

Audited Financial Statements of

School District No. 35 (Langley)

June 30, 2016

School District No. 35 (Langley)

June 30, 2016

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School District No. 35 (Langley)

MANAGEMENT REPORT

Version: 6264-5519-3536

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 35 (Langley) 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. 35 (Langley) (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, 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. 35 (Langley) 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. 35 (Langley)



Signature of the Chairperson of the Board of Education

September 27, 2016

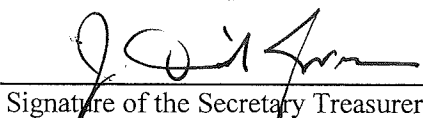
Date Signed



Signature of the Superintendent

September 27, 2016

Date Signed



Signature of the Secretary Treasurer

September 27, 2016

Date Signed



KPMG LLP
3rd Floor 8506 200th Street
Langley BC V2Y 0M1
Canada
Telephone (604) 455-4000
Fax (604) 881-4988

INDEPENDENT AUDITORS' REPORT

To the Board of Education of School District No. 35 (Langley), and
To the Minister of Education, Province of British Columbia

We have audited the accompanying financial statements of School District No. 35 (Langley), which comprise the statement of financial position as at June 30, 2016, the statement of operations, changes in net financial assets (debt) and cash flows for the year 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 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.



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Opinion

In our opinion, the financial statements of School District No. 35 (Langley) as at and for the year ended June 30, 2016 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(a) to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Comparative Information

The financial statements of School District No. 35 (Langley) as at and for the year ended June 30, 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 29, 2015.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

September 27, 2016

Langley, Canada

School District No. 35 (Langley)

Statement 1

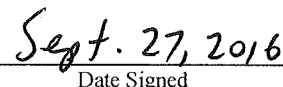
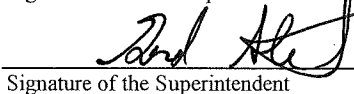
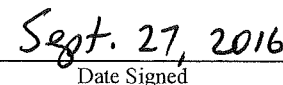
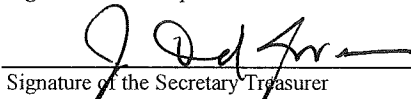

Statement of Financial Position

As at June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	54,384,508	59,339,433
Accounts Receivable		
Due from Province - Ministry of Education	384,350	1,033,350
Other (Note 3)	886,419	969,600
Total Financial Assets	<u>55,655,277</u>	<u>61,342,383</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	18,545,592	18,894,267
Unearned Revenue (Note 6)	11,800,080	10,207,091
Deferred Revenue (Note 7)	815,747	1,067,806
Deferred Capital Revenue (Note 8)	146,493,027	156,052,746
Employee Future Benefits (Note 9,10)	5,239,100	5,152,286
Capital Lease Obligations (Note 15)	183,289	454,659
Total Liabilities	<u>183,076,835</u>	<u>191,828,855</u>
Net Financial Assets (Debt)	<u>(127,421,558)</u>	<u>(130,486,472)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 5)	217,596,388	214,369,255
Prepaid Expenses	902,208	755,490
Total Non-Financial Assets	<u>218,498,596</u>	<u>215,124,745</u>
Accumulated Surplus (Deficit) (Note 12)	<u>91,077,038</u>	<u>84,638,273</u>

Contractual Obligations and Contingencies (Note 16)

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. 35 (Langley)

Statement 2

Statement of Operations

Year Ended June 30, 2016

	2016 Budget (Note 18)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	177,057,592	174,631,022	160,981,183
Other	507,923	519,533	526,115
Municipal Grants Spent on Sites		2,538,489	
Tuition	12,072,306	12,310,325	8,813,579
Other Revenue	6,835,318	7,582,277	7,190,354
Rentals and Leases	869,441	1,024,675	924,513
Investment Income	515,224	570,277	580,113
Amortization of Deferred Capital Revenue (Note 8)	6,860,500	6,867,645	6,379,868
Total Revenue	<u>204,718,304</u>	<u>206,044,243</u>	<u>185,395,725</u>
Expenses (Note 11)			
Instruction	162,563,550	161,682,366	149,056,207
District Administration	6,142,091	6,000,358	5,408,967
Operations and Maintenance	28,841,550	29,439,940	27,952,875
Transportation and Housing	2,305,541	2,408,165	2,373,743
Debt Services	74,649	74,649	74,649
Total Expense	<u>199,927,381</u>	<u>199,605,478</u>	<u>184,866,441</u>
Surplus (Deficit) for the year	<u>4,790,923</u>	<u>6,438,765</u>	<u>529,284</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		84,638,273	84,108,989
Accumulated Surplus (Deficit) from Operations, end of year		<u>91,077,038</u>	<u>84,638,273</u>

School District No. 35 (Langley)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2016

	2016 Budget (Note 18)	2016 Actual	2015 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>4,790,923</u>	<u>6,438,765</u>	<u>529,284</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets (Note 5)	(11,687,574)	(12,354,156)	(6,998,461)
Amortization of Tangible Capital Assets (Note 5)	9,072,574	9,127,023	8,473,783
Total Effect of change in Tangible Capital Assets	<u>(2,615,000)</u>	<u>(3,227,133)</u>	<u>1,475,322</u>
Acquisition of Prepaid Expenses		(902,208)	(755,490)
Use of Prepaid Expenses		755,490	600,962
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(146,718)</u>	<u>(154,528)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>2,175,923</u>	<u>3,064,914</u>	<u>1,850,078</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>3,064,914</u>	<u>1,850,078</u>
Net Financial Assets (Debt), beginning of year		(130,486,472)	(132,336,550)
Net Financial Assets (Debt), end of year		<u>(127,421,558)</u>	<u>(130,486,472)</u>

School District No. 35 (Langley)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2016

	2016 Actual	2015 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	6,438,765	529,284
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	732,181	5,077,054
Prepaid Expenses	(146,718)	(154,528)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(348,675)	(3,861,415)
Unearned Revenue	1,592,989	2,383,399
Deferred Revenue	(252,059)	242,845
Employee Future Benefits	86,816	(28,926)
Amortization of Tangible Capital Assets (Note 5)	9,127,023	8,473,783
Amortization of Deferred Capital Revenue (Note 8)	(6,867,645)	(6,379,868)
Recognition of Deferred Capital Revenue Spent on Sites (Note 8)	(6,931,460)	(2,363)
Total Operating Transactions	3,431,217	6,279,265
Capital Transactions		
Tangible Capital Assets Purchased	(9,356,645)	(1,622,951)
Tangible Capital Assets -WIP Purchased	(2,940,063)	(5,185,975)
Tangible Capital Assets Purchased - Restricted Capital	(57,449)	(189,535)
Total Capital Transactions	(12,354,157)	(6,998,461)
Financing Transactions		
Capital Revenue Received	4,239,386	13,116,755
Capital Lease Principal Repayment	(271,371)	(271,371)
Total Financing Transactions	3,968,015	12,845,384
Investing Transactions		
Investments in Portfolio Investments		5,112,974
Total Investing Transactions	-	5,112,974
Net Increase (Decrease) in Cash and Cash Equivalents	(4,954,925)	17,239,162
Cash and Cash Equivalents, beginning of year	59,339,433	42,100,271
Cash and Cash Equivalents, end of year	54,384,508	59,339,433
Cash and Cash Equivalents, end of year, is made up of:		
Cash	54,384,508	59,339,433
	54,384,508	59,339,433

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2016

1. Authority and Purpose

The School District, established on April 12, 1946, operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 35 (Langley)" and operates as "School District No. 35 (Langley)". 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. 35 (Langley) is exempt from federal and provincial income taxes.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia 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.

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.

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

2. Summary of Significant Accounting Policies (continued)

b) Cash and Cash Equivalents

Cash and cash equivalents include cash in the bank and deposits in the Provincial Ministry of Finance Central Deposit Program which are readily convertible to cash and that are not subject to a significant risk of change in value. The deposits with the Ministry of Finance can be withdrawn from the program with three days of notice.

c) Accounts Receivable

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

d) Prepaid Expenses

Prepaid expenses include costs prepaid for insurance, equipment and software maintenance, and other fees. These prepaid expenses are stated at acquisition cost and are charged to expense over the future periods expected to benefit from them.

e) Unearned Revenue

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

f) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes both government transfers and other 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.

g) Tangible Capital Assets

Capital assets acquired or constructed are recorded at cost.

Donated tangible capital assets are recorded at their fair market value on the date of donation, if available. Otherwise a nominal value is used.

Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2016

2. Summary of Significant Accounting Policies (continued)

g) Tangible Capital Assets (continued)

Tangible capital assets that no longer contribute to the ability of the School District to provide services are written-down to residual value and accounted for as expenses in the Statement of Operations.

Buildings that are demolished or destroyed are written-off.

The cost, less any residual value, of tangible capital assets (excluding sites) is amortized on a straight line basis over the estimated useful life of the asset. Estimated useful lives for the School District's tangible capital assets, as determined by management, are as follows:

Buildings	40 years
Furniture & Equipment	10 years
Vehicles	10 years
Computer Software	5 years
Computer Hardware	5 years
Equipment Under Capital Leases	5 years

Amortization of tangible capital assets is taken at one-half the normal annual rate in the year of acquisition and in the year of disposal. Amortization of equipment under capital leases is taken monthly over the term of the leases.

h) Capital Leases

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

All other leases are accounted for as operating leases and the related payments are expensed as incurred.

i) Internally Restricted 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 Note 12 – Accumulated Surplus and Note 13 – Interfund Transfers).

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.

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.

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

2. Summary of Significant Accounting Policies (continued)

j) Revenue Recognition (continued)

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, if available, 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.

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.

k) Expenses

Expenses are reported on an accrual basis. The cost of goods consumed and services received during the year is expensed. Interest expense relates to the interest on capital leases.

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. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

2. Summary of Significant Accounting Policies (continued)

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, capital lease obligations and other current liabilities.

All financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

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

Unrealized gains and losses from changes in the fair value of financial instruments measured at fair value 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. There are no measurement gains or losses during the periods presented; therefore no statement of remeasurement gains or losses is included in these financial statements.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

m) 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. Benefits include vested sick leave, accumulating non-vested sick leave, retirement allowances, vacation pay and life insurance.

The School District accrues its obligations and related costs under employee future benefit plans. The future benefits cost is actuarially determined using the projected unit credit method pro-rata on service and using management's best estimate of expected salary escalation, termination and retirement rates, and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

The cumulative unrecognized actuarial gains (losses) are amortized over the expected average remaining service lifetime (EARS�) of active employees covered under the plan. The EARS� for employees of the School District is 9.6 years.

The most recent valuation of the obligation was performed at March 31, 2016 and projected for use to June 30, 2016. The next valuation will be performed at March 31, 2017 for use at June 30, 2017. 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.

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2016

2. Summary of Significant Accounting Policies (continued)

n) Measurement Uncertainty

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

o) Liability for Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard;
- The School District is directly responsible or accepts responsibility for the contamination;
- 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.

p) 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.

3. Accounts Receivable – Other Receivables

	June 30, 2016	June 30, 2015
Due from Federal Government	\$ 171,209	\$ 172,812
Other accounts receivable	713,336	790,295
Due from Langley School District Foundation	1,874	7,348
Allowance for doubtful accounts	-	(855)
	<u>\$ 886,419</u>	<u>\$ 969,600</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

4. Accounts Payable and Accrued Liabilities - Other

	June 30, 2016	June 30, 2015
Trade payables	\$ 2,521,994	\$ 2,964,776
Salaries and benefits payable	12,236,633	12,277,145
Accrued vacation pay	2,972,744	2,937,302
Other	814,221	715,044
	<u>\$18,545,592</u>	<u>\$18,894,267</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

5. Tangible Capital Assets

June 30, 2016	Balance July 1, 2015	Additions	Disposals	Transfers (WIP)	Balance June 30, 2016
Cost:					
Sites	\$ 30,626,695	\$ 7,231,460	\$ -	\$ -	\$ 37,858,155
Buildings	317,304,400	169,965	-	1,479,749	318,954,114
Building - work in progress	115,700	1,845,473	-	(1,479,749)	481,424
Furniture & equipment	11,046,724	1,962,009	300,502	-	12,708,231
Vehicles	2,315,688	148,173	302,748	-	2,161,113
Computer software	355,849	258,501	8,757	-	605,593
Computer hardware	1,069,452	738,575	65,504	-	1,742,523
Equipment under capital lease	1,322,038	-	-	-	1,322,038
	<u>\$ 364,156,546</u>	<u>\$ 12,354,156</u>	<u>\$ 677,511</u>	<u>\$ -</u>	<u>\$ 375,833,191</u>

Accumulated Amortization:

Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	143,669,309	7,084,039	-	-	150,753,348
Furniture & equipment	3,713,761	1,170,431	300,502	-	4,583,690
Vehicles	1,044,614	223,840	302,748	-	965,706
Computer software	166,738	96,144	8,757	-	254,125
Computer hardware	325,490	281,198	65,504	-	541,184
Equipment under capital lease	867,379	271,371	-	-	1,138,750
	<u>\$ 149,787,291</u>	<u>\$ 9,127,023</u>	<u>\$ 677,511</u>	<u>\$ -</u>	<u>\$ 158,236,803</u>

June 30, 2015	Balance July 1, 2014	Additions	Disposals	Transfers (WIP)	Balance June 30, 2015
Cost:					
Sites	\$ 30,624,332	\$ 2,363	\$ -	\$ -	\$ 30,626,695
Buildings	291,565,693	333,483	-	25,405,224	317,304,400
Building - work in progress	22,435,112	3,085,812	-	(25,405,224)	115,700
Furniture & equipment	8,420,701	2,721,406	95,383	-	11,046,724
Vehicles	2,581,368	263,641	529,321	-	2,315,688
Computer software	362,629	-	6,780	-	355,849
Computer hardware	499,874	591,756	22,178	-	1,069,452
Equipment under capital lease	1,322,038	-	-	-	1,322,038
	<u>\$ 357,811,747</u>	<u>\$ 6,998,461</u>	<u>\$ 653,662</u>	<u>\$ -</u>	<u>\$ 364,156,546</u>

Accumulated Amortization:

Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	136,897,488	6,771,821	-	-	143,669,309
Furniture & equipment	2,852,187	956,957	95,383	-	3,713,761
Vehicles	1,329,082	244,853	529,321	-	1,044,614
Computer software	101,670	71,848	6,780	-	166,738
Computer hardware	190,735	156,933	22,178	-	325,490
Equipment under capital lease	596,008	271,371	-	-	867,379
	<u>\$ 141,967,170</u>	<u>\$ 8,473,783</u>	<u>\$ 653,662</u>	<u>\$ -</u>	<u>\$ 149,787,291</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

5. Tangible Capital Assets (continued)

Net Book Value	June 30, 2016	June 30, 2015
Sites	\$ 37,858,155	\$ 30,626,695
Buildings	168,200,766	173,635,091
Building - work in progress	481,424	115,700
Furniture & equipment	8,124,541	7,332,963
Vehicles	1,195,407	1,271,074
Computer software	351,468	189,111
Computer hardware	1,201,339	743,962
Equipment under capital lease	183,288	454,659
	<u>\$ 217,596,388</u>	<u>\$ 214,369,255</u>

Buildings – work in progress have not been amortized. Amortization of these assets will commence when the asset is put into service.

6. Unearned revenue

	June 30, 2016	June 30, 2015
Balance, Beginning of Year	\$ 10,207,091	\$ 7,823,692
Changes for the Year		
Increase:		
Tuition fees	11,662,763	10,095,939
Rentals	10,308	4,629
Transportation	111,753	103,738
Grants	13,146	-
Other	2,110	2,785
	<u>11,800,080</u>	<u>10,207,091</u>
Decrease:		
Tuition fees	10,095,939	7,675,594
Rentals	4,629	11,680
Transportation	103,738	136,323
Other	2,785	96
	<u>10,207,091</u>	<u>7,823,692</u>
Balance, End of Year	<u>\$ 11,800,080</u>	<u>\$ 10,207,091</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

7. Deferred Revenue

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

	June 30, 2016	June 30, 2015
Balance, Beginning of Year	\$ 1,067,806	\$ 824,961
Changes for the year:		
Increase:		
Provincial Grants - MOE	6,645,943	6,756,163
Provincial Grants - Other	259,426	245,976
Other revenue	6,264,962	5,834,674
	13,170,331	12,836,813
Decrease:		
Transferred to revenue	(13,422,390)	(12,593,968)
Balance, End of Year	\$ 815,747	\$ 1,067,806

8. Deferred Capital Revenue

	June 30, 2016	June 30, 2015
Balance, Beginning of Year	\$ 156,052,746	\$ 149,318,222
Increase:		
Provincial Grants - MOE	2,999,903	12,612,204
Other revenue	1,473,823	677,497
Investment income	63,807	78,302
Transfer to income statement for AFG	(298,147)	(251,248)
	4,239,386	13,116,755
Decrease:		
Amortization	(6,867,645)	(6,379,868)
Site purchase	(6,931,460)	(2,363)
	(13,799,105)	(6,382,231)
Balance, End of Year	\$ 146,493,027	\$ 156,052,746

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.

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2016

9. Employee Future Benefits

Benefits include vested sick leave, accumulating non-vested sick leave, retirement allowances, vacation pay and life insurance. The accrued benefit obligation for employee future benefits is not funded as funding is provided when the benefits are paid. Accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits.

	2016	2015
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation, April 1	\$ 5,486,182	\$ 5,185,506
Service cost	451,705	400,404
Interest cost	127,085	171,684
Benefit payments – April 1 to March 31	(492,096)	(541,865)
Actuarial (gain) loss	679,388	270,453
Accrued benefit obligation, March 31	6,252,264	5,486,182
Reconciliation of Funded Status at End of Fiscal Year		
Accrued benefit obligation – March 31	6,252,264	5,486,182
Market value of plan assets – March 31	-	-
Funded status – surplus (deficit)	(6,252,264)	(5,486,182)
Employer contributions after measurement date	68,214	55,340
Benefits expense after measurement date	(159,435)	(144,697)
Unamortized net actuarial (gain) loss	1,174,955	571,984
Accrued benefit liability - June 30	\$ (5,168,530)	\$ (5,003,556)
Reconciliation of Change in Accrued Benefit Liability		
Accrued benefit liability – July 1	\$ 5,003,556	\$ 4,847,411
Net expense for fiscal year	669,944	621,099
Employers contributions	(504,970)	(464,955)
Accrued benefit liability - June 30	5,168,530	5,003,556
Components of Net Benefit Expense		
Service cost	459,188	413,229
Interest cost	134,340	160,534
Amortization of actuarial (gain) loss	76,416	47,336
Net Benefit Expense	\$ 669,944	\$ 621,099

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

9. Employee Future Benefits (continued)

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

	<u>2016</u>	<u>2015</u>
Discount rate - April 1	2.25%	3.25%
Discount rate - March 31	2.50%	2.25%
Long term salary growth - April 1	2.50% + seniority	2.50% + seniority
Long term salary growth - March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	9.6 years	9.3 years

The employee future benefits liability of \$5,239,100 (2015 - \$5,152,286) identified on the statement of financial position includes the liability for the School District's retirement plan for non-teaching employees (see below), in addition to the vested and non-vested employee future benefits described above.

The total employee future benefits liability amount is comprised of:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Vested and non-vested School District benefits	\$ 5,168,530	\$ 5,003,556
Retirement plan for non-teaching employees (Note 10 b)	70,570	148,730
Total Accrued Benefit Liability	<u>\$ 5,239,100</u>	<u>\$ 5,152,286</u>

10. Employee Pension Plans

a) Teachers' Pension Plan and Municipal Pension Plan

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for managing the pension plans including investing assets and administering benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at December 31, 2014, the Teachers' Pension Plan has about 45,000 active members and approximately 35,000 retired members. As at December 31, 2014 the Municipal Pension Plan has about 185,000 active members, of which approximately 24,000 are from school districts.

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

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014 indicated a \$449 million funding surplus for basic pension benefits. The next valuation will be as at December 31, 2017 with results available in 2018. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016.

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

10. Employee Pension Plans (continued)

a) Teachers' Pension Plan and Municipal Pension Plan (continued)

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plans accounting). This is because the plans records 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, assets and cost to individual employers participating in the plans.

The School District's employer contributions to these plans in the fiscal year ended June 30, 2016 were \$17,626,824 (2015 - \$16,378,764).

b) Retirement Plan for Non-Teaching Employees of School District No. 35 (Langley)

The Retirement Plan for Non-Teaching Employees of School District No. 35 (Langley) is a defined benefit pension plan that has been effective since October 1, 1964. Effective January 1, 1991, new employees are not permitted to join the plan and are required to join the Municipal Pension Plan. The pension plan has 1 active member and 26 retired members. The plan provides benefits based on years of service and the average compensation of the year in which the member retires.

The Board has appointed a Retirement Committee consisting of management, union and plan members to be in charge of the general administration of the plan. The School District uses the services of outside firms to provide pension administration services and management of the pension plan including investment of the assets and administration of benefits.

An actuarial valuation is normally performed every three years to assess the financial position of the plan. The actuarial valuation conducted as at December 31, 2014 reported a going-concern surplus of \$848,000 (2011: \$436,000 deficit) and a solvency deficiency of \$195,000 (2011: \$1,198,000). The School District has recognized the solvency deficiency as a liability in the financial statements as a component of the employee future benefits liability.

The School District is required to make employer contributions equal to the current service cost retroactive to January 1, 2015 and to make special payments to fund the solvency deficiency either over two years or in a lump sum payment. The School District has decided to make special payments to fund the solvency deficiency on a monthly basis. The next actuarial valuation will be performed as at December 31, 2017.

For the fiscal year ended June 30, 2016, the School District has accrued service costs of \$11,250 (2015: \$17,400) and a liability of \$70,570 (2015: \$148,730).

11. Expense by Object

	June 30, 2016	June 30, 2015
Salaries and benefits	\$166,405,114	\$154,643,275
Services and supplies	18,484,380	16,844,107
Interest	82,131	82,035
Amortization	9,127,023	8,473,783
Other	5,506,830	4,823,241
	\$199,605,478	\$184,866,441

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2016

12. Accumulated Surplus

The School District's accumulated surplus consists of balances in its internal capital and internal operating funds. The balance in the internal capital fund consists of amounts invested in tangible capital assets and local capital. The balance in the internal operating fund consists of amounts restricted for various specific purposes and an unrestricted amount.

	June 30, 2016	June 30, 2015
Total Capital Fund Surplus	\$76,937,388	\$70,968,364
Restricted Operating Surplus		
Internally restricted (appropriated) by the Board	3,188,260	3,188,260
Internally restricted to balance 2016 - 2017 budget	850,000	-
Internally restricted for infrastructure replacement	500,000	-
Internally restricted for student capacity needs	1,000,000	-
School Generated Funds	1,955,023	2,165,497
School surpluses	297,942	424,388
District initiative to support technology	750,000	750,000
District initiative in support of schools	750,000	450,000
Internally restricted surplus	9,291,225	6,978,145
Unrestricted Operating Surplus	4,848,425	6,691,764
Total Operating Surplus	14,139,650	13,669,909
Accumulated Surplus	\$ 91,077,038	\$ 84,638,273

13. Interfund Transfers

The School District manages its accounts using three different funds – Operating, Special Purpose and Capital. Transfers between these funds during the year ended June 30, 2016, were as follows:

- A transfer in the amount of \$38,991 (2015: \$41,327) was made from the special purpose fund to the capital fund for payment of capital assets purchased.
 - A transfer in the amount of \$1,318,356 was made from the operating fund to the capital fund for payment of capital assets purchased and capital lease payments (2015: \$1,260,752).
-

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2016

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 generally considered to be in the normal course of operations and are recorded at the exchange amount. The cumulative total of transactions with related parties during the year was not material in amount.

The School District has an economic interest in the Langley School District Foundation (Foundation) which acts as a fundraising agency for the School District. The Foundation is a separate legal entity and is a registered charity under the provisions of the *Income Tax Act* of Canada. The Foundation has its own board of directors who approve grants to support various initiatives of the School District.

During the year, the School District received \$616,954 (2015: \$481,192) in contributions from the Foundation to support and promote programs not funded by the Ministry of Education. The School District made contributions to the Foundation to support its operations of \$4,500 (2015: \$4,000). The School District also has an amount receivable from the Foundation of \$1,874 (2015: \$7,348 – see Note 3).

15. Capital Leases Obligations

The School District entered into a capital lease during March 2012 to replace photocopier and printer equipment in schools and business offices. The lease expires at the end of February 2017. The minimum future lease payments for the year ended June 30, 2017 is as follows:

Total lease payments - July 2016 to March 2017	\$ 237,086
Less amount representing interest	(53,797)
Present value of net minimum capital lease payments	<u>\$ 183,289</u>

For the year ended June 30, 2016, the School District recorded interest expense on the obligations under capital leases of \$74,649 (2015 - \$74,649).

16. Contractual Obligations

The School District has entered into a number of multiple-year contracts for the delivery of services and the construction of tangible capital assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	2017	2018
Various AFG projects	\$ 1,153,167	\$ -
68 passenger school bus	128,832	-
Computer lease	494,225	123,556
	<u>\$ 1,776,224</u>	<u>\$ 123,556</u>

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2016

17. Asset Retirement Obligations

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition or as a requirement of a disposal. 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, 2016, the liability is not reasonably determinable and the School District has accordingly not made any provision in the financial statements to reflect future removal costs or reduced sale proceeds.

18. Budget Figures

Budget figures were approved by the Board of Education through the adoption of an annual amended budget bylaw on February 23, 2016.

Budget figures included in the financial statements reflect the amended planned budget approved by the Board. The School District has elected to present the amended budget as it reflects a budget based on funding as a result of final enrollment numbers versus estimated enrollment projections.

Revenues	Annual Budget	Amended Budget	Change
Ministry of Education	\$ 169,675,525	\$ 177,057,592	\$ 7,382,067
Other - Provincial Grants	512,795	507,923	(4,872)
Tuition	10,261,938	12,072,306	1,810,368
Other revenue	6,759,878	6,835,318	75,440
Rentals and leases	814,161	869,441	55,280
Investment income	513,614	515,224	1,610
Amort. of deferred capital revenue	6,841,901	6,860,500	18,599
	195,379,812	204,718,304	9,338,492
Expenses			
Instruction	159,861,586	162,563,550	2,701,964
District administration	5,657,803	6,142,091	484,288
Operations and maintenance	28,971,742	28,841,550	(130,192)
Transportation and housing	2,286,643	2,305,541	18,898
Debt services	74,649	74,649	-
	196,852,423	199,927,381	3,074,958
Net Revenue (Expense)	(1,472,611)	4,790,923	6,263,534
Budgeted Allocation of Surplus	-	1,067,798	1,067,798
Surplus (Deficit) for the Year	\$ (1,472,611)	\$ 5,858,721	\$ 7,331,332

Significant changes between the original and amended budgets are as follows:

- Ministry grants – reflects increased enrolment and the planned purchase of a future school site.
 - Tuition revenue – increase due to higher Full Time Equivalent enrolment of International students.
 - Instruction expenses – impact of higher International students commissions and increase in supplies and initiatives for schools.
-

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2016

19. Risk Management

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:

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

The School District is exposed to credit risk in the event of non-performance by a 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.

c) Liquidity risk

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

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

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

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2016

20. Economic Dependence

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.

21. Future Capital Transactions

On June 24, 2016 the Ministry of Education announced provincial funding for the seismic upgrading and partial replacement of Langley Secondary School. The total value of the project is \$26.2 million. Work will be conducted in the following three summers, commencing in 2017 with completion in 2019.

At June 30, 2016 the District had engaged the services of a realtor to develop a marketing plan for the disposal of the following School District properties:

- County Line Elementary
- Murrayville Elementary
- Bradshaw Elementary
- District owned land on 32nd Avenue

Subsequent to year end, public notice of the properties for sale was issued and it is anticipated that the sale of these properties will complete in the next fiscal year.

School District No. 35 (Langley)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2016

Schedule 1 (Unaudited)

	Operating Fund	Special Purpose Fund	Capital Fund	2016 Actual	2015 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	13,669,909		70,968,364	84,638,273	84,108,989
Changes for the year					
Surplus (Deficit) for the year	1,788,097	38,991	4,611,677	6,438,765	529,284
Interfund Transfers					
Tangible Capital Assets Purchased		(38,991)	38,991	-	-
Local Capital	(972,336)		972,336	-	-
Other	(346,020)		346,020	-	-
Net Changes for the year	469,741	-	5,969,024	6,438,765	529,284
Accumulated Surplus (Deficit), end of year - Statement 2	14,139,650	-	76,937,388	91,077,038	84,638,273

School District No. 35 (Langley)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2016

	2016 Budget (Note 18) \$	2016 Actual \$	2015 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	162,866,492	163,170,775	154,159,518
Other	245,159	239,559	242,656
Tuition	12,072,306	12,310,325	8,813,579
Other Revenue	1,235,318	1,208,990	1,447,898
Rentals and Leases	869,441	1,024,675	924,513
Investment Income	500,000	556,033	560,740
Total Revenue	177,788,716	178,510,357	166,148,904
Expenses			
Instruction	150,487,054	149,065,988	137,278,141
District Administration	6,032,006	5,971,414	5,372,469
Operations and Maintenance	19,118,737	19,500,533	18,734,620
Transportation and Housing	2,081,714	2,184,325	2,128,890
Total Expense	177,719,511	176,722,260	163,514,120
Operating Surplus (Deficit) for the year	69,205	1,788,097	2,634,784
Budgeted Appropriation (Retirement) of Surplus (Deficit)	1,067,798		
Net Transfers (to) from other funds			
Local Capital	(790,983)	(972,336)	(914,732)
Other	(346,020)	(346,020)	(346,020)
Total Net Transfers	(1,137,003)	(1,318,356)	(1,260,752)
Total Operating Surplus (Deficit), for the year	-	469,741	1,374,032
Operating Surplus (Deficit), beginning of year		13,669,909	12,295,877
Operating Surplus (Deficit), end of year		14,139,650	13,669,909
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 12)		9,291,225	6,978,145
Unrestricted		4,848,425	6,691,764
Total Operating Surplus (Deficit), end of year		14,139,650	13,669,909

School District No. 35 (Langley)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2016

	2016 Budget (Note 18)	2016 Actual	2015 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	162,056,394	162,313,532	149,882,773
AANDC/LEA Recovery	(143,468)	(140,026)	(149,706)
Other Ministry of Education Grants			
Labour Settlement Funding			3,200,509
Pay Equity	551,875	551,875	551,875
Funding for Graduated Adults	118,694	128,105	492,146
Economic Stability Dividend	119,157	145,875	
FSA	15,600	15,600	15,600
Provincial Exam Marking	3,240	3,242	3,242
Carbon Tax	145,000	152,572	163,079
Total Provincial Grants - Ministry of Education	162,866,492	163,170,775	154,159,518
Provincial Grants - Other	245,159	239,559	242,656
Tuition			
Summer School Fees	187,235	187,235	
Continuing Education	304,748	393,940	84,127
Offshore Tuition Fees	11,580,323	11,729,150	8,729,452
Total Tuition	12,072,306	12,310,325	8,813,579
Other Revenues			
LEA/Direct Funding from First Nations	143,468	140,026	149,706
Miscellaneous			
Other Revenue	415,850	380,980	465,417
Transportation	260,000	263,824	258,728
BC Hydro Grant	47,000	70,315	87,500
Salary Recoveries	369,000	353,845	427,121
School Generated Funds			59,426
Total Other Revenue	1,235,318	1,208,990	1,447,898
Rentals and Leases	869,441	1,024,675	924,513
Investment Income	500,000	556,033	560,740
Total Operating Revenue	177,788,716	178,510,357	166,148,904

School District No. 35 (Langley)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2016

	2016 Budget (Note 18)	2016 Actual	2015 Actual
	\$	\$	\$
Salaries			
Teachers	80,551,613	79,652,326	72,476,269
Principals and Vice Principals	9,405,540	9,409,755	8,934,156
Educational Assistants	14,625,334	13,994,524	13,208,725
Support Staff	14,632,058	14,252,523	14,176,277
Other Professionals	3,767,290	3,907,640	3,583,209
Substitutes	6,096,715	7,217,913	6,476,510
Total Salaries	129,078,550	128,434,681	118,855,146
Employee Benefits	32,148,786	31,910,845	29,755,014
Total Salaries and Benefits	161,227,336	160,345,526	148,610,160
Services and Supplies			
Services	3,748,647	3,567,130	3,407,564
Student Transportation	124,200	179,196	95,572
Professional Development and Travel	1,218,984	1,070,981	1,010,015
Rentals and Leases	23,900	17,959	6,245
Dues and Fees	1,119,502	973,704	619,373
Insurance	486,800	531,315	474,016
Interest		7,482	7,386
Supplies	7,175,867	7,295,292	6,665,769
Utilities	2,592,275	2,740,708	2,660,779
Bad debts	2,000	(7,033)	(42,759)
Total Services and Supplies	16,492,175	16,376,734	14,903,960
Total Operating Expense	177,719,511	176,722,260	163,514,120

School District No. 35 (Langley)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

Schedule 2C (Unaudited)

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	62,957,027	1,822,677	212,682	1,062,511	45,269	4,738,548	70,838,714
1.03 Career Programs	344,664	53,280	171,181	28,521		12,760	610,406
1.07 Library Services	518,909		491,381	12,870		26,930	1,050,090
1.08 Counselling	2,646,694	114,869		35,172		13,517	2,810,252
1.10 Special Education	9,305,092	207,976	11,598,969	45,749	4,635	1,227,225	22,389,646
1.30 English Language Learning	1,384,667	83,162	78,089			28,807	1,574,725
1.31 Aboriginal Education	342,043	112,462	851,587	87,871		42,252	1,436,215
1.41 School Administration		6,387,182		2,273,594	75,538	103,504	8,839,818
1.60 Summer School	683,319	99,817	74,851	9,024		2,064	869,075
1.62 Offshore Students	1,469,911	321,113	418,518	133,686	436,202	95,787	2,875,217
1.64 Other							-
Total Function 1	79,652,326	9,202,538	13,897,258	3,688,998	561,644	6,291,394	113,294,158
4 District Administration							
4.11 Educational Administration		104,431			756,498		860,929
4.40 School District Governance					152,427		152,427
4.41 Business Administration		102,786	2,395	919,492	1,427,789	36,997	2,489,459
Total Function 4	-	207,217	2,395	919,492	2,336,714	36,997	3,502,815
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				86,664	690,882	8,565	786,111
5.50 Maintenance Operations				8,178,600	249,379	690,016	9,117,995
5.52 Maintenance of Grounds				406,156		82,834	488,990
5.56 Utilities							-
Total Function 5	-	-	-	8,671,420	940,261	781,415	10,393,096
7 Transportation and Housing							
7.41 Transportation and Housing Administration				93,577	69,021	6,870	169,468
7.70 Student Transportation			94,871	879,036		101,237	1,075,144
Total Function 7	-	-	94,871	972,613	69,021	108,107	1,244,612
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	79,652,326	9,409,755	13,994,524	14,252,523	3,907,640	7,217,913	128,434,681

School District No. 35 (Langley)

Operating Expense by Function, Program and Object

Year Ended June 30, 2016

Schedule 2C (Unaudited)

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2016 Actual	2016 Budget (Note 18)	2015 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	70,838,714	18,191,928	89,030,642	4,011,629	93,042,271	93,383,653	85,927,282
1.03 Career Programs	610,406	158,305	768,711	128,772	897,483	919,126	763,083
1.07 Library Services	1,050,090	256,401	1,306,491	105,836	1,412,327	1,417,044	1,383,649
1.08 Counselling	2,810,252	671,012	3,481,264	61,770	3,543,034	3,435,438	3,351,498
1.10 Special Education	22,389,646	5,566,282	27,955,928	301,940	28,257,868	28,897,639	26,432,832
1.30 English Language Learning	1,574,725	389,429	1,964,154	50,588	2,014,742	2,061,688	1,612,086
1.31 Aboriginal Education	1,436,215	348,143	1,784,358	528,685	2,313,043	2,285,522	2,154,566
1.41 School Administration	8,839,818	2,136,262	10,976,080	402,858	11,378,938	11,682,520	11,209,253
1.60 Summer School	869,075	165,185	1,034,260	38,024	1,072,284	1,052,792	39,318
1.62 Offshore Students	2,875,217	687,433	3,562,650	1,552,410	5,115,060	5,347,132	4,404,574
1.64 Other	-	-	-	18,938	18,938	4,500	-
Total Function 1	113,294,158	28,570,380	141,864,538	7,201,450	149,065,988	150,487,054	137,278,141
4 District Administration							
4.11 Educational Administration	860,929	187,848	1,048,777	263,070	1,311,847	1,223,887	1,149,682
4.40 School District Governance	152,427	2,887	155,314	106,901	262,215	261,115	264,915
4.41 Business Administration	2,489,459	542,389	3,031,848	1,365,504	4,397,352	4,547,004	3,957,872
Total Function 4	3,502,815	733,124	4,235,939	1,735,475	5,971,414	6,032,006	5,372,469
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	786,111	157,928	944,039	941,041	1,885,080	1,959,389	1,373,160
5.50 Maintenance Operations	9,117,995	2,040,029	11,158,024	2,942,290	14,100,314	13,897,056	13,953,777
5.52 Maintenance of Grounds	488,990	109,698	598,688	175,743	774,431	678,017	751,709
5.56 Utilities	-	-	-	2,740,708	2,740,708	2,584,275	2,655,974
Total Function 5	10,393,096	2,307,655	12,700,751	6,799,782	19,500,533	19,118,737	18,734,620
7 Transportation and Housing							
7.41 Transportation and Housing Administration	169,468	41,466	210,934	3,851	214,785	225,263	222,333
7.70 Student Transportation	1,075,144	258,220	1,333,364	636,176	1,969,540	1,856,451	1,906,557
Total Function 7	1,244,612	299,686	1,544,298	640,027	2,184,325	2,081,714	2,128,890
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	128,434,681	31,910,845	160,345,526	16,376,734	176,722,260	177,719,511	163,514,120

School District No. 35 (Langley)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2016

	2016 Budget (Note 18)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	7,099,474	6,769,129	6,568,053
Other	262,764	279,974	283,459
Other Revenue	5,600,000	6,373,287	5,742,456
Total Revenue	12,962,238	13,422,390	12,593,968
Expenses			
Instruction	12,076,496	12,616,378	11,778,066
District Administration	110,085	28,944	36,498
Operations and Maintenance	738,077	738,077	738,077
Total Expense	12,924,658	13,383,399	12,552,641
Special Purpose Surplus (Deficit) for the year	37,580	38,991	41,327
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(37,580)	(38,991)	(41,327)
Total Net Transfers	(37,580)	(38,991)	(41,327)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

School District No. 35 (Langley)

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

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community- LINK	Service Delivery Transformation
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	33,782	154,767	431,269	1,213	43,240	65,514	189,400	121,729
Add: Restricted Grants									
Provincial Grants - Ministry of Education	738,077	3,386,225	8,495		288,000	71,050	210,848	1,943,248	
Provincial Grants - Other				6,264,962					
	738,077	3,386,225	8,495	6,264,962	288,000	71,050	210,848	1,943,248	-
Less: Allocated to Revenue	738,077	3,414,059	38,991	6,373,287	289,213	86,334	276,362	1,917,940	8,153
Deferred Revenue, end of year	-	5,948	124,271	322,944	-	27,956	-	214,708	113,576
Revenues									
Provincial Grants - Ministry of Education	738,077	3,414,059	38,991		289,213	86,334	276,362	1,917,940	8,153
Provincial Grants - Other				6,373,287					
Other Revenue	738,077	3,414,059	38,991	6,373,287	289,213	86,334	276,362	1,917,940	8,153
Expenses									
Salaries									
Teachers									
Principals and Vice Principals		2,094,403			23,164	30,541	35,637	268,662	
Educational Assistants		517,776			181,951			1,172,401	
Support Staff	176,208							196	
Substitutes		71,630			3,736		21,275	15,637	
Employee Benefits	176,208	2,683,809	-	-	208,851	30,541	56,912	1,456,896	-
Services and Supplies	14,253	730,250			57,489	7,037	12,183	370,182	
	547,616			6,373,287	22,873	48,756	207,267	90,862	8,153
	738,077	3,414,059	-	6,373,287	289,213	86,334	276,362	1,917,940	8,153
Net Revenue (Expense) before Interfund Transfers	-	-	38,991	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased			(38,991)						
	-	-	(38,991)	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 35 (Langley)

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

	SWIS	TOTAL
	\$	\$
Deferred Revenue, beginning of year	26,892	1,067,806
Add: Restricted Grants		
Provincial Grants - Ministry of Education		6,645,943
Provincial Grants - Other	259,426	259,426
Other		6,264,962
	259,426	13,170,331
Less: Allocated to Revenue	279,974	13,422,390
Deferred Revenue, end of year	6,344	815,747
Revenues		
Provincial Grants - Ministry of Education		6,769,129
Provincial Grants - Other	279,974	279,974
Other Revenue		6,373,287
	279,974	13,422,390
Expenses		
Salaries		
Teachers		2,452,407
Principals and Vice Principals	20,791	20,791
Educational Assistants	143,428	2,015,556
Support Staff	10,298	186,702
Substitutes	33,041	145,319
	207,558	4,820,775
Employee Benefits	47,419	1,238,813
Services and Supplies	24,997	7,323,811
	279,974	13,383,399
Net Revenue (Expense) before Interfund Transfers	-	38,991
Interfund Transfers		
Tangible Capital Assets Purchased		(38,991)
	-	(38,991)
Net Revenue (Expense)	-	-

School District No. 35 (Langley)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2016

	2016 Budget (Note 18)	2016 Actual			2015 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	7,091,626	4,691,118		4,691,118	253,612
Municipal Grants Spent on Sites		2,538,489		2,538,489	
Investment Income	15,224		14,244	14,244	19,373
Amortization of Deferred Capital Revenue	6,860,500	6,867,645		6,867,645	6,379,868
Total Revenue	13,967,350	14,097,252	14,244	14,111,496	6,652,853
Expenses					
Operations and Maintenance	135,989	298,147		298,147	251,248
Amortization of Tangible Capital Assets					
Operations and Maintenance	8,848,747	8,903,183		8,903,183	8,228,930
Transportation and Housing	223,827	223,840		223,840	244,853
Debt Services					
Capital Lease Interest	74,649		74,649	74,649	74,649
Total Expense	9,283,212	9,425,170	74,649	9,499,819	8,799,680
Capital Surplus (Deficit) for the year	4,684,138	4,672,082	(60,405)	4,611,677	(2,146,827)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	37,580	38,991		38,991	41,327
Local Capital	790,983		972,336	972,336	914,732
Capital Lease Payment	346,020		346,020	346,020	346,020
Total Net Transfers	1,174,583	38,991	1,318,356	1,357,347	1,302,079
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		1,966,897	(1,966,897)	-	
Principal Payment					
Capital Lease		271,371	(271,371)	-	
Total Other Adjustments to Fund Balances		2,238,268	(2,238,268)	-	
Total Capital Surplus (Deficit) for the year	5,858,721	6,949,341	(980,317)	5,969,024	(844,748)
Capital Surplus (Deficit), beginning of year		69,865,761	1,102,603	70,968,364	71,813,112
Capital Surplus (Deficit), end of year		76,815,102	122,286	76,937,388	70,968,364

School District No. 35 (Langley)

Tangible Capital Assets

Year Ended June 30, 2016

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	30,626,695	317,304,400	12,139,905	2,315,688	355,849	1,069,452	363,811,989
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	4,392,971		419,297				4,392,971
Deferred Capital Revenue - Other	2,538,489		38,991				2,957,786
Special Purpose Funds							38,991
Local Capital	300,000	136,616	385,032	148,173	258,501	738,575	1,966,897
Deferred Capital Revenue - MED Restricted Capital		33,349	24,099				57,448
Transferred from Work in Progress		1,479,749	1,205,975				2,685,724
	7,231,460	1,649,714	2,073,394	148,173	258,501	738,575	12,099,817
Decrease:							
Deemed Disposals			300,502	302,748	8,757	65,504	677,511
	-	-	300,502	302,748	8,757	65,504	677,511
Cost, end of year	37,858,155	318,954,114	13,912,797	2,161,113	605,593	1,742,523	375,234,295
Work in Progress, end of year		481,424	117,472				598,896
Cost and Work in Progress, end of year	37,858,155	319,435,538	14,030,269	2,161,113	605,593	1,742,523	375,833,191
Accumulated Amortization, beginning of year		143,669,309	4,581,140	1,044,614	166,738	325,490	149,787,291
Changes for the Year							
Increase: Amortization for the Year		7,084,039	1,441,802	223,840	96,144	281,198	9,127,023
Decrease:							
Deemed Disposals			300,502	302,748	8,757	65,504	677,511
		-	300,502	302,748	8,757	65,504	677,511
Accumulated Amortization, end of year		150,753,348	5,722,440	965,706	254,125	541,184	158,236,803
Tangible Capital Assets - Net	37,858,155	168,682,190	8,307,829	1,195,407	351,468	1,201,339	217,596,388

School District No. 35 (Langley)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2016

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	115,700	228,857			344,557
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	1,845,473	1,094,590			2,940,063
	1,845,473	1,094,590	-	-	2,940,063
Decrease:					
Transferred to Tangible Capital Assets	1,479,749	1,205,975			2,685,724
	1,479,749	1,205,975	-	-	2,685,724
Net Changes for the Year	365,724	(111,385)	-	-	254,339
Work in Progress, end of year	481,424	117,472	-	-	598,896

School District No. 35 (Langley)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2016

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	141,969,947	632,791	1,345,171	143,947,909
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions			419,297	419,297
Transferred from Work in Progress	2,685,724			2,685,724
Transferred from Deferred Revenue - Construction of Yorkson Creek		57,449		57,449
	2,685,724	57,449	419,297	3,162,470
Decrease:				
Amortization of Deferred Capital Revenue	6,642,212	20,735	204,698	6,867,645
	6,642,212	20,735	204,698	6,867,645
Net Changes for the Year	(3,956,488)	36,714	214,599	(3,705,175)
Deferred Capital Revenue, end of year	138,013,459	669,505	1,559,770	140,242,734
Work in Progress, beginning of year	344,556			344,556
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	2,940,063			2,940,063
	2,940,063	-	-	2,940,063
Decrease				
Transferred to Deferred Capital Revenue	2,685,724			2,685,724
	2,685,724	-	-	2,685,724
Net Changes for the Year	254,339	-	-	254,339
Work in Progress, end of year	598,895	-	-	598,895
Total Deferred Capital Revenue, end of year	138,612,354	669,505	1,559,770	140,841,629

School District No. 35 (Langley)

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

Schedule 4D (Unaudited)

	Bylaw Capital	MED Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	5,055,819	4,130,388		2,574,074		11,760,281
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	2,999,903					2,999,903
Other				1,054,526	419,297	1,473,823
Investment Income	(30,953)	39,880		23,927		63,807
Transfer project surplus to MED Restricted (from) Bylaw	(298,147)	30,953				-
Reclassify revenue for AFG expense projects	2,670,803	70,833	-	1,078,453	419,297	(298,147)
						4,239,386
Decrease:						
Transferred to DCR - Capital Additions					419,297	419,297
Transferred to DCR - Work in Progress	2,940,063					2,940,063
Transferred to Revenue - Site Purchases	4,392,971			2,538,489		6,931,460
Transferred to DCR - Construction of Yorkson Creek Middle School	7,333,034	57,449	-	2,538,489	419,297	57,449
						10,348,269
Net Changes for the Year	(4,662,231)	13,384	-	(1,460,036)	-	(6,108,883)
Balance, end of year	393,588	4,143,772	-	1,114,038	-	5,651,398