

Amended Annual Budget

School District No. 58 (Nicola-Similkameen)

June 30, 2018

School District No. 58 (Nicola-Similkameen)

June 30, 2018

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*NOTE - Statement 1, Statement 3, Statement 5 and Schedules 4A - 4D are used for Financial Statement reporting only.

AMENDED ANNUAL BUDGET BYLAW

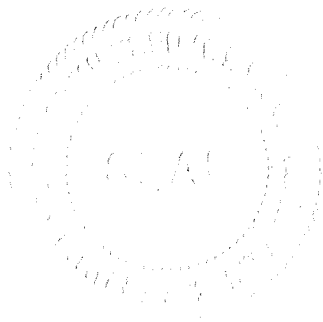
A Bylaw of THE BOARD OF EDUCATION OF SCHOOL DISTRICT NO. 58 (NICOLA-SIMILKAMEEN) (called the "Board") to adopt the Amended Annual Budget of the Board for the fiscal year 2017/2018 pursuant to section 113 of the *School Act*, R.S.B.C., 1996, c. 412 as amended from time to time (called the "Act").

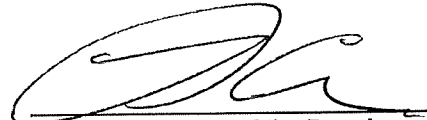
1. Board has complied with the provisions of the Act respecting the Amended Annual Budget adopted by this bylaw.
2. This bylaw may be cited as School District No. 58 (Nicola-Similkameen) Amended Annual Budget Bylaw for fiscal year 2017/2018.
3. The attached Statement 2 showing the estimated revenue and expense for the 2017/2018 fiscal year and the total budget bylaw amount of \$31,782,883 for the 2017/2018 fiscal year was prepared in accordance with the *Act*.
4. Statement 2, 4 and Schedules 1 to 4 are adopted as the Amended Annual Budget of the Board for the fiscal year 2017/2018.


READ A FIRST TIME THE 14th DAY OF FEBRUARY, 2018;

READ A SECOND TIME THE 14th DAY OF FEBRUARY, 2018;

READ A THIRD TIME, PASSED AND ADOPTED THE 14th DAY OF FEBRUARY, 2018;




Chairperson of the Board


Secretary Treasurer

I HEREBY CERTIFY this to be a true original of School District No. 58 (Nicola-Similkameen) Amended Annual Budget Bylaw 2017/2018, adopted by the Board the 14th DAY OF FEBRUARY, 2018.


Secretary Treasurer

School District No. 58 (Nicola-Similkameen)

Statement 2

Amended Annual Budget - Revenue and Expense

Year Ended June 30, 2018

	2018 Amended Annual Budget	2018 Annual Budget
Ministry Operating Grant Funded FTE's		
School-Age	2,163,750	2,231,250
Adult	14,375	17,000
Total Ministry Operating Grant Funded FTE's	2,178,125	2,248,250
Revenues	\$	\$
Provincial Grants		
Ministry of Education	25,131,621	24,828,702
Other	27,000	23,000
Other Revenue	3,476,354	3,376,354
Rentals and Leases	90,000	90,000
Investment Income	130,000	100,000
Amortization of Deferred Capital Revenue	832,804	817,932
Total Revenue	29,687,779	29,235,988
Expenses		
Instruction	23,309,680	23,368,631
District Administration	1,161,592	1,123,760
Operations and Maintenance	5,142,497	5,119,424
Transportation and Housing	877,683	905,194
Total Expense	30,491,452	30,517,009
Net Revenue (Expense)	(803,673)	(1,281,021)
Budgeted Allocation (Retirement) of Surplus (Deficit)	803,673	913,132
Budgeted Surplus (Deficit), for the year	-	(367,889)
Budgeted Surplus (Deficit), for the year comprised of:		
Operating Fund Surplus (Deficit)		
Special Purpose Fund Surplus (Deficit)		(367,889)
Capital Fund Surplus (Deficit)		
Budgeted Surplus (Deficit), for the year	-	(367,889)

School District No. 58 (Nicola-Similkameen)

Statement 2

Amended Annual Budget - Revenue and Expense

Year Ended June 30, 2018

	2018 Amended Annual Budget	2018 Annual Budget
Budget Bylaw Amount		
Operating - Total Expense	25,080,253	25,263,849
Operating - Tangible Capital Assets Purchased	398,741	176,772
Special Purpose Funds - Total Expense	4,006,964	3,890,567
Special Purpose Funds - Tangible Capital Assets Purchased	142,690	
Capital Fund - Total Expense	1,404,235	1,362,593
Capital Fund - Tangible Capital Assets Purchased from Local Capital	750,000	750,000
Total Budget Bylaw Amount	31,782,883	31,443,781

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. 58 (Nicola-Similkameen)

Statement 4

Amended Annual Budget - Changes in Net Financial Assets (Debt)

Year Ended June 30, 2018

	2018 Amended Annual Budget	2018 Annual Budget
	\$	\$
Surplus (Deficit) for the year	(803,673)	(1,281,021)
Effect of change in Tangible Capital Assets		
Acquisition of Tangible Capital Assets		
From Operating and Special Purpose Funds	(541,431)	(176,772)
From Local Capital	(750,000)	(750,000)
From Deferred Capital Revenue	(2,005,353)	(1,761,691)
Total Acquisition of Tangible Capital Assets	(3,296,784)	(2,688,463)
Amortization of Tangible Capital Assets	1,404,235	1,362,593
Total Effect of change in Tangible Capital Assets	(1,892,549)	(1,325,870)
	-	-
(Increase) Decrease in Net Financial Assets (Debt)	(2,696,222)	(2,606,891)

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on December 2, 1996 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. 58 (Nicola-Similkameen)", and operates as "School District No. 58 (Nicola-Similkameen)." 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. 58 (Nicola-Similkameen) 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* (The Act). 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(k).

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(k), 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, 2017 - increase in annual surplus by \$1,004,234

June 30, 2017 - increase in accumulated surplus and decrease in deferred contributions by \$20,296,264

Year-ended June 30, 2018 – increase in annual surplus by \$1,202,652

June 30, 2018 – increase in accumulated surplus and decrease in deferred contributions by \$21,498,916

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit with the Royal Bank of Canada, and the Province of British Columbia under the Central Deposit Program that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 had investments in Guaranteed Investment Certificates that matured during the year (Note 4).

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 (k).

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. See note 2 (a) for the impact of this policy on these financial statements.

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 of active employees covered under the plan.

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

The most recent actuarial 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, an actuarial 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.

h) 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.
- 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. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

- 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

i) Prepaid Expenses

Prepaid expense consists of software licenses and professional learning.

j) 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 17 – Internally Restricted Surplus – Operating Fund).

k) Revenue Recognition

Revenues are recorded on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Contributions received, or accrued 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

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

- 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

See note 2(a) for a description of the impact of accounting for deferred capital contributions has on these financial statements.

Any other 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.

l) Expenditures

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

Categories of Salaries

- Principals, Vice-Principals, 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 allocated 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.

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

- 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.

m) 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 and accrued liabilities, and other liabilities.

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

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

n) 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. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	2018	2017
Due from Federal Government	\$ 77,073	\$ 98,340
Other	161,070	304,551
	<u>\$238,143</u>	<u>\$402,891</u>

	2018	2017
Due from Local Education Agreement (LEA)	<u>\$1,769,938</u>	<u>\$862,939</u>

NOTE 4 PORTFOLIO INVESTMENTS

	2018	2017
Guaranteed Investment Certificates (all matured in year)	<u>\$ -</u>	<u>\$2,080,942</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	2018	2017
Trade payables	\$ 87,214	\$ 188,622
Salaries and benefits payable	1,309,302	1,839,093
Accrued vacation pay	246,097	250,929
Other	12,400	11,600
	<u>\$1,655,013</u>	<u>\$2,290,244</u>

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. Detailed information about the changes in deferred revenue is included in Schedule 3A (unaudited).

	2018	2017
Balance, beginning of year	\$ 899,219	\$ 863,454
Contributions received during the year	4,427,157	2,245,078
Revenue recognized from deferred contributions	<u>(4,383,379)</u>	<u>(2,209,313)</u>
	<u>\$ 942,997</u>	<u>\$ 899,219</u>

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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. Detailed information about the changes in deferred capital revenue is included in Schedules 4C and 4D (unaudited).

	2018	2017
Balance, beginning of year	\$20,296,264	\$19,292,030
Contributions received during the year	2,031,956	1,803,529
Investment income	3,500	2,182
Revenue recognized from deferred contributions	(832,804)	(801,477)
	<u>\$21,498,916</u>	<u>\$20,296,264</u>

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	1,161,783	1,183,754
Service Cost	101,156	101,156
Interest Cost	33,069	30,425
Benefit Payments	-35,981	-36,654
Increase (Decrease) in obligation due to Plan Amendment	0	0
Actuarial (Gain) Loss	-84,080	-116,898
Accrued Benefit Obligation – March 31	<u>1,175,946</u>	<u>1,161,783</u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation - March 31	1,175,946	1,161,783
Market Value of Plan Assets - March 31	<u>0</u>	<u>0</u>
Funded Status - Surplus (Deficit)	-1,175,946	-1,161,783
Employer Contributions After Measurement Date	58,615	0
Benefits Expense After Measurement Date	-34,469	-33,556
Unamortized Net Actuarial (Gain) Loss	-167,761	-83,477
Accrued Benefit Asset (Liability) - June 30	<u>-1,319,561</u>	<u>-1,278,817</u>
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability (Asset) - July 1	1,278,817	1,161,711
Net Expense for Fiscal Year	135,340	145,291
Employer Contributions	-94,596	-28,185
Accrued Benefit Liability (Asset) - June 30	<u>1,319,561</u>	<u>1,278,817</u>
Components of Net Benefit Expense		
Service Cost	102,001	101,156
Interest Cost	33,136	31,086
Immediate Recognition of Plan Amendment	0	0
Amortization of Net Actuarial (Gain)/Loss	<u>203</u>	<u>13,049</u>
Net Benefit Expense (Income)	<u>135,340</u>	<u>145,291</u>
Assumptions		
Discount Rate - April 1	2.75%	2.50%
Discount Rate - March 31	2.75%	2.75%
Long Term Salary Growth - April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth - March 31	2.50% + seniority	2.50% + seniority
EARS - March 31	9.1	9.1

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2018	Net Book Value 2017
Sites	\$ 2,723,949	\$ 2,723,949
Buildings	25,702,276	24,261,809
Buildings – work in progress	19,801	330,253
Furniture & Equipment	724,560	772,636
Vehicles	1,030,773	605,370
Computer Hardware	866,592	889,571
Total	\$31,067,951	\$29,583,588

June 30, 2018

Cost:	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2018
Sites	\$ 2,723,949	\$	\$	\$	\$ 2,723,949
Buildings	47,337,826	2,047,407		330,253	49,715,486
Buildings – work in progress	330,253			(310,452)	19,801
Furniture & Equipment	1,086,733	60,597	(55,022)		1,092,308
Vehicles	995,117	524,915	(96,486)		1,423,546
Computer Hardware	1,294,286	235,878	(152,122)		1,378,042
Total	\$53,768,164	\$2,868,797	(\$303,630)	\$ 19,801	\$56,353,132

Accumulated Amortization:	Opening Accumulated Amortization	Additions	Disposals	Total 2018
Buildings	\$23,076,017	\$ 937,193		\$24,013,210
Furniture & Equipment	314,097	108,673	(55,022)	367,748
Vehicles	389,747	99,512	(96,486)	392,773
Computer Hardware	404,715	258,857	(152,122)	511,450
Total	\$24,184,576	\$1,404,235	(\$303,630)	\$25,285,181

- Buildings – work in progress having a value of \$19,801 (2017: \$330,253) have not been amortized. Amortization of these assets will commence when the asset is put into service.

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2017

Cost:	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2017
Sites	\$ 2,723,949	\$	\$	\$	\$ 2,723,949
Buildings	45,906,107	1,431,719		330,253	47,668,079
Furniture & Equipment	852,176	308,398	(73,841)		1,086,733
Vehicles	993,526	128,896	(127,305)		995,117
Computer Hardware	1,192,358	343,434	(241,506)		1,294,286
Total	\$51,668,116	\$2,212,447	(\$442,652)	\$ 330,253	\$53,768,164

Accumulated Amortization:	Opening Accumulated Amortization	Additions	Disposals	Total 2017
Buildings	\$22,166,673	\$ 909,344		\$23,076,017
Furniture & Equipment	302,720	85,218	(73,841)	314,097
Vehicles	417,699	99,353	(127,305)	389,747
Computer Hardware	407,749	238,472	(241,506)	404,715
Total	\$23,294,841	\$1,332,387	(\$442,652)	\$24,184,576

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, 2016, the Teachers' Pension Plan has about 45,000 active members and approximately 37,000 retired members. As of December 31, 2016, the Municipal Pension Plan has about 193,000 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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

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. As a result of the 2014 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, the employer basic contribution rate decreased.

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 10 EMPLOYEE PENSION PLANS *(Continued)*

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rate remained unchanged.

The school district paid \$2,278,626 for employer contributions to the plans for the year ended June 30, 2018 (2017: \$2,239,655)

The next valuation for the Teachers' Pension Plan will be as at December 31, 2017, with results available in the fall of 2018. The next valuation for the Municipal Pension Plan will be as at December 31, 2018, with results available in 2019.

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.

NOTE 11 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2018, were as follows:

- Purchase of assets from the Operating Fund for the Capital Fund in the amount of \$469,929 (2017: \$352,012)
- Purchase of assets from the Special Purpose Fund for the Capital Fund in the amount of \$234,302 (2017: \$253,457)

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.

NOTE 13 CONTRACTUAL OBLIGATIONS

The School District has entered into the following 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.

- Horizon North in the amount of approximately \$190,000
- Alpha Design in the amount of approximately \$400,000
- Aspen Electric Ltd. in the amount of approximately \$600,000

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 14 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 on February 14, 2018.

NOTE 15 ASSET RETIREMENT OBLIGATION

The School District undertook an asbestos assessment during the 2007/2008 school year and the result was that there would not be an impact on any of the School District's proposed projects as a result of asbestos that may be present in the schools. The value of the potential liability for asbestos or disposal will be recognized in the period when the fair market value can be reasonably determined.

NOTE 16 EXPENSE BY OBJECT

	2018	2017
Salaries and benefits	\$ 24,223,498	\$ 23,211,038
Services and supplies	3,470,109	3,122,033
Amortization	1,404,235	1,332,387
Other	1,214,377	1,287,577
	<u>\$ 30,312,219</u>	<u>\$ 28,953,035</u>

NOTE 17 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Internally Restricted (appropriated) by Board for:	
Equipment replacement	\$ 250,000
Grounds improvements	250,000
Maintenance equipment	100,000
Transportation equipment	50,000
Fine Arts equipment	300,000
Music Department	300,000
Shop classroom equipment	200,000
Targeted funding for Aboriginal Education	102,858
School budget balances	146,409
Student/Teacher laptop initiative	300,000
Distance Education School	177,111
Allocation to balance 2018-19 operating budget	<u>950,441</u>
Subtotal Internally Restricted	3,126,819
Unrestricted Operating Surplus	<u>1,531,046</u>
Total Available for Future Operations	<u>\$ 4,657,865</u>

SCHOOL DISTRICT No. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 18 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.

NOTE 19 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 exposed to credit risk in the event of non-performance by a debtor. This risk is mitigated as most amounts receivable are due from the Province and are collectible.

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

b) Interest Rate risk:

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

b) 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. 58 (NICOLA-SIMILKAMEEN)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 20 FUNDS HELD IN TRUST

	2018	2017
Trust Assets – Cash in Bank	<u>\$234,560</u>	<u>\$227,293</u>

The District is a member of the Okanagan Labour Relations Council (OLRC). As agreed with the other members of the OLRC, the District provides administrative functions for the OLRC. In order to provide these services, it holds the above funds in trust on behalf of the OLRC. As such, the above funds are not assets of the District and are not included in the financial statements of the District. The funds will be disbursed in accordance with the governing rules of the OLRC.

School District No. 58 (Nicola-Similkameen)

Schedule 1

Amended Annual Budget - Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2018

	Operating Fund \$	Special Purpose Fund \$	Capital Fund \$	2018 Amended Annual Budget \$
Accumulated Surplus (Deficit), beginning of year	4,999,628	-	13,318,085	18,317,713
Changes for the year				
Net Revenue (Expense) for the year	(404,932)	142,690	(541,431)	(803,673)
Interfund Transfers				
Tangible Capital Assets Purchased	(398,741)	(142,690)	541,431	-
Net Changes for the year	(803,673)	-	-	(803,673)
Budgeted Accumulated Surplus (Deficit), end of year	4,195,955	-	13,318,085	17,514,040

School District No. 58 (Nicola-Similkameen)

Schedule 2

Amended Annual Budget - Operating Revenue and Expense

Year Ended June 30, 2018

	2018 Amended Annual Budget	2018 Annual Budget
	\$	\$
Revenues		
Provincial Grants		
Ministry of Education	21,611,967	21,568,135
Other	27,000	23,000
Other Revenue	2,846,354	2,746,354
Rentals and Leases	90,000	90,000
Investment Income	100,000	100,000
Total Revenue	24,675,321	24,527,489
Expenses		
Instruction	19,967,348	20,203,894
District Administration	1,161,592	1,123,760
Operations and Maintenance	3,073,630	3,031,001
Transportation and Housing	877,683	905,194
Total Expense	25,080,253	25,263,849
Net Revenue (Expense)	(404,932)	(736,360)
Budgeted Prior Year Surplus Appropriation	803,673	913,132
Net Transfers (to) from other funds		
Tangible Capital Assets Purchased	(398,741)	(176,772)
Total Net Transfers	(398,741)	(176,772)
Budgeted Surplus (Deficit), for the year	-	-

School District No. 58 (Nicola-Similkameen)
Amended Annual Budget - Schedule of Operating Revenue by Source
Year Ended June 30, 2018

Schedule 2A

	2018 Amended Annual Budget	2018 Annual Budget
	\$	\$
Provincial Grants - Ministry of Education		
Operating Grant, Ministry of Education	23,522,849	23,618,580
INAC/LEA Recovery	(2,396,354)	(2,396,354)
Other Ministry of Education Grants		
Pay Equity	120,216	120,216
Funding for Graduated Adults	16,000	20,000
Transportation Supplement	170,292	170,292
Economic Stability Dividend	10,000	
Return of Administrative Savings	122,301	122,301
Carbon Tax Grant	25,000	
Audit reduction		(86,900)
FSA Scorer Grant	7,506	
Support Staff Benefit funding	14,157	
Total Provincial Grants - Ministry of Education	21,611,967	21,568,135
Provincial Grants - Other	27,000	23,000
Other Revenues		
LEA/Direct Funding from First Nations	2,396,354	2,396,354
Miscellaneous		
Miscellaneous Revenue	450,000	350,000
Total Other Revenue	2,846,354	2,746,354
Rentals and Leases	90,000	90,000
Investment Income	100,000	100,000
Total Operating Revenue	24,675,321	24,527,489

School District No. 58 (Nicola-Similkameen)

Schedule 2B

Amended Annual Budget - Schedule of Operating Expense by Object
Year Ended June 30, 2018

	2018 Amended Annual Budget	2018 Annual Budget
	\$	\$
Salaries		
Teachers	9,007,026	9,194,885
Principals and Vice Principals	1,681,030	1,666,834
Educational Assistants	2,186,688	2,167,530
Support Staff	2,846,284	2,880,297
Other Professionals	784,337	773,246
Substitutes	753,502	727,843
Total Salaries	17,258,867	17,410,635
Employee Benefits	4,235,360	4,382,249
Total Salaries and Benefits	21,494,227	21,792,884
Services and Supplies		
Services	1,057,935	1,062,270
Student Transportation	226,175	244,210
Professional Development and Travel	353,490	346,990
Dues and Fees	61,239	61,239
Insurance	100,832	100,832
Supplies	1,226,855	1,095,924
Utilities	559,500	559,500
Total Services and Supplies	3,586,026	3,470,965
Total Operating Expense	25,080,253	25,263,849

School District No. 58 (Nicola-Similkameen)

Amended Annual Budget - Operating Expense by Function, Program and Object

Year Ended June 30, 2018

	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	7,133,955	282,868		401,492	68,743	445,336	8,332,394
1.03 Career Programs	8,849	26,829		5,201		7,847	48,726
1.07 Library Services	203,124			33,420		5,749	242,293
1.08 Counselling	462,513	68,469		10,637			541,619
1.10 Special Education	1,054,957	145,495	1,706,022	44,573	10,637	108,858	3,070,542
1.30 English Language Learning	16,027						16,027
1.31 Aboriginal Education	127,601	122,338	465,616		19,206	5,000	739,761
1.41 School Administration		1,035,031	15,050	462,668		50,412	1,563,161
Total Function 1	9,007,026	1,681,030	2,186,688	957,991	98,586	623,202	14,554,523
4 District Administration							
4.11 Educational Administration					205,671		205,671
4.40 School District Governance					106,098		106,098
4.41 Business Administration				95,026	226,312		321,338
Total Function 4	-	-	-	95,026	538,081	-	633,107
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				8,318	106,024	9,800	124,142
5.50 Maintenance Operations				1,343,841		60,000	1,403,841
5.52 Maintenance of Grounds				104,792		5,500	110,292
5.56 Utilities							-
Total Function 5	-	-	-	1,456,951	106,024	75,300	1,638,275
7 Transportation and Housing							
7.41 Transportation and Housing Administration					41,646		41,646
7.70 Student Transportation				336,316		55,000	391,316
Total Function 7	-	-	-	336,316	41,646	55,000	432,962
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	9,007,026	1,681,030	2,186,688	2,846,284	784,337	753,502	17,258,867

School District No. 58 (Nicola-Similkameen)

Amended Annual Budget - Operating Expense by Function, Program and Object

Year Ended June 30, 2018

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2018 Amended Annual Budget	2018 Annual Budget
	\$	\$	\$	\$	\$	\$
1 Instruction						
1.02 Regular Instruction	8,332,394	2,040,242	10,372,636	1,135,436	11,508,072	11,999,370
1.03 Career Programs	48,726	11,177	59,903	18,250	78,153	79,167
1.07 Library Services	242,293	63,155	305,448	48,265	353,713	283,036
1.08 Counselling	541,619	123,809	665,428	6,000	671,428	680,100
1.10 Special Education	3,070,542	842,626	3,913,168	199,175	4,112,343	3,964,527
1.30 English Language Learning	16,027	4,086	20,113	1,500	21,613	28,909
1.31 Aboriginal Education	739,761	187,487	927,248	273,815	1,201,063	1,163,563
1.41 School Administration	1,563,161	357,528	1,920,689	100,274	2,020,963	2,005,222
Total Function 1	14,554,523	3,630,110	18,184,633	1,782,715	19,967,348	20,203,894
4 District Administration						
4.11 Educational Administration	205,671	42,819	248,490	57,820	306,310	342,320
4.40 School District Governance	106,098	4,623	110,721	57,522	168,243	177,600
4.41 Business Administration	321,338	75,970	397,308	289,731	687,039	603,840
Total Function 4	633,107	123,412	756,519	405,073	1,161,592	1,123,760
5 Operations and Maintenance						
5.41 Operations and Maintenance Administration	124,142	22,567	146,709	118,519	265,228	277,653
5.50 Maintenance Operations	1,403,841	341,052	1,744,893	317,586	2,062,479	1,975,103
5.52 Maintenance of Grounds	110,292	23,631	133,923	52,500	186,423	218,745
5.56 Utilities	-	-	-	559,500	559,500	559,500
Total Function 5	1,638,275	387,250	2,025,525	1,048,105	3,073,630	3,031,001
7 Transportation and Housing						
7.41 Transportation and Housing Administration	41,646	7,802	49,448	750	50,198	50,596
7.70 Student Transportation	391,316	86,786	478,102	349,383	827,485	854,598
Total Function 7	432,962	94,588	527,550	350,133	877,683	905,194
9 Debt Services						
Total Function 9	-	-	-	-	-	-
Total Functions 1 - 9	17,258,867	4,235,360	21,494,227	3,586,026	25,080,253	25,263,849

School District No. 58 (Nicola-Similkameen)

Schedule 3

Amended Annual Budget - Special Purpose Revenue and Expense

Year Ended June 30, 2018

	2018 Amended Annual Budget	2018 Annual Budget
	\$	\$
Revenues		
Provincial Grants		
Ministry of Education	3,519,654	3,260,567
Other Revenue	630,000	630,000
Total Revenue	<u>4,149,654</u>	<u>3,890,567</u>
Expenses		
Instruction	3,342,332	3,164,737
Operations and Maintenance	664,632	725,830
Total Expense	<u>4,006,964</u>	<u>3,890,567</u>
Net Revenue (Expense)	<u>142,690</u>	<u>-</u>
Net Transfers (to) from other funds		
Tangible Capital Assets Purchased	(142,690)	-
Total Net Transfers	<u>(142,690)</u>	<u>-</u>
Budgeted Surplus (Deficit), for the year	<u>-</u>	<u>-</u>

School District No. 58 (Nicola-Similkameen)

Amended Annual Budget - Changes in Special Purpose Funds

Year Ended June 30, 2018

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Service Delivery Transformation	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	81,492	24,223	26,088	6,032	279,482	108,670	79,925	763	17,863
Add: Restricted Grants									
Provincial Grants - Ministry of Education	125,830	94,665				128,000	14,700	72,575	287,329
Other					600,000				
	125,830	94,665	-	-	600,000	128,000	14,700	72,575	287,329
Less: Allocated to Revenue	207,322	118,888	-	6,032	600,000	128,000	94,625	73,338	305,192
Deferred Revenue, end of year	-	-	26,088	-	279,482	108,670	-	-	-
Revenues									
Provincial Grants - Ministry of Education	207,322	118,888		6,032		128,000	94,625	73,338	305,192
Other Revenue					600,000				
	207,322	118,888	-	6,032	600,000	128,000	94,625	73,338	305,192
Expenses									
Salaries									
Teachers								17,905	43,835
Principals and Vice Principals									
Educational Assistants		100,241							30,930
Support Staff						89,159	94,625		9,001
Other Professionals									
Substitutes									
	-	100,241	-	-	-	89,159	94,625	17,905	83,766
Employee Benefits		18,647				26,498		3,401	23,616
Services and Supplies	64,632			6,032	600,000	12,343		52,032	197,810
	64,632	118,888	-	6,032	600,000	128,000	94,625	73,338	305,192
Net Revenue (Expense) before Interfund Transfers	142,690	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(142,690)								
	(142,690)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 58 (Nicola-Similkameen)

Amended Annual Budget - Changes in Special Purpose Funds

Year Ended June 30, 2018

Schedule 3A

	Coding and Curriculum Implementation	Priority Measures	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	AREA Multicultural Programs	Charitable Society	OLRC ASWI	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	18,626	1,476			27,013	172,566	55,000	899,219
Add: Restricted Grants								
Provincial Grants - Ministry of Education			347,424	2,218,731				3,289,254
Other								600,000
	-	-	347,424	2,218,731	-	-	-	3,889,254
Less: Allocated to Revenue	18,626	1,476	347,424	2,218,731	-	30,000	-	4,149,654
Deferred Revenue, end of year	-	-	-	-	27,013	142,566	55,000	638,819
Revenues								
Provincial Grants - Ministry of Education	18,626	1,476	347,424	2,218,731				3,519,654
Other Revenue						30,000		630,000
	18,626	1,476	347,424	2,218,731	-	30,000	-	4,149,654
Expenses								
Salaries								
Teachers		1,476		1,804,236				1,867,452
Principals and Vice Principals			63,093					63,093
Educational Assistants								131,171
Support Staff			15,181					207,966
Other Professionals			23,899					23,899
Substitutes	15,393		69,062					84,455
	15,393	1,476	171,235	1,804,236	-	-	-	2,378,036
Employee Benefits	3,233		41,658	414,495				531,548
Services and Supplies			134,531			30,000		1,097,380
	18,626	1,476	347,424	2,218,731	-	30,000	-	4,006,964
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	142,690
Interfund Transfers								
Tangible Capital Assets Purchased								(142,690)
	-	-	-	-	-	-	-	(142,690)
Net Revenue (Expense)	-	-	-	-	-	-	-	-

School District No. 58 (Nicola-Similkameen)

Schedule 4

Amended Annual Budget - Capital Revenue and Expense

Year Ended June 30, 2018

	2018 Amended Annual Budget			2018 Annual Budget
	Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$
Revenues				
Investment Income		30,000	30,000	
Amortization of Deferred Capital Revenue	832,804		832,804	817,932
Total Revenue	832,804	30,000	862,804	817,932
Expenses				
Amortization of Tangible Capital Assets				
Operations and Maintenance	1,404,235		1,404,235	1,362,593
Total Expense	1,404,235	-	1,404,235	1,362,593
Net Revenue (Expense)	(571,431)	30,000	(541,431)	(544,661)
Net Transfers (to) from other funds				
Tangible Capital Assets Purchased	541,431		541,431	176,772
Total Net Transfers	541,431	-	541,431	176,772
Other Adjustments to Fund Balances				
Tangible Capital Assets Purchased from Local Capital	750,000	(750,000)	-	
Total Other Adjustments to Fund Balances	750,000	(750,000)	-	
Budgeted Surplus (Deficit), for the year	720,000	(720,000)	-	(367,889)