

Audited Financial Statements of

School District No. 85 (Vancouver Island North)

June 30, 2016

School District No. 85 (Vancouver Island North)

June 30, 2016

Table of Contents

Management Report	1
Independent Auditors' Report	2
Statement of Financial Position - Statement 1	3
Statement of Operations - Statement 2	4
Statement of Changes in Net Financial Assets (Debt) - Statement 4	5
Statement of Cash Flows - Statement 5	6
Notes to the Financial Statements	7-24
Schedule of Changes in Accumulated Surplus (Deficit) by Fund - Schedule 1	25
Schedule of Operating Operations - Schedule 2	26
Schedule 2A - Schedule of Operating Revenue by Source	27
Schedule 2B - Schedule of Operating Expense by Object	28
Schedule 2C - Operating Expense by Function, Program and Object	29
Schedule of Special Purpose Operations - Schedule 3	31
Schedule 3A - Changes in Special Purpose Funds and Expense by Object	32
Schedule of Capital Operations - Schedule 4	34
Schedule 4A - Tangible Capital Assets	35
Schedule 4C - Deferred Capital Revenue	36
Schedule 4D - Changes in Unspent Deferred Capital Revenue	37

School District No. 85 (Vancouver Island North)

MANAGEMENT REPORT

Version: 5418-4672-2690

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 85 (Vancouver Island North) 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. 85 (Vancouver Island North) (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, Chan Nowosad Boates, 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. 85 (Vancouver Island North) 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. 85 (Vancouver Island North)

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

To: The Board of Education of
School District No. 85 (Vancouver Island North)
and the Minister of Education of the Province of
British Columbia

We have audited the accompanying financial statements of School District No. 85 (Vancouver Island North) 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 ended June 30, 2016 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, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, 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 auditor's 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 fair 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 of School District No. 85 (Vancouver Island North) as at and for the year ended June 30, 2016 and the results of its operations, statement of changes in net financial assets (debt) and cash flows 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, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 (a) 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

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 financial statements and, accordingly, we express no opinion on it.

Chartered Professional Accountants
Campbell River, BC

September 12, 2016

School District No. 85 (Vancouver Island North)

Statement 1

Statement of Financial Position

As at June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	2,470,065	2,020,108
Accounts Receivable		
Other (Note 3)	151,073	149,618
Portfolio Investments (Note 4)	2,209,500	3,209,500
Total Financial Assets	4,830,638	5,379,226
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	1,563,176	1,689,739
Deferred Revenue (Note 6)	334,822	347,067
Deferred Capital Revenue (Note 7)	17,821,307	17,247,762
Employee Future Benefits (Note 8)	1,411,697	1,280,507
Total Liabilities	21,131,002	20,565,075
Net Financial Assets (Debt)	(16,300,364)	(15,185,849)
Non-Financial Assets		
Tangible Capital Assets (Note 9)	28,410,214	27,759,057
Prepaid Expenses	10,212	45,352
Total Non-Financial Assets	28,420,426	27,804,409
Accumulated Surplus (Deficit)	12,120,062	12,618,560

Contractual Obligations and Contingencies

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. 85 (Vancouver Island North)

Statement 2

Statement of Operations
Year Ended June 30, 2016

	2016 Budget (Note 13) \$	2016 Actual \$	2015 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	18,749,621	18,762,218	18,693,684
Other			404,879
Federal Grants		50,000	
Other Revenue	328,000	464,311	38,344
Rentals and Leases	119,500	128,681	127,951
Investment Income	75,300	71,636	82,273
Amortization of Deferred Capital Revenue	945,262	945,262	938,681
Total Revenue	<u>20,217,683</u>	<u>20,422,108</u>	<u>20,285,812</u>
Expenses (Note 14)			
Instruction	15,095,192	15,158,001	14,335,942
District Administration	1,113,672	1,032,063	985,070
Operations and Maintenance	4,054,824	4,020,053	3,807,276
Transportation and Housing	770,847	710,489	683,952
Total Expense	<u>21,034,535</u>	<u>20,920,606</u>	<u>19,812,240</u>
Surplus (Deficit) for the year	<u>(816,852)</u>	<u>(498,498)</u>	<u>473,572</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		12,618,560	12,144,988
Accumulated Surplus (Deficit) from Operations, end of year		<u><u>12,120,062</u></u>	<u>12,618,560</u>

School District No. 85 (Vancouver Island North)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2016

	2016 Budget (Note 13) \$	2016 Actual \$	2015 Actual \$
Surplus (Deficit) for the year	(816,852)	(498,498)	473,572
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(582,106)	(1,981,332)	(1,693,787)
Amortization of Tangible Capital Assets	1,330,176	1,330,175	1,294,433
Total Effect of change in Tangible Capital Assets	748,070	(651,157)	(399,354)
Acquisition of Prepaid Expenses		(10,212)	(45,354)
Use of Prepaid Expenses		45,352	59,226
Total Effect of change in Other Non-Financial Assets	-	35,140	13,872
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(68,782)</u>	(1,114,515)	88,090
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		(1,114,515)	88,090
Net Financial Assets (Debt), beginning of year		(15,185,849)	(15,273,939)
Net Financial Assets (Debt), end of year		<u>(16,300,364)</u>	(15,185,849)

School District No. 85 (Vancouver Island North)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(498,498)	473,572
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(1,455)	208,615
Prepaid Expenses	35,140	13,873
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(126,563)	(416,385)
Deferred Revenue	(12,245)	(92,446)
Employee Future Benefits	131,190	(5,423)
Amortization of Tangible Capital Assets	1,330,175	1,294,433
Amortization of Deferred Capital Revenue	(945,262)	(938,681)
Total Operating Transactions	<u>(87,518)</u>	<u>537,558</u>
Capital Transactions		
Tangible Capital Assets Purchased	(1,981,332)	(1,693,787)
Total Capital Transactions	<u>(1,981,332)</u>	<u>(1,693,787)</u>
Financing Transactions		
Capital Revenue Received	1,518,807	741,716
Total Financing Transactions	<u>1,518,807</u>	<u>741,716</u>
Investing Transactions		
Proceeds on Disposal of Portfolio Investments	1,000,000	
Investments in Portfolio Investments		444
Total Investing Transactions	<u>1,000,000</u>	<u>444</u>
Net Increase (Decrease) in Cash and Cash Equivalents	449,957	(414,069)
Cash and Cash Equivalents, beginning of year	2,020,108	2,434,177
Cash and Cash Equivalents, end of year	<u><u>2,470,065</u></u>	<u><u>2,020,108</u></u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	1,800	1,800
Cash Equivalents	2,468,265	2,018,308
	<u><u>2,470,065</u></u>	<u><u>2,020,108</u></u>

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on July 1, 1965 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. 85 (Vancouver Island North)", and operates as "School District No. 85 (Vancouver Island North)." 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. 85 (Vancouver Island North) 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 School 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 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 annual surplus by \$98,321
- June 30, 2015 – increase accumulated surplus and decrease deferred capital revenue by \$17,247,762
- Year-ended June 30, 2016 – decrease annual surplus by \$573,545
- June 30, 2016 – increase accumulated surplus and decrease deferred capital revenue by \$17,821,307

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

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

b) Cash and Cash Equivalents

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

c) Accounts Receivable

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

d) Portfolio Investments

The School District has investments in GIC's that have a maturity of greater than 3 months at the time of acquisition. GIC's and other investments not quoted in an active market are reported at cost or amortized cost.

Detailed information regarding portfolio investments is disclosed in Note 4.

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).

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. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

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

g) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements. 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 of active employees covered under the plan.

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

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

h) 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. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

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

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 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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

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

j) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. 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 expenses for services that extend beyond the current period, such as insurance premiums and membership fees, are included as prepaid expenses and stated at acquisition cost and are charged to expense over the periods expected to benefit from them.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

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

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 11 – Interfund Transfers and Note 15 – Internally Restricted Surplus). Funds and reserves are disclosed on Schedules 2, 3 and 4.

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 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. 85
NOTES TO FINANCIAL STATEMENTS
YEARS 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 and Vice-Principals employed under an individual employment contract are categorized as Principals and Vice-Principals.
- Superintendents, Assistant Superintendents, Directors of Instruction, 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, portfolio investments, accounts payable, accrued liabilities and other liabilities.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS 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.

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 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.

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2016	June 30, 2015
a) LEA/Direct Funding Receivable		
Due from Direct Funding (2002-2003)	\$79,245	\$79,245
Allowance for Doubtful Accounts	\$79,245	\$79,245
	\$ -	\$ -

	June 30, 2016	June 30, 2015
b) Accounts Receivable Other		
Due from Federal Government	\$ 20,924	\$ 20,071
Due from Other	\$130,149	\$129,547
	\$151,073	\$149,618

NOTE 4 PORTFOLIO INVESTMENTS

	June 30, 2016	June 30, 2015
Investments in the cost and amortized cost category:		
GIC's	\$2,209,500	\$3,209,500
	\$2,209,500	\$3,209,500

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2016	June 30, 2015
Trade payables	\$ 200,652	\$ 244,423
Salaries and benefits payable	\$1,103,655	\$1,184,936
Accrued vacation pay	\$ 207,294	\$ 236,340
Other payables	\$ 51,575	\$ 24,040
	\$1,563,176	\$1,689,739

NOTE 6 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.

	June 30, 2016	June 30, 2015
Balance, beginning of year	\$ 347,067	\$ 439,513
Changes for the year:		
Increase – Grants:		
Provincial – Ministry of Education	960,301	971,190
School generated funds	440,738	420,669
Other	1,672	1,828
	\$1,749,778	\$1,833,200
Decrease - Allocated to Revenue:		
Provincial – Ministry of Education	979,258	1,081,254
School generated funds	430,748	401,479
Other	4,950	3,400
	\$1,414,956	\$1,486,133
Balance, end of year	\$ 334,822	\$ 347,067

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 7 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.

	June 30, 2016	June 30, 2015
Deferred capital revenue subject to amortization		
Balance, beginning of year	\$17,235,006	\$17,333,327
Changes for the year:		
Increase:		
Capital Additions	1,518,807	840,360
Decrease:		
Amortization	945,262	938,681
	17,808,551	17,235,006
Deferred capital revenue - unspent		
Balance, beginning of year	12,756	111,400
Changes for the year:		
Increase:		
Provincial grants – Ministry of Education	1,518,807	741,716
Decrease:		
Transfer to deferred capital revenue subject to amortization	1,518,807	840,360
	\$ 12,756	\$ 12,756
Total deferred capital revenue balance, end of year	\$17,821,307	\$17,247,762

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 8 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.

	June 30, 2016	June 30, 2015
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$1,458,770	\$1,377,568
Service Cost	128,200	112,072
Interest Cost	34,181	45,517
Benefit Payments	(74,718)	(224,871)
Actuarial (Gain) Loss	(283,820)	148,484
Accrued Benefit Obligation – March 31	\$1,262,613	\$1,458,770
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 1,262,613	\$ 1,458,770
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	\$(1,262,613)	\$(1,458,770)
Employer Contributions After Measurement Date	23,746	57,031
Benefits Expense After Measurement Date	(34,719)	(40,595)
Unamortized Net Actuarial (Gain) Loss	(138,111)	161,827
Accrued Benefit Liability – June 30	\$(1,411,697)	\$(1,280,507)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$1,280,507	\$1,285,930
Net expense for Fiscal Year	172,623	160,627
Employer Contributions	(41,433)	(166,051)
Accrued Benefit Liability – June 30	\$1,411,697	\$1,280,507
Components of Net Benefit Expense		
Service Cost	\$ 122,711	\$ 116,104
Interest Cost	33,794	42,683
Amortization of Net Actuarial Loss	16,118	1,841
Net Benefit Expense	\$ 172,623	\$ 160,627

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

Assumptions

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	10.8	10.4

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 9 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2016	Net Book Value 2015
Sites	\$ 2,891,161	\$ 2,891,161
Buildings	24,299,529	23,518,093
Buildings – work in progress	-	-
Furniture & Equipment	404,817	478,351
Vehicles	656,136	777,561
Computer Software	-	1,413
Computer Hardware	158,571	92,478
Total	\$28,410,214	\$27,759,057

June 30, 2016

	Opening Cost	Additions	Disposals	Total 2016
Sites	\$ 2,891,161	\$ -	\$ -	\$ 2,891,161
Buildings	55,877,997	1,831,489	-	57,709,486
Furniture & Equipment	911,888	17,655	180,788	748,755
Vehicles	1,394,518	18,027	228,997	1,183,548
Computer Software	7,069	-	7,069	-
Computer Hardware	240,339	114,161	122,092	232,408
Total	\$61,322,972	\$1,981,332	\$538,946	\$62,765,358

	Opening Accumulated Amortization	Additions	Disposals	Total 2016
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	32,359,904	1,050,053	-	33,409,957
Furniture & Equipment	433,537	91,189	180,788	343,938
Vehicles	616,957	139,452	228,997	527,412
Computer Software	5,656	1,413	7,069	-
Computer Hardware	147,861	48,068	122,092	73,837
Total	\$33,563,915	\$1,330,175	\$538,946	\$34,355,144

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 9 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2015

	Opening Cost	Additions	Disposals	Total 2015
Sites	\$ 2,891,161	\$ -	\$ -	\$ 2,891,161
Buildings	54,343,231	1,534,766	-	55,877,997
Furniture & Equipment	786,283	125,605	-	911,888
Vehicles	1,393,870	19,322	18,674	1,394,518
Computer Software	7,069	-	-	7,069
Computer Hardware	256,791	14,094	30,546	240,339
Total	\$59,678,405	\$1,693,787	\$49,220	\$61,322,972

	Opening Accumulated Amortization	Additions	Disposals	Total 2015
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	31,336,258	1,023,646	-	32,359,904
Furniture & Equipment	354,909	78,628	-	433,537
Vehicles	496,244	139,387	18,674	616,957
Computer Software	4,242	1,414	-	5,656
Computer Hardware	127,049	51,358	30,546	147,861
Total	\$32,318,702	\$1,294,433	\$49,220	\$33,563,915

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 10 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, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits 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 of December 31, 2014, the Municipal Pension Plan has about 185,000 active members, including approximately 24,000 from School Districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014, indicated a \$449 million surplus for basic pension benefits on a going concern basis.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The School District paid \$1,211,106 for employer contributions to the plans for the year ended June 30, 2016 (2015: \$1,612,687)

The next valuation for the Teachers' Pension Plan will be as at December 31, 2017, with results available in 2018. The next valuation for the Municipal Pension Plan will be as at December 31, 2015, with results available in 2016 and not yet made available at the date of these financial statements.

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

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 11 INTERFUND TRANSFERS

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

1. Transfer from Operating Fund to Capital Fund	\$ 450,000
2. Transfer from Special Purpose Funds to Capital Fund	79,606

These transfers were made in order to fund the cost of capital building programs and the acquisition costs of furniture, equipment, vehicles and computer hardware.

NOTE 12 RELATED PARTY TRANSACTIONS

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

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 13 BUDGET FIGURES

Budget figures included in the financial statements are not audited. They were approved by the Board through the adoption of an amended annual budget bylaw on January 11, 2016. The amended budget is based on a more accurate estimation of revenue and expenditure than the budget approved before the commencement of the fiscal year.

NOTE 14 EXPENSE BY OBJECT

Total expenses as per Statement 2, detailed by object.

	June 30, 2016	June 30, 2015
Salaries and benefits	\$16,099,506	\$15,453,789
Services and supplies	3,490,925	3,064,018
Amortization	1,330,175	1,294,433
	\$20,920,606	\$19,812,240

NOTE 15 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Internally Restricted (appropriated) by the Board for:

Appropriation to 2016 – 2017 Annual Budget	\$ 613,106	
Unspent Targeted First Nations Funding	10,693	
School-Based Budgets Carried Forward	87,546	
District Budgets Carried Forward	2,636	
Pro-D Allocations Carried Forward	20,067	
Internally Restricted Surplus	\$ 734,048	
Unrestricted Operating Surplus	441,957	
Total Available for Future Operations	\$1,176,005	

NOTE 16 ECONOMIC DEPENDENCE

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

SCHOOL DISTRICT NO. 85
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016

NOTE 17 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, amounts receivable and investments. The School District is not exposed to significant credit risk associated with its amounts receivable.

It is management's opinion that the School 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 School District invests solely in guaranteed investment certificates.

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 as it invests solely in guaranteed investment certificates that have a maturity date of no more than 5 years.

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. 85 (Vancouver Island North)

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	1,819,196		10,799,364	12,618,560	12,144,988
Changes for the year					
Surplus (Deficit) for the year	(193,191)	79,606	(384,913)	(498,498)	473,572
Interfund Transfers					
Tangible Capital Assets Purchased		(79,606)	79,606	-	
Local Capital	(450,000)		450,000	-	
Net Changes for the year	(643,191)	-	144,693	(498,498)	473,572
Accumulated Surplus (Deficit), end of year - Statement 2	1,176,005	-	10,944,057	12,120,062	12,618,560

School District No. 85 (Vancouver Island North)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2016

	2016 Budget (Note 13) \$	2016 Actual \$	2015 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	17,754,924	17,782,960	17,612,430
Federal Grants		50,000	
Other Revenue	5,000	28,613	38,344
Rentals and Leases	119,500	128,681	127,951
Investment Income	75,000	71,636	81,514
Total Revenue	<u>17,954,424</u>	<u>18,061,890</u>	<u>17,860,239</u>
Expenses			
Instruction	13,941,003	13,904,053	13,157,349
District Administration	1,113,672	1,032,063	985,070
Operations and Maintenance	2,782,698	2,747,928	2,594,763
Transportation and Housing	631,395	571,037	544,565
Total Expense	<u>18,468,768</u>	<u>18,255,081</u>	<u>17,281,747</u>
Operating Surplus (Deficit) for the year	<u>(514,344)</u>	<u>(193,191)</u>	<u>578,492</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>964,344</u>		
Net Transfers (to) from other funds			
Local Capital	(450,000)	(450,000)	(550,000)
Total Net Transfers	<u>(450,000)</u>	<u>(450,000)</u>	<u>(550,000)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(643,191)</u>	<u>28,492</u>
Operating Surplus (Deficit), beginning of year		1,819,196	1,790,704
Operating Surplus (Deficit), end of year		<u>1,176,005</u>	<u>1,819,196</u>
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 15)		734,048	728,715
Unrestricted		441,957	1,090,481
Total Operating Surplus (Deficit), end of year		<u>1,176,005</u>	<u>1,819,196</u>

School District No. 85 (Vancouver Island North)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	17,635,258	17,644,758	17,646,311
Strike Savings Recovery			(474,441)
Other Ministry of Education Grants			
Labour Settlement Funding			293,454
Pay Equity	115,216	115,216	115,216
Economic Stability Dividend		9,814	
FSA		7,972	7,972
Carbon Tax Refund			18,327
Education Guarantee			277
Teacher Benefit Levelling Up			5,314
Curriculum Implementation	4,450	4,450	
MyEd Training		750	
Total Provincial Grants - Ministry of Education	17,754,924	17,782,960	17,612,430
Federal Grants		50,000	
Other Revenues			
Miscellaneous			
Sale of Assets	5,000	8,492	1,369
Other		20,121	36,975
Total Other Revenue	5,000	28,613	38,344
Rentals and Leases	119,500	128,681	127,951
Investment Income	75,000	71,636	81,514
Total Operating Revenue	17,954,424	18,061,890	17,860,239

School District No. 85 (Vancouver Island North)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual
	\$	\$	\$
Salaries			
Teachers	5,817,169	6,080,842	5,827,045
Principals and Vice Principals	1,441,426	1,551,088	1,422,813
Educational Assistants	1,471,774	1,475,117	1,360,076
Support Staff	2,174,038	2,197,189	2,186,438
Other Professionals	777,659	702,450	688,117
Substitutes	630,151	528,488	534,477
Total Salaries	<u>12,312,217</u>	<u>12,535,174</u>	<u>12,018,966</u>
Employee Benefits	3,220,717	3,001,062	2,780,454
Total Salaries and Benefits	<u>15,532,934</u>	<u>15,536,236</u>	<u>14,799,420</u>
Services and Supplies			
Services	761,823	667,520	716,981
Student Transportation	46,708	43,357	39,360
Professional Development and Travel	444,018	423,039	350,138
Rentals and Leases	13,900	8,319	7,572
Dues and Fees	20,649	19,790	19,323
Insurance	79,516	72,771	72,294
Supplies	853,920	748,681	619,742
Utilities	715,300	735,368	656,917
Total Services and Supplies	<u>2,935,834</u>	<u>2,718,845</u>	<u>2,482,327</u>
Total Operating Expense	<u>18,468,768</u>	<u>18,255,081</u>	<u>17,281,747</u>

School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

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	4,696,538	792,950		85,302		251,152	5,825,942
1.03 Career Programs	46,587					2,042	48,629
1.07 Library Services	192,399			53,444		7,759	253,602
1.08 Counselling	177,878					6,985	184,863
1.10 Special Education	763,545		1,334,325	14,874	36,138	131,321	2,280,203
1.30 English Language Learning	163,358					6,418	169,776
1.31 Aboriginal Education	40,537	86,107	140,792	14,957		17,589	299,982
1.41 School Administration		672,031		417,526		47,134	1,136,691
1.64 Other							-
Total Function 1	6,080,842	1,551,088	1,475,117	586,103	36,138	470,400	10,199,688
4 District Administration							
4.11 Educational Administration					331,753		331,753
4.40 School District Governance					80,336		80,336
4.41 Business Administration				139,866	163,949		303,815
Total Function 4	-	-	-	139,866	576,038	-	715,904
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				68,986	45,137	4,790	118,913
5.50 Maintenance Operations				1,042,788		43,986	1,086,774
5.52 Maintenance of Grounds				41,720			41,720
5.56 Utilities							-
Total Function 5	-	-	-	1,153,494	45,137	48,776	1,247,407
7 Transportation and Housing							
7.41 Transportation and Housing Administration					45,137		45,137
7.70 Student Transportation				317,726		9,312	327,038
7.73 Housing							-
Total Function 7	-	-	-	317,726	45,137	9,312	372,175
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	6,080,842	1,551,088	1,475,117	2,197,189	702,450	528,488	12,535,174

School District No. 85 (Vancouver Island North)

Schedule 2C (Unaudited)

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 (Note 13)	2015 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	5,825,942	1,367,905	7,193,847	577,227	7,771,074	7,771,205	7,351,465
1.03 Career Programs	48,629	11,533	60,162	3,418	63,580	86,138	32,906
1.07 Library Services	253,602	60,611	314,213	13,510	327,723	315,679	322,136
1.08 Counselling	184,863	43,663	228,526	1,341	229,867	229,235	222,744
1.10 Special Education	2,280,203	573,953	2,854,156	142,370	2,996,526	3,000,513	2,928,047
1.30 English Language Learning	169,776	40,939	210,715	10,802	221,517	226,835	176,367
1.31 Aboriginal Education	299,982	64,130	364,112	398,554	762,666	784,072	587,283
1.41 School Administration	1,136,691	278,990	1,415,681	63,401	1,479,082	1,481,726	1,481,126
1.64 Other	-	-	-	52,018	52,018	45,600	55,275
Total Function 1	10,199,688	2,441,724	12,641,412	1,262,641	13,904,053	13,941,003	13,157,349
4 District Administration							
4.11 Educational Administration	331,753	72,407	404,160	53,332	457,492	484,098	438,842
4.40 School District Governance	80,336	1,224	81,560	48,164	129,724	134,636	138,527
4.41 Business Administration	303,815	56,283	360,098	84,749	444,847	494,938	407,701
Total Function 4	715,904	129,914	845,818	186,245	1,032,063	1,113,672	985,070
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	118,913	28,761	147,674	69,411	217,085	196,895	195,439
5.50 Maintenance Operations	1,086,774	283,747	1,370,521	336,570	1,707,091	1,787,957	1,672,716
5.52 Maintenance of Grounds	41,720	12,561	54,281	34,103	88,384	82,546	69,691
5.56 Utilities	-	-	-	735,368	735,368	715,300	656,917
Total Function 5	1,247,407	325,069	1,572,476	1,175,452	2,747,928	2,782,698	2,594,763
7 Transportation and Housing							
7.41 Transportation and Housing Administration	45,137	8,847	53,984	4,485	58,469	81,356	58,881
7.70 Student Transportation	327,038	95,508	422,546	84,844	507,390	550,039	485,684
7.73 Housing	-	-	-	5,178	5,178	-	-
Total Function 7	372,175	104,355	476,530	94,507	571,037	631,395	544,565
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	12,535,174	3,001,062	15,536,236	2,718,845	18,255,081	18,468,768	17,281,747

School District No. 85 (Vancouver Island North)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	994,697	979,258	1,081,254
Other			404,879
Other Revenue	323,000	435,698	
Total Revenue	<u>1,317,697</u>	<u>1,414,956</u>	<u>1,486,133</u>
Expenses			
Instruction	1,154,189	1,253,948	1,178,593
Operations and Maintenance	81,402	81,402	57,467
Total Expense	<u>1,235,591</u>	<u>1,335,350</u>	<u>1,236,060</u>
Special Purpose Surplus (Deficit) for the year	<u>82,106</u>	<u>79,606</u>	<u>250,073</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(82,106)	(79,606)	(250,073)
Total Net Transfers	<u>(82,106)</u>	<u>(79,606)</u>	<u>(250,073)</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. 85 (Vancouver Island North)

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

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community- LINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year				29,745	262,008		24,122	6,192	
Add: Restricted Grants									
Provincial Grants - Ministry of Education	161,008	369,931	854			96,000	19,600	9,650	303,258
Other				1,500	440,738				
Investment Income				172					
	161,008	369,931	854	1,672	440,738	96,000	19,600	9,650	303,258
Less: Allocated to Revenue	161,008	369,931	-	4,950	430,748	96,000	33,219	15,842	303,258
Deferred Revenue, end of year	-	-	854	26,467	271,998	-	10,503	-	-
Revenues									
Provincial Grants - Ministry of Education	161,008	369,931				96,000	33,219	15,842	303,258
Other Revenue				4,950	430,748				
	161,008	369,931	-	4,950	430,748	96,000	33,219	15,842	303,258
Expenses									
Salaries									
Teachers		218,526							67,294
Educational Assistants		60,499							158,917
Substitutes		16,113						1,072	5,654
	-	295,138	-	-	-	-	-	1,072	231,865
Employee Benefits		72,649						155	69,116
Services and Supplies	81,402	2,144		4,950	430,748	96,000	33,219	14,615	2,277
	81,402	369,931	-	4,950	430,748	96,000	33,219	15,842	303,258
Net Revenue (Expense) before Interfund Transfers	79,606	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(79,606)								
	(79,606)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 85 (Vancouver Island North)

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

	Service Delivery	
	Transformation	TOTAL
	\$	\$
Deferred Revenue, beginning of year	25,000	347,067
Add: Restricted Grants		
Provincial Grants - Ministry of Education		960,301
Other		442,238
Investment Income		172
	-	1,402,711
Less: Allocated to Revenue		-
Deferred Revenue, end of year	25,000	334,822
Revenues		
Provincial Grants - Ministry of Education		979,258
Other Revenue		435,698
	-	1,414,956
Expenses		
Salaries		
Teachers		285,820
Educational Assistants		219,416
Substitutes		22,839
	-	528,075
Employee Benefits		141,920
Services and Supplies		665,355
	-	1,335,350
Net Revenue (Expense) before Interfund Transfers	-	79,606
Interfund Transfers		
Tangible Capital Assets Purchased		(79,606)
	-	(79,606)
Net Revenue (Expense)	-	-

School District No. 85 (Vancouver Island North)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2016

	2016	2016 Actual			2015
	Budget (Note 13)	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Investment Income	300			-	759
Amortization of Deferred Capital Revenue	945,262	945,262		945,262	938,681
Total Revenue	<u>945,562</u>	<u>945,262</u>	-	<u>945,262</u>	<u>939,440</u>
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	1,190,724	1,190,723		1,190,723	1,155,046
Transportation and Housing	139,452	139,452		139,452	139,387
Total Expense	<u>1,330,176</u>	<u>1,330,175</u>	-	<u>1,330,175</u>	<u>1,294,433</u>
Capital Surplus (Deficit) for the year	<u>(384,614)</u>	<u>(384,913)</u>	-	<u>(384,913)</u>	<u>(354,993)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	82,106	79,606		79,606	250,073
Local Capital	450,000		450,000	450,000	550,000
Total Net Transfers	<u>532,106</u>	<u>79,606</u>	<u>450,000</u>	<u>529,606</u>	<u>800,073</u>
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		382,919	(382,919)	-	
Total Other Adjustments to Fund Balances		<u>382,919</u>	<u>(382,919)</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>147,492</u>	<u>77,612</u>	<u>67,081</u>	<u>144,693</u>	<u>445,080</u>
Capital Surplus (Deficit), beginning of year		<u>10,524,051</u>	<u>275,313</u>	<u>10,799,364</u>	<u>10,354,284</u>
Capital Surplus (Deficit), end of year		<u>10,601,663</u>	<u>342,394</u>	<u>10,944,057</u>	<u>10,799,364</u>

School District No. 85 (Vancouver Island North)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2016

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	2,891,161	55,877,997	911,888	1,394,518	7,069	240,339	61,322,972
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		1,518,807					1,518,807
Special Purpose Funds		79,606					79,606
Local Capital		233,076	17,655	18,027		114,161	382,919
	-	1,831,489	17,655	18,027	-	114,161	1,981,332
Decrease:							
Deemed Disposals			180,788	228,997	7,069	122,092	538,946
	-	-	180,788	228,997	7,069	122,092	538,946
Cost, end of year	2,891,161	57,709,486	748,755	1,183,548	-	232,408	62,765,358
Work in Progress, end of year							-
Cost and Work in Progress, end of year	2,891,161	57,709,486	748,755	1,183,548	-	232,408	62,765,358
Accumulated Amortization, beginning of year		32,359,904	433,537	616,957	5,656	147,861	33,563,915
Changes for the Year							
Increase: Amortization for the Year		1,050,053	91,189	139,452	1,413	48,068	1,330,175
Decrease:							
Deemed Disposals			180,788	228,997	7,069	122,092	538,946
			-	180,788	7,069	122,092	538,946
Accumulated Amortization, end of year		33,409,957	343,938	527,412	-	73,837	34,355,144
Tangible Capital Assets - Net	2,891,161	24,299,529	404,817	656,136	-	158,571	28,410,214

School District No. 85 (Vancouver Island North)

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	17,235,006			17,235,006
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,518,807			1,518,807
	1,518,807	-	-	1,518,807
Decrease:				
Amortization of Deferred Capital Revenue	945,262			945,262
	945,262	-	-	945,262
Net Changes for the Year	573,545	-	-	573,545
Deferred Capital Revenue, end of year	17,808,551	-	-	17,808,551
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	-	-	-	-
Work in Progress, end of year	-	-	-	-
Total Deferred Capital Revenue, end of year	17,808,551	-	-	17,808,551

School District No. 85 (Vancouver Island North)

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	\$	\$ 12,756	\$	\$	\$	\$ 12,756
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	1,518,807					1,518,807
	1,518,807	-	-	-	-	1,518,807
Decrease:						
Transferred to DCR - Capital Additions	1,518,807					1,518,807
	1,518,807	-	-	-	-	1,518,807
Net Changes for the Year	-	-	-	-	-	-
Balance, end of year	-	12,756	-	-	-	12,756