

Audited Financial Statements of

School District No. 83 (North Okanagan-Shuswap)

June 30, 2018

School District No. 83 (North Okanagan-Shuswap)

June 30, 2018

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School District No. 83 (North Okanagan-Shuswap)

MANAGEMENT REPORT

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Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 83 (North Okanagan-Shuswap) 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. 83 (North Okanagan-Shuswap) (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, KPMG 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. 83 (North Okanagan-Shuswap) 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. 83 (North Okanagan-Shuswap)

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Signature of the Comptroller of Education	Date Signed
Signature of the Superintendent	Date Signed

Signature of the Secretary Treasurer	Date Signed
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INDEPENDENT AUDITORS' REPORT

To the Official Trustee, and
To the Minister of Education, Province of British Columbia

We have audited the accompanying financial statements of School District No. 83 (North Okanagan-Shuswap), which comprise the statements of financial position as at June 30, 2018, the statements of operations, statement of changes in net financial assets (debt) and statement of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of School District No. 83 (North Okanagan-Shuswap) as at and for the year ended June 30, 2018 are prepared in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Chartered Professional Accountants

September 25, 2018
Vernon, Canada

School District No. 83 (North Okanagan-Shuswap)

Statement of Financial Position
As at June 30, 2018

	2018 Actual	2017 Actual (Recast)
	\$	\$
Financial Assets		
Cash and Cash Equivalents (Note 3)	11,919,537	12,807,667
Accounts Receivable		
Due from Province - Ministry of Education	555,086	281,756
Due from LEA/Direct Funding	296,506	299,748
Other (Note 4)	242,509	148,569
Total Financial Assets	13,013,638	13,537,740
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	5,457,181	5,465,808
Unearned Revenue (Note 6)	55,915	-
Deferred Revenue (Note 7)	1,650,062	1,535,565
Deferred Capital Revenue (Note 8)	63,023,586	62,602,697
Employee Future Benefits (Note 9)	4,074,327	3,994,138
Total Liabilities	74,261,071	73,598,208
Net Financial Assets (Debt)	(61,247,433)	(60,060,468)
Non-Financial Assets		
Tangible Capital Assets (Note 10)	88,614,361	87,513,080
Restricted Assets (Endowments) (Note 12)	103,937	103,937
Prepaid Expenses	143,191	140,215
Supplies Inventory	-	366
Total Non-Financial Assets	88,861,489	87,757,598
Accumulated Surplus (Deficit) (Note 19)	27,614,056	27,697,130

Contractual Obligations (Note 15)

Approved by the Board

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

School District No. 83 (North Okanagan-Shuswap)

Statement 2

Statement of Operations

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual (Recast)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	71,615,025	70,992,360	64,306,137
Other	208,000	260,886	210,050
Tuition	5,000	10,993	
Other Revenue	2,990,504	3,162,973	3,044,238
Rentals and Leases	120,000	147,994	138,041
Investment Income	112,000	162,245	120,601
Gain (Loss) on Disposal of Tangible Capital Assets			87,869
Amortization of Deferred Capital Revenue	3,140,000	3,166,416	3,145,304
Total Revenue	<u>78,190,529</u>	<u>77,903,867</u>	<u>71,052,240</u>
Expenses			
Instruction	60,755,384	59,633,086	52,905,996
District Administration	3,140,835	3,163,826	2,999,010
Operations and Maintenance	11,652,145	11,510,773	11,455,223
Transportation and Housing	3,655,546	3,679,256	3,180,651
Total Expense	<u>79,203,910</u>	<u>77,986,941</u>	<u>70,540,880</u>
Surplus (Deficit) for the year	<u>(1,013,381)</u>	<u>(83,074)</u>	<u>511,360</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		27,697,130	27,185,770
Accumulated Surplus (Deficit) from Operations, end of year		<u>27,614,056</u>	<u>27,697,130</u>

School District No. 83 (North Okanagan-Shuswap)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual (Recast)
	\$	\$	\$
Surplus (Deficit) for the year	<u>(1,013,381)</u>	<u>(83,074)</u>	<u>511,360</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(5,090,296)	(5,862,296)	(5,609,431)
Amortization of Tangible Capital Assets	4,700,000	4,761,015	4,562,358
Net carrying value of Tangible Capital Assets disposed of			89,508
Total Effect of change in Tangible Capital Assets	<u>(390,296)</u>	<u>(1,101,281)</u>	<u>(957,565)</u>
Acquisition of Prepaid Expenses		(143,191)	(140,215)
Use of Prepaid Expenses		140,215	136,528
Acquisition of Supplies Inventory		-	(366)
Use of Supplies Inventory		366	933
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(2,610)</u>	<u>(3,120)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(1,403,677)</u>	<u>(1,186,965)</u>	<u>(449,325)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(1,186,965)</u>	<u>(449,325)</u>
Net Financial Assets (Debt), beginning of year		<u>(60,060,468)</u>	<u>(59,611,143)</u>
Net Financial Assets (Debt), end of year		<u><u>(61,247,433)</u></u>	<u><u>(60,060,468)</u></u>

School District No. 83 (North Okanagan-Shuswap)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2018

	2018 Actual	2017 Actual (Recast)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(83,074)	511,360
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(364,028)	475,803
Supplies Inventories	366	567
Prepaid Expenses	(2,976)	(3,687)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(8,627)	(310,635)
Unearned Revenue	55,915	(3,826)
Deferred Revenue	114,497	144,232
Employee Future Benefits	80,189	51,525
Loss (Gain) on Disposal of Tangible Capital Assets	-	(87,869)
Amortization of Tangible Capital Assets	4,761,015	4,562,358
Amortization of Deferred Capital Revenue	(3,166,416)	(3,145,304)
Total Operating Transactions	1,386,861	2,194,524
Capital Transactions		
Tangible Capital Assets Purchased	(5,862,296)	(4,819,431)
District Portion of Proceeds on Disposal	-	163,244
Total Capital Transactions	(5,862,296)	(4,656,187)
Financing Transactions		
Capital Revenue Received	3,587,305	3,266,009
Total Financing Transactions	3,587,305	3,266,009
Investing Transactions		
Investments in Portfolio Investments	-	6,360
Total Investing Transactions	-	6,360
Net Increase (Decrease) in Cash and Cash Equivalents	(888,130)	810,706
Cash and Cash Equivalents, beginning of year	12,807,667	11,996,961
Cash and Cash Equivalents, end of year	11,919,537	12,807,667
Cash and Cash Equivalents, end of year, is made up of:		
Cash	11,919,537	12,807,667
	11,919,537	12,807,667

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The accompanying notes are an integral part of these financial statements.

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SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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. 83 (North Okanagan-Shuswap)", and operates as "School District No. 83 (North Okanagan-Shuswap)". A Board of Education ("Board") elected for a four-year term governs the School District. Commencing June 15, 2016, the Board was replaced with an Official Trustee appointed by the Ministry of Education. 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. 83 (North Okanagan-Shuswap) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the School District are as follows:

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 supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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

a) Basis of Accounting (continued)

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue recognized in the statement of operations and certain related deferred capital revenue would be recorded differently under Canadian public sector accounting standards.

b) Basis of Consolidation

These financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities. Inter-departmental balances and organizational transactions have been eliminated.

The School District does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

The School District does not administer any trust activities on behalf of external parties.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash in the bank and deposits in the Provincial Ministry of Finance 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 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.

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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

d) Accounts Receivable

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

e) Unearned Revenue

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

f) Deferred 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(o).

g) Deferred Capital Revenue

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.

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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

h) Employee Future Benefits

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

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

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

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

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

i) Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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

j) Liability for Contaminated Sites

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

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

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

k) 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. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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

k) 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

l) Prepaid Expenses

Payments for insurance, subscriptions, membership and maintenance contracts for use within the School District are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

m) Supplies Inventory

Supplies inventory held for consumption or use includes laminating film and is recorded at the lower of historical cost and replacement cost.

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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

n) 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.

o) 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 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.

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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

o) Revenue Recognition (continued)

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.

p) Expenditures

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

Categories of Salaries

- Principals and Vice-Principals employed under a Principals and Vice-Principals contract are categorized as Principals and Vice-Principals.
- Superintendent, Secretary-Treasurer, Directors, Managers, 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.

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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

q) Endowment Contributions

Endowment contributions are reported as revenue on the Statement of Operations when received. Investment income earned on endowment principal is recorded as deferred revenue if it meets the definition of a liability and is recognized as revenue in the year related expenses (disbursements) are incurred. If the investment income earned does not meet the definition of a liability, it is recognized as revenue in the year it is earned. Endowment assets are reported as restricted financial assets on the Statement of Financial Position.

r) School Generated Funds

Funds collected and used at the school level are included in these financial statements and reported under a special purpose fund.

s) 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. 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 re-measurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of re-measurement 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.

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

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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

t) Measurement Uncertainty

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

NOTE 3 CASH AND CASH EQUIVALENTS

The School District has an unutilized demand loan credit facility agreement with the Royal Bank of Canada, dated September 7, 2010, in the amount of \$ 1,000,000.

NOTE 4 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	2018	2017
Due from Federal Government	\$ 75,439	\$ 67,722
Other	167,070	80,847
	<u>\$ 242,509</u>	<u>\$ 148,569</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	2018	2017
Trade payables	\$ 3,995,526	\$ 4,074,942
Salaries and benefits payable	754,116	669,665
Accrued vacation pay	707,539	721,201
	<u>\$ 5,457,181</u>	<u>\$ 5,465,808</u>

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 6 UNEARNED REVENUE

	2018	2017
Balance, beginning of year	\$ -	\$ 3,826
Changes for the year:		
Increase:		
Tuition fees	33,529	-
Rental/Lease of facilities	22,386	-
	55,915	-
Decrease:		
Tuition fees	-	2,500
Rental/Lease of facilities	-	1,326
	-	3,826
Net changes for the year	-	(3,826)
Balance, end of year	\$ 55,915	\$ -

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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.

	2018	2017
Balance, beginning of year	\$ 1,535,565	\$ 1,391,333
Changes for the year:		
Increase:		
Provincial Grants - Ministry of Education	7,629,824	2,956,057
Other	2,160,925	2,178,224
Investment Income	7,670	8,364
	9,798,419	5,142,645
Decrease:		
Transfers to Revenue	9,671,800	4,998,413
Recovered	12,122	-
	9,683,922	4,998,413
Net changes for the year	114,497	144,232
Balance, end of year	\$ 1,650,062	\$ 1,535,565

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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.

	2018	2017
Balance, deferred capital revenue, subject to amortization, beginning of year	\$ 62,602,697	\$ 62,496,125
Changes for the year:		
Increase:		
Deferred Capital Revenue – Other Provincial Capital	104,910	219,673
Deferred Capital Revenue Bylaw – Ministry of Education	3,482,395	2,556,604
Ministry of Education - Restricted Portion of Proceeds on Disposal	-	489,732
	\$ 3,587,305	\$ 3,266,009
Decrease:		
Amortization of Deferred Capital Revenue	3,166,416	3,145,304
Revenue Recognized on Disposal of Buildings	-	14,133
	\$ 3,166,416	\$ 3,159,437
Net Changes for the Year	420,889	106,572
Deferred Capital Revenue, end of year	\$ 63,023,586	\$ 62,602,697

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 9 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance 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	\$ 3,585,270	\$ 3,839,436
Service Cost	254,338	253,437
Interest Cost	99,292	95,402
Benefit Payments	(368,285)	(159,896)
Actuarial Gain	(83,300)	(443,109)
Accrued Benefit Obligation – March 31	<u>\$ 3,487,315</u>	<u>\$ 3,585,270</u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation - March 31	\$ 3,487,315	\$ 3,585,270
Market Value of Plan Assets - March 31	0	0
Funded Status – Deficit	(3,487,315)	(3,585,270)
Employer Contributions After Measurement Date	129,524	272,614
Benefits Expense After Measurement Date	(91,125)	(88,407)
Unamortized Net Actuarial Gain	(625,411)	(593,075)
Accrued Benefit Liability - June 30	<u>\$ (4,074,327)</u>	<u>\$ (3,994,138)</u>
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability - July 1	\$ 3,994,138	\$ 3,942,613
Net Expense for Fiscal Year	305,383	353,777
Employer Contributions	(225,195)	(302,252)
Accrued Benefit Liability - June 30	<u>\$ 4,074,327</u>	<u>\$ 3,994,138</u>
Components of Net Benefit Expense		
Service Cost	\$ 257,569	\$ 253,662
Interest Cost	98,778	96,374
Amortization of Net Actuarial (Gain)/Loss	(50,964)	3,741
Net Benefit Expense	<u>\$ 305,383</u>	<u>\$ 353,777</u>

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 9 EMPLOYEE FUTURE BENEFITS (Continued)

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

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
EARSL - March 31	8.1		8.1	

NOTE 10 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2018	Net Book Value 2017
Sites	\$ 5,846,889	\$ 5,846,889
Buildings	75,553,866	75,249,222
Furniture & Equipment	2,976,097	2,731,794
Vehicles	2,304,437	2,157,132
Computer Software	282,679	166,318
Computer Hardware	1,650,393	1,361,725
Total	\$ 88,614,361	\$ 87,513,080

June 30, 2018

Cost:	Balance at July 1, 2017	Additions	Disposals	Transfers	Balance at June 30, 2018
Sites	\$ 5,846,889	\$ -	\$ -	\$ -	\$ 5,846,889
Buildings	151,477,345	3,459,572	-	-	154,936,917
Furniture & Equipment	4,091,620	685,442	45,896	-	4,731,166
Vehicles	5,437,024	690,269	705,031	-	5,422,262
Computer Software	184,798	170,356	-	-	355,154
Computer Hardware	2,643,327	856,657	463,418	-	3,036,566
Total	\$ 169,681,003	\$ 5,862,296	\$ 1,214,345	\$ -	\$ 174,328,954

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 10 TANGIBLE CAPITAL ASSETS (Continued)

Accumulated Amortization	Balance at July 1, 2017	Additions	Disposals	Balance at June 30, 2018
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	76,228,123	3,154,928	-	79,383,051
Furniture & Equipment	1,359,826	441,139	45,896	1,755,069
Vehicles	3,279,892	542,964	705,031	3,117,825
Computer Software	18,480	53,995	-	72,475
Computer Hardware	1,281,602	567,989	463,418	1,386,173
Total	\$ 82,167,923	\$ 4,761,015	\$ 1,214,345	\$ 85,714,593

June 30, 2017

Cost:	Balance at July 1, 2016	Additions	Disposals	Transfers	Balance at June 30, 2017
Sites	\$ 5,922,264	\$ -	\$ 75,375	\$ -	\$ 5,846,889
Buildings	147,318,681	4,384,789	226,125	-	151,477,345
Furniture & Equipment	3,702,562	436,738	47,680	-	4,091,620
Vehicles	5,925,818	199,923	688,717	-	5,437,024
Computer Software	-	184,798	-	-	184,798
Computer Hardware	2,383,265	403,183	143,121	-	2,643,327
Total	\$ 165,252,590	\$ 5,609,431	\$ 1,181,018	\$ -	\$ 169,681,003

Accumulated Amortization	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	73,356,747	3,083,368	211,992	76,228,123
Furniture & Equipment	1,017,797	389,709	47,680	1,359,826
Vehicles	3,400,467	568,142	688,717	3,279,892
Computer Software	-	18,480	-	18,480
Computer Hardware	922,064	502,659	143,121	1,281,602
Total	\$ 78,697,075	\$ 4,562,358	\$ 1,091,510	\$ 82,167,923

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

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 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.

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 \$6,097,753 for employer contributions to the plans for the year ended June 30, 2018 (2017: \$5,535,010).

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

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 12 RESTRICTED ASSETS - ENDOWMENT FUNDS

Donors have placed restrictions on their contributions to the endowment funds of the School District. One restriction is that the original contribution should not be spent. Another potential restriction is that any investment income of the endowment fund that is required to offset the eroding effect of inflation or preserve the original value of the endowment should also not be spent.

Name of Endowment	2017	Contributions	2018
North Okanagan-Shuswap Endowment Fund	\$ 65,837	\$ -	\$ 65,837
Muriel Barnard Memorial Bursary Trust	20,000	-	20,000
Tyson Henderson Memorial Bursary Trust	18,100	-	18,100
Total	<u>\$ 103,937</u>	<u>\$ -</u>	<u>\$ 103,937</u>

NOTE 13 INTERFUND TRANSFERS

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

- \$ 532,331 was transferred from the operating fund to the capital fund for the purchase of capital assets;
- \$ 337,895 was transferred from special purpose funds to the capital fund for the purchase of capital assets;
- \$ 1,295,000 was transferred from the operating fund to local capital.

NOTE 14 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. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 15 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has entered into a number of contracts related to capital projects with a remaining cost of approximately \$ 661,000.

Future operating lease payments for laptops is \$ 90,169.

The School District, in conducting its usual business activities, is involved in various legal claims and litigation. In the event any unsettled claims are successful, management believes that such claims are not expected to have a material or adverse effect on the School District's financial position.

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 16 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 20, 2018. The original annual budget was adopted on May 15, 2017. The original and amended budgets are presented below.

	2018 Amended Annual Budget	2018 Original Annual Budget
Revenues		
Provincial Grants		
Ministry of Education	\$ 71,615,025	\$ 66,649,720
Other	208,000	213,000
Tuition	5,000	5,000
Other Revenue	2,990,504	2,740,504
Rentals and Leases	120,000	100,000
Investment Income	112,000	103,000
Amortization of Deferred Capital Revenue	3,140,000	3,230,000
Total Revenue	\$ 78,190,529	\$ 73,041,224
 Expenses		
Instruction	\$ 60,755,384	\$ 55,320,461
District Administration	3,140,835	3,028,945
Operations and Maintenance	11,652,145	11,350,989
Transportation and Housing	3,655,546	3,624,547
Total Expense	\$ 79,203,910	\$ 73,324,942
 Net Revenue (Expense)	\$ (1,013,381)	\$ (283,718)
 Budgeted Allocation of Surplus	1,279,663	-
 Budgeted Surplus (Deficit) for the year	\$ 266,282	\$ (283,718)

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 17 ASSET RETIREMENT OBLIGATION

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. As at June 30, 2018, the liability is not reasonably determinable.

NOTE 18 EXPENSE BY OBJECT

	<u>2018</u>	<u>2017</u>
Salaries and benefits	\$ 63,879,375	\$ 57,386,292
Services and supplies	9,346,551	8,592,230
Amortization	4,761,015	4,562,358
	<u>\$ 77,986,941</u>	<u>\$ 70,540,880</u>

NOTE 19 ACCUMULATED SURPLUS

The School District has established a number of funds to demonstrate compliance with legislation and to reflect the School District's intentions to undertake certain future activities.

The Operating Fund accounts for the School District's operating grants and other operating revenues. Legislation requires that the School District present a balanced budget for the Operating Fund, whereby budgeted expenditure does not exceed the total of budgeted revenue and any surplus in the operating fund carried forward from previous years.

The Capital Fund accounts for the School District's investment in its existing capital infrastructure, including the existing buildings, furniture, vehicles, computers and equipment. It also reflects intentions to make future capital asset purchases.

The Special Purpose Funds account for grants and contributions received which are directed by agreement with a third party towards specific activities.

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 19 ACCUMULATED SURPLUS (Continued)

	<u>2018</u>	<u>2017</u>
Operating Fund		
Internally restricted:		
School Budget Balances	\$ 140,880	\$ 236,547
Career Program	50,254	45,793
Aboriginal Education Commitments	173,895	166,241
Empowered Youth Coordinator Contract	29,190	-
Performing Arts	5,547	-
Student Learning Grant	-	257,143
Student Assessments	-	30,000
Strategic Plan	-	50,000
Technology	-	140,000
2018/2019 Budget Enhancements	230,952	353,939
	<u>\$ 630,718</u>	<u>\$ 1,279,663</u>
Special Purpose Funds	<u>\$ 103,937</u>	<u>\$ 103,937</u>
Capital Fund		
Invested in tangible capital assets	\$ 26,294,251	\$ 25,724,117
Local Capital	585,150	589,413
	<u>\$ 26,879,401</u>	<u>\$ 26,313,530</u>
Total Accumulated Surplus	<u><u>\$ 27,614,056</u></u>	<u><u>\$ 27,697,130</u></u>

NOTE 20 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 21 RISK MANAGEMENT

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

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 21 RISK MANAGEMENT *(Continued)*

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 borrower. 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 term deposits and guaranteed investment certificates.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that the School District is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

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

SCHOOL DISTRICT NO. 83 (NORTH OKANAGAN-SHUSWAP)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 and JUNE 30, 2017

NOTE 21 RISK MANAGEMENT *(Continued)*

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.

NOTE 22 COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

School District No. 83 (North Okanagan-Shuswap)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2018 Actual	2017 Actual (Recast)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	1,279,663	103,937	26,313,530	27,697,130	27,185,770
Changes for the year					
Surplus (Deficit) for the year	1,178,386	337,895	(1,599,355)	(83,074)	511,360
Interfund Transfers					
Tangible Capital Assets Purchased	(532,331)	(337,895)	870,226	-	
Local Capital	(1,295,000)		1,295,000	-	
Net Changes for the year	(648,945)	-	565,871	(83,074)	511,360
Accumulated Surplus (Deficit), end of year - Statement 2	630,718	103,937	26,879,401	27,614,056	27,697,130

School District No. 83 (North Okanagan-Shuswap)

Schedule 2

Schedule of Operating Operations

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual (Recast)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	63,408,940	63,389,021	61,432,016
Other	208,000	260,886	210,050
Tuition	5,000	10,993	
Other Revenue	940,504	1,104,239	925,396
Rentals and Leases	120,000	147,994	138,041
Investment Income	100,000	143,782	100,331
Total Revenue	<u>64,782,444</u>	<u>65,056,915</u>	<u>62,805,834</u>
Expenses			
Instruction	50,892,729	50,328,970	48,327,172
District Administration	3,140,835	3,163,826	2,999,010
Operations and Maintenance	7,520,997	7,373,019	7,444,150
Transportation and Housing	2,997,546	3,012,714	2,541,921
Total Expense	<u>64,552,107</u>	<u>63,878,529</u>	<u>61,312,253</u>
Operating Surplus (Deficit) for the year	<u>230,337</u>	<u>1,178,386</u>	<u>1,493,581</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>1,279,663</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(215,000)	(532,331)	(472,611)
Local Capital	(1,295,000)	(1,295,000)	(1,235,000)
Total Net Transfers	<u>(1,510,000)</u>	<u>(1,827,331)</u>	<u>(1,707,611)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(648,945)</u>	<u>(214,030)</u>
Operating Surplus (Deficit), beginning of year		1,279,663	1,493,693
Operating Surplus (Deficit), end of year		<u>630,718</u>	<u>1,279,663</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		630,718	1,279,663
Total Operating Surplus (Deficit), end of year		<u>630,718</u>	<u>1,279,663</u>

School District No. 83 (North Okanagan-Shuswap)

Schedule 2A

Schedule of Operating Revenue by Source

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual (Recast)
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	62,705,267	62,780,977	60,384,297
DISC/LEA Recovery	(940,504)	(1,084,313)	(940,504)
Other Ministry of Education Grants			
Pay Equity	641,286	641,286	641,286
Funding for Graduated Adults	1,000	867	571
Transportation Supplement	561,925	561,925	561,925
Economic Stability Dividend	-	37,301	32,481
Return of Administrative Savings	302,206	302,206	302,206
Carbon Tax Grant	80,000	94,269	90,121
Student Learning Grant			303,969
FSA Marking	13,769	-	12,964
Access Grant	5,000	5,000	17,500
Support Staff Benefits	11,400	11,400	-
Shoulder Tappers	17,079	17,079	-
NGN Self Provisioning	10,512	21,024	25,200
Total Provincial Grants - Ministry of Education	63,408,940	63,389,021	61,432,016
Provincial Grants - Other	208,000	260,886	210,050
Tuition			
International and Out of Province Students	5,000	10,993	-
Total Tuition	5,000	10,993	-
Other Revenues			
Other School District/Education Authorities	-	14,601	3,609
LEA/Direct Funding from First Nations	940,504	1,084,313	903,119
Miscellaneous			
Miscellaneous	-	4,826	18,668
Miscellaneous - Sale of Assets	-	499	-
Total Other Revenue	940,504	1,104,239	925,396
Rentals and Leases	120,000	147,994	138,041
Investment Income	100,000	143,782	100,331
Total Operating Revenue	64,782,444	65,056,915	62,805,834

School District No. 83 (North Okanagan-Shuswap)

Schedule 2B

Schedule of Operating Expense by Object

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual (Recast)
	\$	\$	\$
Salaries			
Teachers	26,387,950	26,306,672	25,424,533
Principals and Vice Principals	4,125,213	4,101,356	4,150,811
Educational Assistants	4,792,477	4,765,960	4,323,224
Support Staff	6,831,962	6,438,012	6,040,252
Other Professionals	1,825,804	1,911,746	1,835,862
Substitutes	2,730,696	2,604,284	2,679,359
Total Salaries	46,694,102	46,128,030	44,454,041
Employee Benefits	10,728,248	11,002,036	10,724,224
Total Salaries and Benefits	57,422,350	57,130,066	55,178,265
Services and Supplies			
Services	1,682,864	1,652,881	1,600,783
Student Transportation	12,000	10,604	10,695
Professional Development and Travel	592,862	567,701	517,063
Rentals and Leases	26,000	456	678
Dues and Fees	94,800	130,144	84,987
Insurance	218,000	185,899	195,470
Supplies	3,031,231	2,689,502	2,276,910
Utilities	1,472,000	1,511,276	1,447,402
Total Services and Supplies	7,129,757	6,748,463	6,133,988
Total Operating Expense	64,552,107	63,878,529	61,312,253

School District No. 83 (North Okanagan-Shuswap)

Schedule 2C

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	20,969,107	788,465	-	220,360	-	1,640,381	23,618,313
1.03 Career Programs	272,534	69,937	-	104,696	-	9,082	456,249
1.07 Library Services	668,060	-	-	53,098	-	62	721,220
1.08 Counselling	1,018,609	-	-	-	-	-	1,018,609
1.10 Special Education	3,176,101	115,772	4,349,758	464	78,904	565,084	8,286,083
1.30 English Language Learning	10,702	-	-	-	-	-	10,702
1.31 Aboriginal Education	191,559	170,738	416,202	30,570	160,559	641	970,269
1.41 School Administration	-	2,956,444	-	1,223,413	-	108,686	4,288,543
Total Function 1	26,306,672	4,101,356	4,765,960	1,632,601	239,463	2,323,936	39,369,988
4 District Administration							
4.11 Educational Administration	-	-	-	105,687	675,164	347	781,198
4.40 School District Governance	-	-	-	-	-	-	-
4.41 Business Administration	-	-	-	300,519	637,797	3,957	942,273
Total Function 4	-	-	-	406,206	1,312,961	4,304	1,723,471
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	42,390	290,064	-	332,454
5.50 Maintenance Operations	-	-	-	2,663,267	-	169,612	2,832,879
5.52 Maintenance of Grounds	-	-	-	154,044	-	-	154,044
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	-	2,859,701	290,064	169,612	3,319,377
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	126,346	69,258	-	195,604
7.70 Student Transportation	-	-	-	1,413,158	-	106,432	1,519,590
Total Function 7	-	-	-	1,539,504	69,258	106,432	1,715,194
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	26,306,672	4,101,356	4,765,960	6,438,012	1,911,746	2,604,284	46,128,030

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School District No. 83 (North Okanagan-Shuswap)

Operating Expense by Function, Program and Object
Year Ended June 30, 2018

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2018 Actual	2018 Budget	2017 Actual (Recast)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	23,618,313	5,573,952	29,192,265	981,416	30,173,681	30,429,387	29,919,935
1.03 Career Programs	456,249	103,966	560,215	171,978	732,193	738,936	360,134
1.07 Library Services	721,220	171,290	892,510	89,657	982,167	986,988	742,451
1.08 Counselling	1,018,609	219,121	1,237,730	519	1,238,249	1,219,141	1,155,180
1.10 Special Education	8,286,083	1,979,276	10,265,359	220,660	10,486,019	10,385,448	9,524,632
1.30 English Language Learning	10,702	2,764	13,466	1,997	15,463	128,879	59,677
1.31 Aboriginal Education	970,269	238,697	1,208,966	135,745	1,344,711	1,520,040	1,259,199
1.41 School Administration	4,288,543	908,398	5,196,941	159,546	5,356,487	5,483,910	5,305,964
Total Function 1	39,369,988	9,197,464	48,567,452	1,761,518	50,328,970	50,892,729	48,327,172
4 District Administration							
4.11 Educational Administration	781,198	143,312	924,510	152,065	1,076,575	918,395	879,794
4.40 School District Governance	-	-	-	144,275	144,275	160,000	151,183
4.41 Business Administration	942,273	482,955	1,425,228	517,748	1,942,976	2,062,440	1,968,033
Total Function 4	1,723,471	626,267	2,349,738	814,088	3,163,826	3,140,835	2,999,010
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	332,454	68,961	401,415	119,917	521,332	547,225	541,821
5.50 Maintenance Operations	2,832,879	673,652	3,506,531	1,207,718	4,714,249	4,829,913	4,756,295
5.52 Maintenance of Grounds	154,044	38,475	192,519	278,375	470,894	421,859	425,419
5.56 Utilities	-	-	-	1,666,544	1,666,544	1,722,000	1,720,615
Total Function 5	3,319,377	781,088	4,100,465	3,272,554	7,373,019	7,520,997	7,444,150
7 Transportation and Housing							
7.41 Transportation and Housing Administration	195,604	45,110	240,714	16,527	257,241	252,156	219,761
7.70 Student Transportation	1,519,590	352,107	1,871,697	883,776	2,755,473	2,745,390	2,322,160
Total Function 7	1,715,194	397,217	2,112,411	900,303	3,012,714	2,997,546	2,541,921
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	46,128,030	11,002,036	57,130,066	6,748,463	63,878,529	64,552,107	61,312,253

School District No. 83 (North Okanagan-Shuswap)

Schedule 3

Schedule of Special Purpose Operations

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual (Recast)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	8,206,085	7,603,339	2,874,121
Other Revenue	2,050,000	2,058,734	2,118,842
Investment Income	9,000	9,727	5,450
Total Revenue	10,265,085	9,671,800	4,998,413
Expenses			
Instruction	9,862,655	9,304,116	4,578,824
Operations and Maintenance	89,148	29,789	87,445
Total Expense	9,951,803	9,333,905	4,666,269
Special Purpose Surplus (Deficit) for the year	313,282	337,895	332,144
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(313,282)	(337,895)	(332,144)
Total Net Transfers	(313,282)	(337,895)	(332,144)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year		103,937	103,937
Special Purpose Surplus (Deficit), end of year		103,937	103,937
Special Purpose Surplus (Deficit), end of year			
Endowment Contributions		103,937	103,937
Total Special Purpose Surplus (Deficit), end of year		103,937	103,937

School District No. 83 (North Okanagan-Shuswap)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	Service Delivery Transformation	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	93,209	12,609	1,191	1,316,361	-	-	12,122	77,924
Add: Restricted Grants									
Provincial Grants - Ministry of Education	342,430	246,139	-	-	-	192,000	39,200	156,859	315,160
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	2,160,925	-	-	-	-
Investment Income	-	-	7,670	-	-	-	-	-	-
	342,430	246,139	7,670	-	2,160,925	192,000	39,200	156,859	315,160
Less: Allocated to Revenue	342,430	331,495	9,727	1,191	2,058,734	192,000	34,977	152,494	345,726
Recovered	-	-	-	-	-	-	-	12,122	-
Deferred Revenue, end of year	-	7,853	10,552	-	1,418,552	-	4,223	4,365	47,358
Revenues									
Provincial Grants - Ministry of Education	342,430	331,495	-	1,191	-	192,000	34,977	152,494	345,726
Other Revenue	-	-	-	-	2,058,734	-	-	-	-
Investment Income	-	-	9,727	-	-	-	-	-	-
	342,430	331,495	9,727	1,191	2,058,734	192,000	34,977	152,494	345,726
Expenses									
Salaries									
Teachers	-	-	-	-	-	-	-	-	-
Principals and Vice Principals	-	-	-	-	-	11,348	11,333	23,157	-
Educational Assistants	-	270,012	-	-	-	121,418	-	17,813	132,658
Support Staff	-	-	-	-	-	-	-	-	23,988
Other Professionals	-	-	-	-	-	-	-	-	16,128
Substitutes	-	-	-	-	-	-	390	19,687	757
	-	270,012	-	-	-	132,766	11,723	60,657	173,531
Employee Benefits	-	61,483	-	-	-	35,995	2,701	11,563	34,662
Services and Supplies	29,789	-	9,727	1,191	2,058,734	22,040	20,553	56,779	136,973
	29,789	331,495	9,727	1,191	2,058,734	190,801	34,977	128,999	345,166
Net Revenue (Expense) before Interfund Transfers	312,641	-	-	-	-	1,199	-	23,495	560
Interfund Transfers									
Tangible Capital Assets Purchased	(312,641)	-	-	-	-	(1,199)	-	(23,495)	(560)
	(312,641)	-	-	-	-	(1,199)	-	(23,495)	(560)
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 83 (North Okanagan-Shuswap)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

	Rural Education Enhancement Fund	Coding and Curriculum Implementation	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	TOTAL
	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	22,149	-	-	1,535,565
Add: Restricted Grants					
Provincial Grants - Ministry of Education	213,353	-	457,107	5,667,576	7,629,824
Provincial Grants - Other	-	-	-	-	-
Federal Grants	-	-	-	-	-
Other	-	-	-	-	2,160,925
Investment Income	-	-	-	-	7,670
	213,353	-	457,107	5,667,576	9,798,419
Less: Allocated to Revenue	213,353	22,149	457,107	5,510,417	9,671,800
Recovered	-	-	-	-	12,122
Deferred Revenue, end of year	-	-	-	157,159	1,650,062
Revenues					
Provincial Grants - Ministry of Education	213,353	22,149	457,107	5,510,417	7,603,339
Other Revenue	-	-	-	-	2,058,734
Investment Income	-	-	-	-	9,727
	213,353	22,149	457,107	5,510,417	9,671,800
Expenses					
Salaries					
Teachers	117,691	-	-	4,421,409	4,539,100
Principals and Vice Principals	-	-	-	-	45,838
Educational Assistants	-	-	-	-	541,901
Support Staff	32,000	-	48,000	-	103,988
Other Professionals	-	-	-	-	16,128
Substitutes	-	-	157,600	-	178,434
	149,691	-	205,600	4,421,409	5,425,389
Employee Benefits	37,108	-	51,400	1,089,008	1,323,920
Services and Supplies	26,554	22,149	200,107	-	2,584,596
	213,353	22,149	457,107	5,510,417	9,333,905
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	337,895
Interfund Transfers					
Tangible Capital Assets Purchased	-	-	-	-	(337,895)
	-	-	-	-	(337,895)
Net Revenue (Expense)	-	-	-	-	-

School District No. 83 (North Okanagan-Shuswap)

Schedule 4

Schedule of Capital Operations

Year Ended June 30, 2018

	2018 Budget	2018 Actual			2017 Actual (Recast)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	3,000		8,736	8,736	14,820
Gain (Loss) on Disposal of Tangible Capital Assets				-	87,869
Amortization of Deferred Capital Revenue	3,140,000	3,166,416		3,166,416	3,145,304
Total Revenue	<u>3,143,000</u>	<u>3,166,416</u>	<u>8,736</u>	<u>3,175,152</u>	<u>3,247,993</u>
Expenses					
Operations and Maintenance			13,492	13,492	
Amortization of Tangible Capital Assets					
Operations and Maintenance	4,042,000	4,094,473		4,094,473	3,923,628
Transportation and Housing	658,000	666,542		666,542	638,730
Total Expense	<u>4,700,000</u>	<u>4,761,015</u>	<u>13,492</u>	<u>4,774,507</u>	<u>4,562,358</u>
Capital Surplus (Deficit) for the year	<u>(1,557,000)</u>	<u>(1,594,599)</u>	<u>(4,756)</u>	<u>(1,599,355)</u>	<u>(1,314,365)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	528,282	870,226		870,226	804,755
Local Capital	1,295,000		1,295,000	1,295,000	1,235,000
Total Net Transfers	<u>1,823,282</u>	<u>870,226</u>	<u>1,295,000</u>	<u>2,165,226</u>	<u>2,039,755</u>
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		1,294,507	(1,294,507)	-	
Total Other Adjustments to Fund Balances		<u>1,294,507</u>	<u>(1,294,507)</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>266,282</u>	<u>570,134</u>	<u>(4,263)</u>	<u>565,871</u>	<u>725,390</u>
Capital Surplus (Deficit), beginning of year		25,724,117	589,413	26,313,530	25,588,140
Capital Surplus (Deficit), end of year		<u>26,294,251</u>	<u>585,150</u>	<u>26,879,401</u>	<u>26,313,530</u>

School District No. 83 (North Okanagan-Shuswap)

Schedule 4A

Tangible Capital Assets

Year Ended June 30, 2018

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	5,846,889	151,477,345	4,091,620	5,437,024	184,798	2,643,327	169,681,003
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	-	3,089,507	49,194	286,440	-	57,254	3,482,395
Deferred Capital Revenue - Other	-	-	215,168	-	-	-	215,168
Operating Fund	-	-	223,950	-	170,356	138,025	532,331
Special Purpose Funds	-	312,641	6,790	-	-	18,464	337,895
Local Capital	-	57,424	190,340	403,829	-	642,914	1,294,507
	-	3,459,572	685,442	690,269	170,356	856,657	5,862,296
Decrease:							
Deemed Disposals			45,896	705,031	-	463,418	1,214,345
	-	-	45,896	705,031	-	463,418	1,214,345
Cost, end of year	5,846,889	154,936,917	4,731,166	5,422,262	355,154	3,036,566	174,328,954
Work in Progress, end of year							-
Cost and Work in Progress, end of year	5,846,889	154,936,917	4,731,166	5,422,262	355,154	3,036,566	174,328,954
Accumulated Amortization, beginning of year		76,228,123	1,359,826	3,279,892	18,480	1,281,602	82,167,923
Changes for the Year							
Increase: Amortization for the Year		3,154,928	441,139	542,964	53,995	567,989	4,761,015
Decrease:							
Deemed Disposals			45,896	705,031	-	463,418	1,214,345
			-	45,896	-	463,418	1,214,345
Accumulated Amortization, end of year		79,383,051	1,755,069	3,117,825	72,475	1,386,173	85,714,593
Tangible Capital Assets - Net	5,846,889	75,553,866	2,976,097	2,304,437	282,679	1,650,393	88,614,361

School District No. 83 (North Okanagan-Shuswap)

Deferred Capital Revenue
Year Ended June 30, 2018

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	61,597,664	165,047	26,250	61,788,961
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	3,482,395	215,168	-	3,697,563
	3,482,395	215,168	-	3,697,563
Decrease:				
Amortization of Deferred Capital Revenue	3,145,047	17,869	3,500	3,166,416
	3,145,047	17,869	3,500	3,166,416
Net Changes for the Year	337,348	197,299	(3,500)	531,147
Deferred Capital Revenue, end of year	61,935,012	362,346	22,750	62,320,108
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	61,935,012	362,346	22,750	62,320,108

School District No. 83 (North Okanagan-Shuswap)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2018

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	-	615,165	198,571	-	-	813,736
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	3,482,395					3,482,395
Provincial Grants - Other		-	104,910			104,910
	3,482,395	-	104,910	-	-	3,587,305
Decrease:						
Transferred to DCR - Capital Additions	3,482,395	-	215,168			3,697,563
	3,482,395	-	215,168	-	-	3,697,563
Net Changes for the Year	-	-	(110,258)	-	-	(110,258)
Balance, end of year	-	615,165	88,313	-	-	703,478