

Audited Financial Statements of

**School District No. 59 (Peace River South)**

June 30, 2015

# School District No. 59 (Peace River South)

June 30, 2015

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# School District No. 59 (Peace River South)

## MANAGEMENT REPORT

Version: 4581-3835-1852

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

The accompanying financial statements of School District No. 59 (Peace River South) 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.


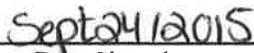
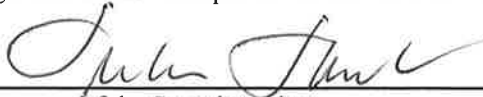
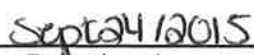

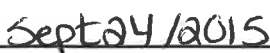
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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. 59 (Peace River South) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors', MNP LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors' have full and free access to financial management of School District No. 59 (Peace River South) 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. 59 (Peace River South)

	
Signature of the Chairperson of the Board of Education	Date Signed
	
Signature of the Superintendent	Date Signed
	
Signature of the Secretary Treasurer	Date Signed

## Independent Auditors' Report

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To the Board of Education of School District No. 59 (Peace River South) and the Minister of Education:

We have audited the accompanying financial statements of School District No. 59 (Peace River South), which comprise the statement of financial position as at June 30, 2015 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and presentation of these financial statements in accordance with the financial reporting framework based on Section 23.1 of the Budget Transparency and Accountability Act and the Province of British Columbia's Treasury Board Regulations 257/2010 and 198/2011, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements present the financial position of School District No. 59 (Peace River South) as at June 30, 2015 and the results of its operations, changes in net financial assets (debt) and cash flows in compliance with, in all material respects, the financial reporting framework based on Section 23.1 of the Budget Transparency and Accountability Act and the Province of British Columbia's Treasury Board Regulations 257/2010 and 198/2011.

### *Emphasis of Matter*

We draw attention to Note 2 which describes the financial reporting framework being followed by School District No. 59 (Peace River South).

### *Other Matter*

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

Grande Prairie, Alberta

September 23, 2015

*MNP* LLP

Chartered Professional Accountants

# School District No. 59 (Peace River South)

Statement 1

## Statement of Financial Position

As at June 30, 2015

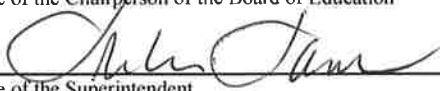
	2015 Actual	2014 Actual
	\$	\$
<b>Financial Assets</b>		
Cash and Cash Equivalents	10,227,894	8,742,932
Accounts Receivable		
Due from Province - Ministry of Education	268,437	268,437
Other (Note 4)	251,240	635,084
<b>Total Financial Assets</b>	<b>10,747,571</b>	<b>9,646,453</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education	-	814,207
Due to Province - Other	35,876	43,266
Other (Note 5)	2,904,809	2,327,147
Unearned Revenue (Note 6)	24,907	38,198
Deferred Revenue (Note 7)	865,448	549,043
Deferred Capital Revenue (Note 8)	24,784,198	25,527,233
Employee Future Benefits (Note 9)	697,369	631,419
<b>Total Liabilities</b>	<b>29,312,607</b>	<b>29,930,513</b>
<b>Net Financial Assets (Debt)</b>	<b>(18,565,036)</b>	<b>(20,284,060)</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 10)	34,819,249	35,998,188
Prepaid Expenses	128,150	67,422
<b>Total Non-Financial Assets</b>	<b>34,947,399</b>	<b>36,065,610</b>
<b>Accumulated Surplus (Deficit) (Note 19)</b>	<b>16,382,363</b>	<b>15,781,550</b>

Contractual Obligations and Contingencies (Note 15)

Approved by the Board

  
Signature of the Chairperson of the Board of Education

Sept 24 / 2015  
Date Signed

  
Signature of the Superintendent

Sept 24 / 2015  
Date Signed

  
Signature of the Secretary Treasurer

Sept 24 / 2015  
Date Signed

**School District No. 59 (Peace River South)**

Statement 2

Statement of Operations  
Year Ended June 30, 2015

	2015 Budget (Note 14)	2015 Actual	2014 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	43,828,850	44,006,365	44,390,403
Other	91,100	70,986	108,100
Tuition	78,592	78,142	79,965
Other Revenue	1,583,000	1,622,521	2,043,981
Rentals and Leases	133,910	173,088	133,845
Investment Income	120,000	153,085	127,961
Amortization of Deferred Capital Revenue	1,454,216	1,454,216	1,473,357
<b>Total Revenue</b>	<b>47,289,668</b>	<b>47,558,403</b>	<b>48,357,612</b>
<b>Expenses</b>			
Instruction	33,687,365	32,118,299	32,528,868
District Administration	1,816,769	1,880,048	1,743,909
Operations and Maintenance	9,520,144	9,464,101	9,491,402
Transportation and Housing	3,704,122	3,495,142	3,674,984
<b>Total Expense</b>	<b>48,728,400</b>	<b>46,957,590</b>	<b>47,439,163</b>
<b>Surplus (Deficit) for the year</b>	<b>(1,438,732)</b>	<b>600,813</b>	<b>918,449</b>
<b>Accumulated Surplus (Deficit) from Operations, beginning of year</b>		<b>15,781,550</b>	<b>14,863,101</b>
<b>Accumulated Surplus (Deficit) from Operations, end of year</b>		<b>16,382,363</b>	<b>15,781,550</b>

**School District No. 59 (Peace River South)**

Statement 4

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

Year Ended June 30, 2015

	2015 Budget (Note 14)	2015 Actual	2014 Actual
	\$	\$	\$
<b>Surplus (Deficit) for the year</b>	<u>(1,438,732)</u>	<u>600,813</u>	<u>918,449</u>
<b>Effect of change in Tangible Capital Assets</b>			
Acquisition of Tangible Capital Assets	(725,039)	(716,266)	(971,703)
Amortization of Tangible Capital Assets	1,891,126	1,895,205	1,912,854
<b>Total Effect of change in Tangible Capital Assets</b>	<u>1,166,087</u>	<u>1,178,939</u>	<u>941,151</u>
Use of Prepaid Expenses		(128,149)	(67,421)
Acquisition of Supplies Inventory		67,421	48,528
<b>Total Effect of change in Other Non-Financial Assets</b>	<u>-</u>	<u>(60,728)</u>	<u>(18,893)</u>
<b>(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)</b>	<u>(272,645)</u>	<u>1,719,024</u>	<u>1,840,707</u>
<b>Net Remeasurement Gains (Losses)</b>			
<b>(Increase) Decrease in Net Financial Assets (Debt)</b>		<u>1,719,024</u>	<u>1,840,707</u>
<b>Net Financial Assets (Debt), beginning of year</b>		<u>(20,284,060)</u>	<u>(22,124,767)</u>
<b>Net Financial Assets (Debt), end of year</b>		<u><u>(18,565,036)</u></u>	<u><u>(20,284,060)</u></u>

**School District No. 59 (Peace River South)**

Statement 5

## Statement of Cash Flows

Year Ended June 30, 2015

	2015 Actual	2014 Actual
	\$	\$
<b>Operating Transactions</b>		
Surplus (Deficit) for the year	600,813	918,449
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	383,844	(108,881)
Prepaid Expenses	(60,728)	(18,893)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(243,935)	(300,305)
Unearned Revenue	(13,291)	(21,590)
Deferred Revenue	316,405	(110,772)
Employee Future Benefits	65,950	(88,018)
Amortization of Tangible Capital Assets	1,895,205	1,912,854
Amortization of Deferred Capital Revenue	(1,454,216)	(1,473,357)
Bylaw Capital Spent on Non-Capital Items	(876,547)	(1,033,704)
<b>Total Operating Transactions</b>	<b>613,500</b>	<b>(324,217)</b>
<b>Capital Transactions</b>		
Tangible Capital Assets Purchased	(716,266)	(971,703)
<b>Total Capital Transactions</b>	<b>(716,266)</b>	<b>(971,703)</b>
<b>Financing Transactions</b>		
Capital Revenue Received	1,587,728	1,658,076
<b>Total Financing Transactions</b>	<b>1,587,728</b>	<b>1,658,076</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,484,962</b>	<b>362,156</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>8,742,932</b>	<b>8,380,776</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>10,227,894</b>	<b>8,742,932</b>
<b>Cash and Cash Equivalents, end of year, is made up of:</b>		
Cash	3,437,678	3,074,757
Cash Equivalents	6,790,216	5,668,175
	<b>10,227,894</b>	<b>8,742,932</b>



**School District No. 59 (Peace River South)**  
Schedule of Changes in Accumulated Surplus (Deficit) by Fund  
Year Ended June 30, 2015

**Schedule 1 (Unaudited)**

	Operating Fund	Special Purpose Fund	Capital Fund	2015 Actual	2014 Actual
	\$	\$	\$	\$	\$
<b>Accumulated Surplus (Deficit), beginning of year</b>	4,886,753		10,894,797	15,781,550	14,863,101
<b>Changes for the year</b>					
Surplus (Deficit) for the year	1,040,492		(439,679)	600,813	918,449
Interfund Transfers	(250,431)		250,431	-	-
Tangible Capital Assets Purchased	790,061	-	(189,248)	600,813	918,449
<b>Net Changes for the year</b>	5,676,814	-	10,705,549	16,382,363	15,781,550

**Accumulated Surplus (Deficit), end of year - Statement 2**

**School District No. 59 (Peace River South)**

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2015

	2015 Budget (Note 14)	2015 Actual	2014 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	41,148,186	<b>41,379,088</b>	41,783,812
Other	91,100	<b>70,986</b>	108,100
Tuition	78,592	<b>78,142</b>	79,965
Other Revenue	458,000	<b>596,330</b>	871,417
Rentals and Leases	133,910	<b>173,088</b>	133,845
Investment Income	120,000	<b>149,808</b>	119,855
<b>Total Revenue</b>	<b>42,029,788</b>	<b>42,447,442</b>	43,096,994
<b>Expenses</b>			
Instruction	30,911,696	<b>29,450,078</b>	30,011,403
District Administration	1,816,769	<b>1,880,048</b>	1,743,909
Operations and Maintenance	6,991,208	<b>6,973,867</b>	6,716,430
Transportation and Housing	3,311,937	<b>3,102,957</b>	3,271,119
<b>Total Expense</b>	<b>43,031,610</b>	<b>41,406,950</b>	41,742,861
<b>Operating Surplus (Deficit) for the year</b>	<b>(1,001,822)</b>	<b>1,040,492</b>	1,354,133
<b>Budgeted Appropriation (Retirement) of Surplus (Deficit)</b>	<b>1,643,344</b>		
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	(259,150)	<b>(250,431)</b>	(316,064)
<b>Total Net Transfers</b>	<b>(259,150)</b>	<b>(250,431)</b>	(316,064)
<b>Total Operating Surplus (Deficit), for the year</b>	<b>382,372</b>	<b>790,061</b>	1,038,069
<b>Operating Surplus (Deficit), beginning of year</b>		<b>4,886,753</b>	3,848,684
<b>Operating Surplus (Deficit), end of year</b>		<b>5,676,814</b>	4,886,753
<b>Operating Surplus (Deficit), end of year</b>			
Internally Restricted		<b>3,106,063</b>	3,468,717
Unrestricted		<b>2,570,751</b>	1,418,036
<b>Total Operating Surplus (Deficit), end of year</b>		<b>5,676,814</b>	4,886,753

**School District No. 59 (Peace River South)**

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2015

	2015 Budget (Note 14)	2015 Actual	2014 Actual
	\$	\$	\$
<b>Provincial Grants - Ministry of Education</b>			
Operating Grant, Ministry of Education	40,498,572	<b>40,752,171</b>	41,571,776
Strike Savings Recovery	(1,171,517)	<b>(1,141,032)</b>	(857,195)
Other Ministry of Education Grants			
Labour Settlement Funding	697,128	<b>697,128</b>	
Pay Equity	944,395	<b>944,395</b>	944,395
Carbon Tax Reimbursement	105,000	<b>104,691</b>	108,803
Education Guarantee		<b>1,939</b>	7,338
LNG Grant	66,108		
Other	8,500	<b>19,796</b>	8,695
<b>Total Provincial Grants - Ministry of Education</b>	<b>41,148,186</b>	<b>41,379,088</b>	<b>41,783,812</b>
<b>Provincial Grants - Other</b>	<b>91,100</b>	<b>70,986</b>	<b>108,100</b>
<b>Tuition</b>			
Offshore Tuition Fees	78,592	<b>78,142</b>	79,965
<b>Total Tuition</b>	<b>78,592</b>	<b>78,142</b>	<b>79,965</b>
<b>Other Revenues</b>			
Miscellaneous			
Seconded Teacher Revenue	74,000	<b>70,764</b>	74,682
BC Hydro Energy Program	114,000	<b>132,036</b>	81,363
Substitute Staff Recoveries	90,000	<b>110,837</b>	105,081
Insurance Claim		<b>13,239</b>	200,379
Bus Fees	45,000	<b>57,952</b>	56,707
Miscellaneous	135,000	<b>211,502</b>	353,205
<b>Total Other Revenue</b>	<b>458,000</b>	<b>596,330</b>	<b>871,417</b>
<b>Rentals and Leases</b>	<b>133,910</b>	<b>173,088</b>	<b>133,845</b>
<b>Investment Income</b>	<b>120,000</b>	<b>149,808</b>	<b>119,855</b>
<b>Total Operating Revenue</b>	<b>42,029,788</b>	<b>42,447,442</b>	<b>43,096,994</b>

**School District No. 59 (Peace River South)**

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object  
Year Ended June 30, 2015

	2015 Budget (Note 14)	2015 Actual	2014 Actual
	\$	\$	\$
<b>Salaries</b>			
Teachers	13,427,644	13,387,282	13,399,270
Principals and Vice Principals	3,761,955	3,691,295	3,138,600
Educational Assistants	2,367,459	2,334,077	2,535,030
Support Staff	5,333,823	5,066,625	4,625,341
Other Professionals	1,179,057	1,079,091	2,062,067
Substitutes	1,579,427	1,210,807	1,092,979
<b>Total Salaries</b>	<b>27,649,365</b>	<b>26,769,177</b>	<b>26,853,287</b>
<b>Employee Benefits</b>	<b>7,349,035</b>	<b>6,734,868</b>	<b>6,935,659</b>
<b>Total Salaries and Benefits</b>	<b>34,998,400</b>	<b>33,504,045</b>	<b>33,788,946</b>
<b>Services and Supplies</b>			
Services	1,943,778	1,864,353	1,842,431
Student Transportation	1,078,809	980,628	974,805
Professional Development and Travel	630,410	482,100	581,485
Rentals and Leases	23,600	27,008	29,252
Dues and Fees	369,813	366,422	379,113
Insurance	179,650	173,084	169,261
Supplies	2,606,150	2,783,107	2,733,153
Utilities	1,201,000	1,226,203	1,244,415
<b>Total Services and Supplies</b>	<b>8,033,210</b>	<b>7,902,905</b>	<b>7,953,915</b>
<b>Total Operating Expense</b>	<b>43,031,610</b>	<b>41,406,950</b>	<b>41,742,861</b>

# School District No. 59 (Peace River South)

Operating Expense by Function, Program and Object

Year Ended June 30, 2015

Schedule 2C (Unaudited)

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
<b>1 Instruction</b>							
1.02 Regular Instruction	11,003,557	1,177,943	377,220	569,413	32,248	786,342	13,946,723
1.03 Career Programs	79,029			11,240	103,396	1,728	195,393
1.07 Library Services	205,911	77,488	103,813			12,458	399,670
1.08 Counselling	480,416	9,185		8,745	12,704	2,734	513,784
1.10 Special Education	1,210,957	227,045	1,575,488	115,051	35,777	91,836	3,256,154
1.30 English Language Learning	20,193		27,477			144	47,814
1.31 Aboriginal Education			229,865	67,487	3,131	6,197	990,284
1.41 School Administration	387,219	296,385		531,964		34,038	2,128,891
1.62 Off Shore Students		1,562,190	699				
<b>Total Function 1</b>	<b>13,387,282</b>	<b>3,350,236</b>	<b>2,314,562</b>	<b>1,303,900</b>	<b>187,256</b>	<b>935,477</b>	<b>21,478,713</b>
<b>4 District Administration</b>							
4.11 Educational Administration		341,059		17,616	139,322	164	498,161
4.40 School District Governance					106,409	1,318	107,727
4.41 Business Administration				142,752	391,266		534,018
<b>Total Function 4</b>	<b>-</b>	<b>341,059</b>	<b>-</b>	<b>160,368</b>	<b>636,997</b>	<b>1,482</b>	<b>1,139,906</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration				48,672	173,848	1,802	224,322
5.50 Maintenance Operations				2,046,370		203,721	2,250,091
5.52 Maintenance of Grounds				510,661			510,661
5.56 Utilities							-
<b>Total Function 5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,605,703</b>	<b>173,848</b>	<b>205,523</b>	<b>2,985,074</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration				42,796	80,990		123,786
7.70 Student Transportation			19,515	953,858		68,325	1,041,698
<b>Total Function 7</b>	<b>-</b>	<b>-</b>	<b>19,515</b>	<b>996,654</b>	<b>80,990</b>	<b>68,325</b>	<b>1,165,484</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>13,387,282</b>	<b>3,691,295</b>	<b>2,334,077</b>	<b>5,066,625</b>	<b>1,079,091</b>	<b>1,210,807</b>	<b>26,769,177</b>

# School District No. 59 (Peace River South)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2015

	Total Salaries \$	Employee Benefits \$	Total Salaries and Benefits \$	Services and Supplies \$	2015 Actual \$	2015 Budget (Note 14) \$	2014 Actual \$
<b>1 Instruction</b>							
1.02 Regular Instruction	13,946,723	3,615,378	17,562,101	1,488,678	19,050,779	19,661,455	18,755,450
1.03 Career Programs	195,393	51,601	246,994	227,124	474,118	540,539	496,416
1.07 Library Services	399,670	96,438	496,108	21,867	517,975	536,713	470,725
1.08 Counselling	513,784	113,955	627,739	12,615	640,354	716,014	728,071
1.10 Special Education	3,256,154	841,881	4,098,035	177,637	4,275,672	4,738,283	4,795,171
1.30 English Language Learning	47,814	7,655	55,469	11,687	67,156	82,698	74,838
1.31 Aboriginal Education	990,284	262,006	1,252,290	123,485	1,375,775	1,451,079	1,555,266
1.41 School Administration	2,128,891	505,323	2,634,214	138,070	2,772,284	2,908,915	2,856,775
1.62 Off Shore Students	-	-	-	275,965	275,965	276,000	278,691
<b>Total Function 1</b>	<b>21,478,713</b>	<b>5,494,237</b>	<b>26,972,950</b>	<b>2,477,128</b>	<b>29,450,078</b>	<b>30,911,696</b>	<b>30,011,403</b>
<b>4 District Administration</b>							
4.11 Educational Administration	498,161	112,058	610,219	59,851	670,070	695,219	683,006
4.40 School District Governance	107,727	1,773	109,500	108,195	217,695	212,106	194,929
4.41 Business Administration	534,018	128,565	662,583	329,700	992,283	909,444	865,974
<b>Total Function 4</b>	<b>1,139,906</b>	<b>242,396</b>	<b>1,382,302</b>	<b>497,746</b>	<b>1,880,048</b>	<b>1,816,769</b>	<b>1,743,909</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration	224,322	51,997	276,319	237,809	514,128	492,080	506,284
5.50 Maintenance Operations	2,250,091	517,441	2,767,532	1,650,662	4,418,194	4,434,661	4,071,047
5.52 Maintenance of Grounds	510,661	110,103	620,764	192,720	813,484	863,467	892,855
5.56 Utilities	-	-	-	1,228,061	1,228,061	1,201,000	1,246,244
<b>Total Function 5</b>	<b>2,985,074</b>	<b>679,541</b>	<b>3,664,615</b>	<b>3,309,252</b>	<b>6,973,867</b>	<b>6,991,208</b>	<b>6,716,430</b>
<b>7 Transportation and Housing</b>							
7.41 Transportation and Housing Administration	123,786	29,874	153,660	3,431	157,091	198,454	160,392
7.70 Student Transportation	1,041,698	288,820	1,330,518	1,615,348	2,945,866	3,113,483	3,110,727
<b>Total Function 7</b>	<b>1,165,484</b>	<b>318,694</b>	<b>1,484,178</b>	<b>1,618,779</b>	<b>3,102,957</b>	<b>3,311,937</b>	<b>3,271,119</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>26,769,177</b>	<b>6,734,868</b>	<b>33,504,045</b>	<b>7,902,905</b>	<b>41,406,950</b>	<b>43,031,610</b>	<b>41,742,861</b>

**School District No. 59 (Peace River South)**

Schedule 3 (Unaudited)

## Schedule of Special Purpose Operations

Year Ended June 30, 2015

	2015 Budget (Note 14)	2015 Actual	2014 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	1,973,295	1,750,730	1,572,887
Other Revenue	1,125,000	1,026,191	1,172,564
Investment Income		1,967	4,293
<b>Total Revenue</b>	<u>3,098,295</u>	<u>2,778,888</u>	<u>2,749,744</u>
<b>Expenses</b>			
Instruction	2,775,669	2,668,221	2,517,465
Operations and Maintenance	322,626	110,667	232,279
<b>Total Expense</b>	<u>3,098,295</u>	<u>2,778,888</u>	<u>2,749,744</u>
<b>Special Purpose Surplus (Deficit) for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Special Purpose Surplus (Deficit) for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special Purpose Surplus (Deficit), beginning of year</b>			
<b>Special Purpose Surplus (Deficit), end of year</b>		<u>-</u>	<u>-</u>

# School District No. 59 (Peace River South)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2015

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	Special Education Technology	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>	12,568		9,469	12,308		440,294	15,339	478	3,278
<b>Add:</b> Restricted Grants									
Provincial Grants - Ministry of Education	310,058	821,752		5,637	110,671		193,000	39,200	113,280
Provincial Grants - Other						999,235			
Investment Income			108	139			819	131	
	310,058	821,752	108	5,776	110,671	999,235	193,819	39,331	113,280
<b>Less:</b> Allocated to Revenue	110,667	814,690	-	3,614	104,590	999,395	183,343	35,260	109,033
Strike Savings Recovery					5,601				
<b>Deferred Revenue, end of year</b>	<b>211,959</b>	<b>7,062</b>	<b>9,577</b>	<b>14,470</b>	<b>480</b>	<b>440,134</b>	<b>25,815</b>	<b>4,549</b>	<b>7,525</b>
<b>Revenues</b>									
Provincial Grants - Ministry of Education	110,667	814,690		3,475	104,590		182,524	35,129	109,033
Other Revenue						999,395			
Investment Income			-	139			819	131	
	110,667	814,690	-	3,614	104,590	999,395	183,343	35,260	109,033
<b>Expenses</b>									
Salaries									
Teachers		527,741							
Educational Assistants		123,431			76,753				67,643
Support Staff							135,624		
Other Professionals							375		
Substitutes								14,609	
Employee Benefits	-	651,172	-	-	76,753	-	135,999	14,609	67,643
Services and Supplies	110,667	163,518		3,614	19,834	999,395	31,740	3,134	17,176
	110,667	814,690	-	3,614	8,003	999,395	15,604	17,517	24,214
					104,590	999,395	183,343	35,260	109,033
<b>Net Revenue (Expense) before Interfund Transfers</b>	-	-	-	-	-	-	-	-	-
<b>Interfund Transfers</b>									
	-	-	-	-	-	-	-	-	-
<b>Net Revenue (Expense)</b>	-	-	-	-	-	-	-	-	-



**School District No. 59 (Peace River South)**  
Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2015

Schedule 3A (Unaudited)

**Deferred Revenue, beginning of year**

**Add:** Restricted Grants  
Provincial Grants - Ministry of Education 1,971,858  
Provincial Grants - Other 95,000  
Other 1,034,167  
Investment Income 2,109  
**Less:** Allocated to Revenue 3,103,134  
Strike Savings Recovery 2,778,888  
**Deferred Revenue, end of year 7,841**

**Revenues**

Provincial Grants - Ministry of Education 1,750,730  
Other Revenue 1,026,191  
Investment Income 1,967

**Expenses**

Salaries 741,122  
Teachers 291,045  
Educational Assistants 164,492  
Support Staff 375  
Other Professionals 1,402  
Substitutes 16,011  
Employee Benefits 1,213,045  
Services and Supplies 305,377  
351,274 27,340 4,500 1,260,466  
351,274 27,420 39,602 2,778,888

**Net Revenue (Expense) before Interfund Transfers**

**Interfund Transfers**

**Net Revenue (Expense)**

	Community- LINK	Service Delivery Transformation	Early Learning	LNG Grant	TOTAL
\$	\$	\$	\$	\$	\$
			55,309	-	549,043
	353,260	25,000			1,971,858
				95,000	95,000
	254	34	34,932		1,034,167
	353,514	25,034	624		2,109
	351,274	-	35,556	95,000	3,103,134
	2,240		27,420	39,602	2,778,888
		25,034	63,445	55,398	7,841
					<b>865,448</b>
	351,020		26,796	39,602	1,750,730
	254		624		1,026,191
	351,274	-	27,420	39,602	1,967
					2,778,888
	68,985				741,122
	167,614			28,868	291,045
					164,492
				1,402	375
	236,599	-	-	30,270	16,011
	65,063		80	4,832	1,213,045
	49,612		27,340	4,500	305,377
	351,274	-	27,420	39,602	1,260,466
					2,778,888
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

**School District No. 59 (Peace River South)**

Schedule 4 (Unaudited)

## Schedule of Capital Operations

Year Ended June 30, 2015

	2015 Budget (Note 14)	2015 Actual			2014 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Provincial Grants					
Ministry of Education	707,369	876,547		876,547	1,033,704
Investment Income			1,310	1,310	3,813
Amortization of Deferred Capital Revenue	1,454,216	1,454,216		1,454,216	1,473,357
<b>Total Revenue</b>	<u>2,161,585</u>	<u>2,330,763</u>	<u>1,310</u>	<u>2,332,073</u>	<u>2,510,874</u>
<b>Expenses</b>					
Operations and Maintenance	707,369	876,547		876,547	1,033,704
Amortization of Tangible Capital Assets					
Operations and Maintenance	1,498,941	1,503,020		1,503,020	1,508,989
Transportation and Housing	392,185	392,185		392,185	403,865
<b>Total Expense</b>	<u>2,598,495</u>	<u>2,771,752</u>	<u>-</u>	<u>2,771,752</u>	<u>2,946,558</u>
<b>Capital Surplus (Deficit) for the year</b>	<u>(436,910)</u>	<u>(440,989)</u>	<u>1,310</u>	<u>(439,679)</u>	<u>(435,684)</u>
<b>Net Transfers (to) from other funds</b>					
Tangible Capital Assets Purchased	259,150	250,431		250,431	316,064
<b>Total Net Transfers</b>	<u>259,150</u>	<u>250,431</u>	<u>-</u>	<u>250,431</u>	<u>316,064</u>
<b>Total Capital Surplus (Deficit) for the year</b>	<u>(177,760)</u>	<u>(190,558)</u>	<u>1,310</u>	<u>(189,248)</u>	<u>(119,620)</u>
<b>Capital Surplus (Deficit), beginning of year</b>		10,785,849	108,948	10,894,797	11,014,417
<b>Capital Surplus (Deficit), end of year</b>		<u>10,595,291</u>	<u>110,258</u>	<u>10,705,549</u>	<u>10,894,797</u>

# School District No. 59 (Peace River South)

Tangible Capital Assets

Year Ended June 30, 2015

Schedule 4A (Unaudited)

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	5,244,781	66,479,539	1,939,567	3,921,847	57,181	205,827	77,848,742
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw				465,835			465,835
Operating Fund			127,834	107,426		15,171	250,431
Decrease:							
Deemed Disposals			141,696	376,665	55,900		574,261
Cost, end of year							574,261
Work in Progress, end of year	5,244,781	66,479,539	1,925,705	4,118,443	1,281	220,998	77,990,747
Cost and Work in Progress, end of year	5,244,781	66,479,539	1,925,705	4,118,443	1,281	220,998	77,990,747
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		39,204,960	735,183	1,752,584	45,232	112,595	41,850,554
Decrease:							
Deemed Disposals		1,256,462	193,957	392,185	11,436	41,165	1,895,205
Accumulated Amortization, end of year							
			141,696	376,665	55,900		574,261
			141,696	376,665	55,900		574,261
		40,461,422	787,444	1,768,104	768	153,760	43,171,498
Tangible Capital Assets - Net	5,244,781	26,018,117	1,138,261	2,350,339	513	67,238	34,819,249

**School District No. 59 (Peace River South)**

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2015

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	22,619,092	574,822	2,018,425	25,212,339
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	465,835			465,835
	465,835	-	-	465,835
Decrease:				
Amortization of Deferred Capital Revenue	1,370,647	16,662	66,907	1,454,216
	1,370,647	16,662	66,907	1,454,216
Net Changes for the Year	(904,812)	(16,662)	(66,907)	(988,381)
Deferred Capital Revenue, end of year	21,714,280	558,160	1,951,518	24,223,958
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	21,714,280	558,160	1,951,518	24,223,958

# School District No. 59 (Peace River South)

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

Schedule 4D (Unaudited)

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	163,421	151,473				314,894
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education Investment Income	1,585,938	1,790				1,585,938
	1,585,938	1,790	-	-	-	1,587,728
Decrease:						
Transferred to DCR - Capital Additions Facility Improvements Not Capitalized	465,835					465,835
	876,547					876,547
	1,342,382	-	-	-	-	1,342,382
	243,556	1,790	-	-	-	245,346
Net Changes for the Year	406,977	153,263	-	-	-	560,240
Balance, end of year						

September 23, 2015

Ms. Melissa Panoulas  
School District 59  
11600 7th Street  
Dawson Creek, BC V1G 4R8

Dear Ms. Panoulas:

Re: Audit of 2015 Financial Statements

During the course of our audit of the financial statements for the ended June 30, 2015, we identified some matters which may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit is not specifically designed to identify all matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose all material fraud, or errors and other irregularities, and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have outlined below some suggestions for your consideration. This report is not exhaustive, and deals with the most important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff.

Observation and Possible Effect	Recommendation	Management Response
In our audit work, it was noted that one school generated bank account was not reconciled at year end. This could lead to misappropriation of cash.	We recommend that reconciliations be completed in a timely manner.	Will review unreconciled difference to determine adjustment required.
In our audit work, it was noted that the Secretary Treasurer is able to add/edit vendors and employees and has access to run payroll and generate cheques. This could lead to misappropriation of expenses.	We recommend that Secretary Treasurer should not have the ability to setup/edit vendors and employees and to run payroll and generate cheques as she is able to approve invoices and payroll.	Given the size of the finance staff and the need for coverage this will continue to be an issue related to the ST position.
In the previous year, it was noted in our audit work that when payroll is approved, there is not always an indication of the amount. In the current year audit work, it was noted that this observation has been addressed.	We recommend that you continue to do so.	None required.
In the previous year, it was noted that the Assistant Secretary Treasurer is able to set-up vendors, approve invoices and generate cheques which have computer-generated signatures on them. In the current year audit work, it was noted that this observation has been addressed.	We recommend that you continue to do so.	None required.

We have discussed the matters in this report with Ms. Panoulas and received her comments thereon. We also discussed them with you on September 23, 2015. We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from all staff members.

We would be pleased to discuss with you further any matters mentioned in this report at your convenience. This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to any third party who uses this communication.

Yours truly,

*MNP LLP*

**MNP LLP**

encls.

**MNP**

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 1      AUTHORITY AND PURPOSE**

The School District 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. 59 (Peace River South)", and operates as "School District No. 59 (Peace River South)." 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. 59 (Peace River South) is exempt from federal and provincial corporate income taxes.

**NOTE 2      ADOPTION OF NEW ACCOUNTING POLICY**

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

**NOTE 3      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 3(e) and 3(j).

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 3(e) and 3(j), 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, 2014 - increase in annual surplus by \$655,639;
- June 30, 2014 - increase in accumulated surplus and decrease in deferred contributions by \$25,212,339;
- Year-ended June 30, 2015 – increase in annual surplus by \$465,835; and,
- June 30, 2015 – increase in accumulated surplus and decrease in deferred contributions by \$24,223,958.



**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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

b) Cash and Cash Equivalents

Cash and cash equivalents include Certificates of Deposit with the Provincial Treasury that are readily convertible to known amounts of cash, have no set maturity terms, and that are subject to an insignificant risk of change in value. These cash equivalents 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) Unearned Revenue

Unearned revenue includes proceeds for services or products to be delivered in a future period. Revenue will be recognized in that future period when the courses, services, or products are provided.

e) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2(j).

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. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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

f) Employee Future Benefits

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

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

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

The most recent valuation of the obligation was performed at March 31, 2013 and projected to June 30, 2016. The next valuation will be performed at March 31, 2016 for use at June 30, 2016. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

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

g) 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.

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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

g) Tangible Capital Assets (Continued)

- 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

h) Prepaid Expenses

Prepaid expenses consist of unexpired insurance premiums and other prepaid amounts which will be amortized over the term of the policies, or in the period the actual expense relates to, respectively.

i) 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 12 – Interfund Transfers and Note 19 – Accumulated Surplus). *Funds and reserves are disclosed on Schedules 2, 3 and 4.*

j) 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.

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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

j) Revenue Recognition (Continued)

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. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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

k) Expenses

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

Categories of Salaries

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

Allocation of Costs

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

l) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The School District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable 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.

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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

**l) Financial Instruments (Continued)**

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.

**m) 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, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

**n) Statement of Remeasurement Gains and Losses**

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

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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

o) 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.

**NOTE 4 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES**

	2015	2014
Due from Federal Government	\$ 160,931	\$ 286,369
Due from Other School Districts	-	-
Insurance claim	13,239	200,379
Other Accounts Receivable	77,070	148,336
Allowance for Doubtful Accounts	-	-
	<u>\$ 251,240</u>	<u>\$ 635,084</u>

**NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES – OTHER**

	2015	2014
Trade payables	\$ 546,135	\$ 461,325
Salaries and benefits payable	1,481,455	1,066,763
Accrued vacation pay	761,596	755,177
Other	115,623	43,882
	<u>\$ 2,904,809</u>	<u>\$ 2,327,147</u>

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 6      UNEARNED REVENUE**

	2015	2014
Balance, beginning of year	\$ 38,198	\$ 59,791
Changes for the year:		
Increase:		
Tuition fees		16,350
Dual credit equipment	20,000	20,000
Other revenue	17,586	4,781
	<u>37,586</u>	<u>41,131</u>
Decrease:		
Tuition fees	20,250	-
Dual credit equipment	-	39,052
Other revenue	30,627	23,672
	<u>50,877</u>	<u>62,724</u>
Balance, end of year	<u>\$ 24,907</u>	<u>\$ 38,198</u>

**NOTE 7      DEFERRED REVENUE**

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled. Changes in deferred revenue are as follows:

	2015	2014
Balance, beginning of year	\$ 549,043	\$ 659,815
Changes for the year:		
Increase: Contributions received		
Provincial Grants – Ministry of Education	2,066,858	1,489,026
Other	1,034,167	1,182,670
Investment income	2,109	4,532
Transfers	-	-
	<u>3,103,134</u>	<u>2,676,228</u>
Decrease:		
Expenses	2,778,888	2,749,744
Recovered	-	5,048
Strike Savings Recovery	7,841	32,208
	<u>2,786,729</u>	<u>2,787,000</u>
Net changes for the year	<u>316,405</u>	<u>(110,772)</u>
Balance, end of year	<u>\$ 865,448</u>	<u>\$ 549,043</u>



**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 8      DEFERRED CAPITAL REVENUE**

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

	Deferred Capital 2015	Unspent Capital 2015	Total Deferred Capital Revenue 2015	Total Deferred Capital Revenue 2014
Balance, beginning of year	\$25,212,339	\$314,894	\$25,527,233	\$26,376,218
Changes for the year:				
Increase:				
Transfer from Unspent – Capital Additions	465,835	-	465,835	655,639
Provincial Grants – Ministry of Education	-	1,585,938	1,585,938	1,652,658
Investment income	-	1,790	1,790	5,418
	465,835	1,587,728	2,053,563	2,313,715
Decrease:				
Amortization of Deferred Capital	1,454,216	-	1,454,216	1,473,357
Capital Additions–transfer to Deferred Capital	-	465,835	465,835	655,639
Non-capital items	-	876,547	876,547	1,033,704
	1,454,216	1,342,382	2,796,598	3,162,700
Net changes for the year	(988,381)	245,346	(743,035)	(848,985)
Balance, end of year	\$24,223,958	\$560,240	\$24,784,198	\$25,527,233

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 9      EMPLOYEE FUTURE BENEFITS**

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

	2015	2014
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued Benefit Obligation – April 1	\$ 1,030,656	\$ 1,071,814
Service Cost	87,114	87,088
Interest Cost	34,155	32,597
Benefit Payments	(95,536)	(288,484)
Actuarial (Gain) Loss	30,297	127,641
Accrued Benefit Obligation – March 31	<u>\$1,086,686</u>	<u>\$1,030,656</u>
<b>Reconciliation of Funded Status at End of Fiscal Year</b>		
Accrued Benefit Obligation - March 31	\$1,086,686	\$1,030,656
Market Value of Plan Assets - March 31	-	-
Funded Status - Surplus (Deficit)	(1,086,686)	(1,030,656)
Employer Contributions After Measurement Date	14,463	-
Benefits Expense After Measurement Date	(30,952)	(30,317)
Unamortized Net Actuarial (Gain) Loss	405,806	429,554
Accrued Benefit Asset (Liability) - June 30	<u>(\$697,369)</u>	<u>(\$631,419)</u>
<b>Reconciliation of Change in Accrued Benefit Liability</b>		
Accrued Benefit Liability (Asset) - July 1	\$ 631,419	\$ 719,437
Recognize Benefit Expense April 1 - June 30, 2012	-	-
Accrued Benefit Liability (Asset) - July 1 (restated)	\$631,419	719,437
Net Expense for Fiscal Year	175,949	160,100
Employer Contributions	(109,999)	(248,118)
Accrued Benefit Liability (Asset) - June 30	<u>\$ 697,369</u>	<u>\$ 631,419</u>
<b>Components of Net Benefit Expense</b>		
Service Cost	\$ 89,994	\$ 87,095
Interest Cost	31,910	32,986
Amortization of Net Actuarial (Gain)/Loss	54,046	40,019
Net Benefit Expense (Income)	<u>\$ 175,950</u>	<u>\$ 160,100</u>

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

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

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

	2015	2014
Discount Rate - April 1	3.25%	3.00%
Discount Rate - March 31	2.25%	3.25%
Long Term Salary Growth - April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth - March 31	2.50% + seniority	2.50% + seniority
EARSL - March 31	9.1	9.1

**NOTE 10 TANGIBLE CAPITAL ASSETS**

**Net Book Value**

	Net Book Value June 30, 2015	Net Book Value June 30, 2014
Sites	\$ 5,244,781	\$ 5,244,781
Buildings	26,018,117	27,274,579
Furniture & Equipment	1,138,261	1,204,384
Vehicles	2,350,339	2,169,263
Computer Software	513	11,949
Computer Hardware	67,238	93,232
<b>Total</b>	<b>\$ 34,819,249</b>	<b>\$ 35,998,188</b>

**June 30, 2015**

Cost:	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
Sites	\$ 5,244,781	\$ -	\$ -	\$ 5,244,781
Buildings	66,479,539	-	-	66,479,539
Furniture & Equipment	1,939,567	127,834	(141,696)	1,925,705
Vehicles	3,921,847	573,261	(376,665)	4,118,443
Computer Software	57,181	-	(55,900)	1,281
Computer Hardware	205,827	15,171	-	220,998
<b>Total</b>	<b>\$ 77,848,742</b>	<b>\$ 716,266</b>	<b>\$ (574,261)</b>	<b>\$ 77,990,747</b>

Accumulated Amortization:	Balance at July 1, 2014	Amortization Expense	Disposals	Balance at June 30, 2015
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	39,204,960	1,256,462	-	40,461,422
Furniture & Equipment	735,183	193,957	(141,696)	787,444
Vehicles	1,752,584	392,185	(376,665)	1,768,104
Computer Software	45,232	11,436	(55,900)	768
Computer Hardware	112,595	41,165	-	153,760
<b>Total</b>	<b>\$ 41,850,554</b>	<b>\$ 1,895,205</b>	<b>\$ (574,261)</b>	<b>\$ 43,171,498</b>

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 10 TANGIBLE CAPITAL ASSETS (Continued)**

**June 30, 2014**

Cost:	Balance at July 1, 2013	Additions	Disposals	Balance at June 30, 2014
Sites	\$ 5,244,781	\$ -	\$ -	\$ 5,244,781
Buildings	66,083,249	396,290	-	66,479,539
Furniture & Equipment	1,718,300	292,071	(70,804)	1,939,567
Vehicles	4,038,653	283,342	(400,148)	3,921,847
Computer Software	158,224	-	(101,043)	57,181
Computer Hardware	214,707	-	(8,880)	205,827
<b>Total</b>	<b>\$ 77,457,914</b>	<b>\$ 971,703</b>	<b>\$ (580,875)</b>	<b>\$ 77,848,742</b>

Accumulated Amortization:	Balance at July 1, 2013	Additions	Disposals	Balance at June 30, 2014
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	37,942,387	1,262,573	-	39,204,960
Furniture & Equipment	634,157	171,830	(70,804)	735,183
Vehicles	1,748,867	403,865	(400,148)	1,752,584
Computer Software	114,630	31,645	(101,043)	45,232
Computer Hardware	78,534	42,941	(8,880)	112,595
<b>Total</b>	<b>\$ 40,518,575</b>	<b>\$ 1,912,854</b>	<b>\$ (580,875)</b>	<b>\$ 41,850,554</b>

**NOTE 11 EMPLOYEE PENSION PLANS**

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension Plans. The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. The Teachers' Pension Plan has approximately 45,000 active members from school districts, and approximately 32,000 retired members from school districts. The Municipal Pension Plan has about 179,000 active members, of which approximately 24,000 are from school districts.

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 11     EMPLOYEE PENSION PLANS** *(Continued)*

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2011 indicated an \$855 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2014 with results available in October 2015. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a \$1.37 billion funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plans record accrued liabilities and accrued assets for the Plans in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual employers participating in the Plans.

The School District paid \$3,529,006 for employer contributions to these plans in the year ended June 30, 2015 (2014: \$3,454,619).

**NOTE 12     INTERFUND TRANSFERS**

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2015, were as follows:

- A transfer in the amount of \$250,431 (2014: \$316,064) was made from the operating fund to the capital fund for capital equipment purchases.

**NOTE 13     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. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 14 BUDGET FIGURES**

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget on January 21, 2015. The Board adopted a preliminary annual budget on June 25, 2014. The amended budget is used for comparison purposes, as these are based on actual student enrollments. The difference between the two budgets is as follows:

	2015 Amended	2015 Preliminary	Difference
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	\$ 43,828,850	\$ 44,585,602	\$ (756,752)
Other	91,100	91,100	-
Tuition	78,592	71,000	7,592
Other Revenue	1,583,000	1,626,755	(43,755)
Rentals and Leases	133,910	133,910	-
Investment Income	120,000	100,000	20,000
Amortization of Deferred Capital Revenue	1,454,216	1,468,373	(14,157)
<b>Total Revenue</b>	<u>47,289,668</u>	<u>48,076,740</u>	<u>(787,072)</u>
<b>Expenses</b>			
Instruction	33,687,365	34,611,198	(923,833)
District Administration	1,816,769	1,662,553	154,216
Operations and Maintenance	9,520,144	9,481,525	38,619
Transportation and Housing	3,704,122	3,739,796	(35,674)
<b>Total Expenses</b>	<u>48,728,400</u>	<u>49,495,072</u>	<u>(766,672)</u>
<b>Surplus (Deficit) for the year</b>	<u>(1,438,732)</u>	<u>(1,418,332)</u>	<u>(20,400)</u>
<b>Effect of change in Tangible Capital Assets</b>			
Acquisition of Tangible Capital Assets			
From Operating and Special Purpose Funds	(259,150)	(247,490)	(11,660)
From Deferred Capital Revenue	(465,889)	(400,000)	(65,889)
<b>Total Acquisition of Tangible Capital Assets</b>	<u>(725,039)</u>	<u>(647,490)</u>	<u>(77,549)</u>
Amortization of Tangible Capital Assets	1,891,126	1,888,330	2,796
<b>Total Effect of change in Tangible Capital Assets</b>	<u>1,166,087</u>	<u>1,240,840</u>	<u>(74,753)</u>
<b>(Increase) Decrease in Net Financial Assets</b>	<u>\$ (272,645)</u>	<u>\$ (177,492)</u>	<u>\$ (95,153)</u>

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 15 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES**

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

**NOTE 16 ASSET RETIREMENT OBLIGATION**

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. As at June 30, 2015, the liability is not reasonably determinable.

**NOTE 17 EXPENSE BY OBJECT**

	2015	2014
Salaries and benefits	\$ 35,328,853	\$ 35,309,270
Services and supplies	9,733,532	10,217,039
Amortization	1,895,205	1,912,854
	<u>\$ 46,957,590</u>	<u>\$ 47,439,163</u>

**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.

**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 19      ACCUMULATED SURPLUS**

	2015	2014
<b>OPERATING</b>		
Internally Restricted (appropriated) by Board for:		
School-based Surpluses	\$ 470,018	\$ 557,463
Capacity Building	70,000	-
Inquiry-based Learning	175,000	350,000
Maintenance Projects	60,692	160,692
Primary Literacy Project	150,000	330,000
Aboriginal Student Achievement Project	-	66,667
Community Embedded Learning	-	255,000
Assessment for Learning Training	-	70,000
District Numeracy Position	150,000	200,000
Later to Literacy Project	100,000	200,000
Transportation Reserve	500,000	500,000
Board Contingency Fund	1,430,353	778,895
Subtotal Internally Restricted	3,106,063	3,468,717
Unrestricted Operating Surplus (Deficit)	2,570,751	1,418,036
Total Available for Future Operations	<u>\$ 5,676,814</u>	<u>\$ 4,886,753</u>
<b>CAPITAL</b>		
Investment in Tangible Capital Assets	10,595,291	10,785,849
Local Capital	110,258	108,948
Capital Surplus	10,705,549	10,894,797
<b>ACCUMULATED SURPLUS</b>	<u>\$ 16,382,363</u>	<u>\$ 15,781,550</u>

**NOTE 20      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.



**SCHOOL DISTRICT NO. 59 (PEACE RIVER SOUTH)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 20     RISK MANAGEMENT (Continued)**

a) Credit risk

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

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

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

c) Liquidity risk

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

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

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