513
1.64 Other	485	3,601	4,086	43,169	47,255	216,804	83,304
Total Function 1	73,630,186	19,362,179	92,992,365	5,021,575	98,013,940	100,008,545	93,801,234
4 District Administration							
4.11 Educational Administration	998,231	183,522	1,181,753	99,950	1,281,703	1,168,334	1,665,745
4.40 School District Governance	301,109	61,340	362,449	204,400	566,849	551,422	662,648
4.41 Business Administration	1,669,387	381,190	2,050,577	563,996	2,614,573	2,579,190	2,636,933
Total Function 4	2,968,727	626,052	3,594,779	868,346	4,463,125	4,298,946	4,965,326
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	1,006,007	196,056	1,202,063	514,855	1,716,918	1,518,653	1,737,637
5.50 Maintenance Operations	5,426,238	1,507,492	6,933,730	2,778,332	9,712,062	9,413,694	10,007,181
5.52 Maintenance of Grounds	449,835	123,014	572,849	286,346	859,195	933,738	1,079,159
5.56 Utilities	62,618	15,478	78,096	2,066,088	2,144,184	2,504,018	2,423,802
Total Function 5	6,944,698	1,842,040	8,786,738	5,645,621	14,432,359	14,370,103	15,247,779
7 Transportation and Housing							
7.41 Transportation and Housing Administration	142,699	30,084	172,783	62,827	235,610	240,328	226,941
7.70 Student Transportation	932,014	221,506	1,153,520	430,918	1,584,438	1,615,995	1,450,540
Total Function 7	1,074,713	251,590	1,326,303	493,745	1,820,048	1,856,323	1,677,481
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	84,618,324	22,081,861	106,700,185	12,029,287	118,729,472	120,533,917	115,691,820

School District No. 68 (Nanaimo-Ladysmith)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2016

	2016 Budget (Note 19)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	6,282,006	6,001,448	5,548,813
Other	1,000		41,710
Other Revenue	2,715,436	2,818,916	2,810,614
Investment Income	16,000		
Total Revenue	<u>9,014,442</u>	<u>8,820,364</u>	<u>8,401,137</u>
Expenses			
Instruction	8,361,503	8,066,079	7,742,050
Operations and Maintenance	602,939	694,657	607,206
Total Expense	<u>8,964,442</u>	<u>8,760,736</u>	<u>8,349,256</u>
Special Purpose Surplus (Deficit) for the year	<u>50,000</u>	<u>59,628</u>	<u>51,881</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(50,000)	(59,628)	(51,881)
Total Net Transfers	<u>(50,000)</u>	<u>(59,628)</u>	<u>(51,881)</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. 68 (Nanaimo-Ladysmith)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2016

Schedule 3A (Unaudited)

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community- LINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	170,733	-	48,780	145,143	1,090,581	-	81,429	49,406	207,516
District Entered	170,733	-	48,780	145,143	1,090,581	-	81,429	49,406	207,516
Deferred Revenue, beginning of year, as restated	602,939	2,378,500	4,624	4,624	2,653,926	256,000	66,150	202,584	2,191,938
Add: Restricted Grants					12,904				
Provincial Grants - Ministry of Education									
Other									
Investment Income									
Less: Allocated to Revenue	602,939	2,378,500	-	4,624	2,666,830	256,000	66,150	202,584	2,191,938
Deferred Revenue, end of year	694,657	2,378,500	7,247	34,371	2,627,429	256,000	61,922	251,990	2,314,922
	79,015	-	41,533	115,396	1,129,982	-	85,657	-	84,532
Revenues									
Provincial Grants - Ministry of Education	680,039	2,378,500	7,247	34,371	2,627,429	256,000	61,922	251,990	2,314,922
Other Revenue	14,618								
Expenses									
Salaries	694,657	2,378,500	7,247	34,371	2,627,429	256,000	61,922	251,990	2,314,922
Teachers									
Principals and Vice Principals		1,457,632				17,957		74,485	154,221
Educational Assistants		449,650			1,271	178,676			1,392,743
Support Staff									11,081
Other Professionals									
Substitutes		56,189			17,536		14,121	4,892	29,432
Employee Benefits	-	1,963,471	-	-	18,807	196,633	14,121	79,377	1,587,477
Services and Supplies	694,657	412,671	7,247	34,371	4,040	49,286	4,873	18,249	404,729
	694,657	2,358	7,247	34,371	2,571,867	10,081	42,928	132,599	317,568
	694,657	2,378,500	7,247	34,371	2,594,714	256,000	61,922	230,225	2,309,774
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	32,715	-	-	21,765	5,148
Interfund Transfers									
Tangible Capital Assets Purchased					(32,715)			(21,765)	(5,148)
Net Revenue (Expense)	-	-	-	-	(32,715)	-	-	(21,765)	(5,148)
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

School District No. 68 (Nanaimo-Ladysmith)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2016

	Service Delivery Transformation	Other Ministries	Other Misc Grants	TOTAL
	\$	\$	\$	\$
Deferred Revenue, beginning of year	82,938	-	335,601	2,212,127
District Entered	82,938	-	335,601	2,212,127
Deferred Revenue, beginning of year, as restated				
Add: Restricted Grants				
Provincial Grants - Ministry of Education				5,702,735
Other			166,934	2,820,860
Investment Income				12,904
	-	-	166,934	8,536,499
Less: Allocated to Revenue	16,457	-	176,869	8,820,364
Deferred Revenue, end of year	66,481	-	325,666	1,928,262
Revenues				
Provincial Grants - Ministry of Education	16,457			6,001,448
Other Revenue			176,869	2,818,916
	16,457	-	176,869	8,820,364
Expenses				
Salaries				
Teachers				1,686,338
Principals and Vice Principals				17,957
Educational Assistants				2,022,340
Support Staff				11,081
Other Professionals	12,326			12,326
Substitutes			6,208	128,378
	12,326	-	6,208	3,878,420
Employee Benefits	702		1,457	896,007
Services and Supplies	3,429		169,204	3,986,309
	16,457	-	176,869	8,760,736
Net Revenue (Expense) before Interfund Transfers	-	-	-	59,628
Interfund Transfers				
Tangible Capital Assets Purchased				(59,628)
	-	-	-	(59,628)
Net Revenue (Expense)	-	-	-	-

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2016

	2016 Budget (Note 19)	2016 Actual			2015 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Other Revenue			60,000	60,000	
Rentals and Leases			78,367	78,367	70,556
Investment Income	35,000		43,124	43,124	42,189
Gain (Loss) on Disposal of Tangible Capital Assets				-	884,701
Amortization of Deferred Capital Revenue	4,471,264	4,802,252		4,802,252	4,535,954
Total Revenue	4,506,264	4,802,252	181,491	4,983,743	5,533,400
Expenses					
Operations and Maintenance	6,354,228		81,946	81,946	
Amortization of Tangible Capital Assets					
Operations and Maintenance		6,640,997		6,640,997	6,415,537
Debt Services					
Capital Lease Interest	34,500		21,895	21,895	35,564
Total Expense	6,388,728	6,640,997	103,841	6,744,838	6,451,101
Capital Surplus (Deficit) for the year	(1,882,464)	(1,838,745)	77,650	(1,761,095)	(917,701)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	509,000	459,520		459,520	899,188
Local Capital	605,200		1,064,200	1,064,200	3,877,400
Total Net Transfers	1,114,200	459,520	1,064,200	1,523,720	4,776,588
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		1,222,023	(1,222,023)	-	
Principal Payment					
Capital Lease		564,974	(564,974)	-	
Total Other Adjustments to Fund Balances		1,786,997	(1,786,997)	-	
Total Capital Surplus (Deficit) for the year	(768,264)	407,772	(645,147)	(237,375)	3,858,887
Capital Surplus (Deficit), beginning of year		37,798,124	6,358,086	44,156,210	40,297,323
Capital Surplus (Deficit), end of year		38,205,896	5,712,939	43,918,835	44,156,210

School District No. 68 (Nanaimo-Ladysmith)

Tangible Capital Assets

Year Ended June 30, 2016

Schedule 4A (Unaudited)

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	15,683,278	225,650,262	2,801,074	3,478,712	228,613	2,782,278	250,624,217
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		3,020,433					3,020,433
Operating Fund			151,655			248,237	399,892
Special Purpose Funds			15,031			44,597	59,628
Local Capital		213,441	189,266	49,861		769,455	1,222,023
Transferred from Work in Progress		23,048,287					23,048,287
Decrease:							
Deemed Disposals			355,952	49,861	-	1,062,289	27,750,263
			401,021		(1,131)	245,981	645,871
Cost, end of year			401,021		(1,131)	245,981	645,871
Work in Progress, end of year	15,683,278	251,932,423	2,756,005	3,528,573	229,744	3,598,586	277,728,609
Cost and Work in Progress, end of year		1,689,668					1,689,668
	15,683,278	253,622,091	2,756,005	3,528,573	229,744	3,598,586	279,418,277
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		112,472,235	1,549,807	1,233,809	152,758	1,298,579	116,707,188
Decrease:							
Deemed Disposals		5,373,923	297,906	397,732	45,723	525,713	6,640,997
			401,021		(1,131)	245,981	645,871
		-	401,021		(1,131)	245,981	645,871
Accumulated Amortization, end of year		117,846,158	1,446,692	1,631,541	199,612	1,578,311	122,702,314
Tangible Capital Assets - Net	15,683,278	135,775,933	1,309,313	1,897,032	30,132	2,020,275	156,715,963

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2016

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	16,088,582				16,088,582
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	5,163,804				5,163,804
Deferred Capital Revenue - Other	3,485,569				3,485,569
	8,649,373	-	-	-	8,649,373
Decrease:					
Transferred to Tangible Capital Assets	23,048,287				23,048,287
	23,048,287	-	-	-	23,048,287
Net Changes for the Year	(14,398,914)	-	-	-	(14,398,914)
Work in Progress, end of year	1,689,668	-	-	-	1,689,668

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2016

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	92,710,715	1,226,584		93,937,299
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	3,020,433			3,020,433
Transferred from Work in Progress	19,562,718	3,485,569		23,048,287
	22,583,151	3,485,569	-	26,068,720
Decrease:				
Amortization of Deferred Capital Revenue	4,723,076	79,176		4,802,252
	4,723,076	79,176	-	4,802,252
Net Changes for the Year	17,860,075	3,406,393	-	21,266,468
Deferred Capital Revenue, end of year	110,570,790	4,632,977	-	115,203,767
 Work in Progress, beginning of year	16,088,582			16,088,582
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	5,163,804	3,485,569		8,649,373
	5,163,804	3,485,569	-	8,649,373
Decrease				
Transferred to Deferred Capital Revenue	19,562,718	3,485,569		23,048,287
	19,562,718	3,485,569	-	23,048,287
Net Changes for the Year	(14,398,914)	-	-	(14,398,914)
Work in Progress, end of year	1,689,668	-	-	1,689,668
Total Deferred Capital Revenue, end of year	112,260,458	4,632,977	-	116,893,435

School District No. 68 (Nanaimo-Ladysmith)

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

Schedule 4D (Unaudited)

	Bylaw Capital \$	MEd Restricted Capital \$	Other Provincial Capital \$	Land Capital \$	Other Capital \$	Total \$
Balance, beginning of year	100,889	4,161,242		124,379		4,386,510
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	8,543,892					8,543,892
Investment Income	(12,893)	23,750				23,750
Transfer project surplus to MEd Restricted (from) Bylaw	8,530,999	12,893				-
		36,643				8,567,642
Decrease:						
Transferred to DCR - Capital Additions	3,020,433					3,020,433
Transferred to DCR - Work in Progress	5,163,804	3,485,569				8,649,373
Harewood Demolition Expense	418,723					418,723
	8,602,960	3,485,569				12,088,529
Net Changes for the Year	(71,961)	(3,448,926)				(3,520,887)
Balance, end of year	28,928	712,316		124,379		865,623