

Audited Financial Statements of

School District No. 46 (Sunshine Coast)

June 30, 2015

School District No. 46 (Sunshine Coast)

June 30, 2015

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School District No. 46 (Sunshine Coast)

MANAGEMENT REPORT

Version: 3501-2755-9773

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 46 (Sunshine Coast) 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. 46 (Sunshine Coast) (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.

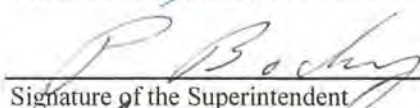
The external auditors', White Kennedy LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors' have full and free access to financial management of School District No. 46 (Sunshine Coast) 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. 46 (Sunshine Coast)



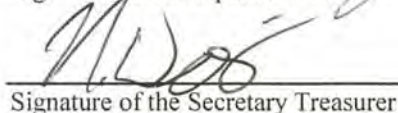
Signature of the Chairperson of the Board of Education

Sept 8, 2015
Date Signed



Signature of the Superintendent

Sept 14/15
Date Signed



Signature of the Secretary Treasurer

Sept 8, 2015
Date Signed



Ian S. Kennedy, BA, CPA, CA
Michael P. Doherty, BSc, CPA, CA
H. Jon Milligan, BCom, CPA, CA

Chris D. Browne, BCom, CPA, CA
Jeff Duguid, BSc, BCom, CPA, CA
Marielle J. Brûlé, CPA, CA

Peter MacIntosh, BA, CPA, CA
Darrell Swetlishoff, BBA, CPA, CA
Aaron Dodsworth, BBA, CPA, CA
Jodi Hansen, CPA, CA

INDEPENDENT AUDITORS' REPORT

To the Board of Education of School District No. 46 (Sunshine Coast) and the Ministry of Education

We have audited the accompanying financial statements of School District No. 46 (Sunshine Coast), which comprise the statement of financial position as at June 30, 2015, and the statements of operations, changes in net financial assets (debt), cash flows for the year then ended, schedules, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of School District No. 46 (Sunshine Coast) based on the *Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia* which requires that the financial statements be prepared in accordance with Canadian Public Sector Accounting standards except in regard to the accounting for government transfers.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with *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.

Auditor's Responsibility

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

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

Independent Auditor's Report to the Board of Education of School District No. 46 (Sunshine Coast) and the Ministry of Education (continued)

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of School District No. 46 (Sunshine Coast) as at June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with *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. The financial statements are prepared to assist School District No. 46 (Sunshine Coast) in complying with the reporting requirements of the Province of British Columbia. As a result, the financial statements may not be suitable for any other purpose.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Schedules 1 through 4D is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Penticton, British Columbia
September 8, 2015



CHARTERED PROFESSIONAL ACCOUNTANTS

School District No. 46 (Sunshine Coast)

Statement 1

Statement of Financial Position

As at June 30, 2015

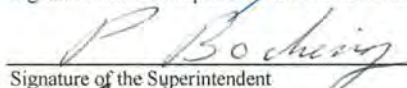
	2015 Actual	2014 Actual (Recast - Note 16)
	\$	\$
Financial Assets		
Cash and Cash Equivalents	9,357,379	9,075,005
Accounts Receivable		
Due from Province - Ministry of Education	1,732,967	1,652,034
Other (Note 3)	207,006	809,822
Total Financial Assets	11,297,352	11,536,861
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education		687,887
Other (Note 4)	5,029,084	4,050,024
Unearned Revenue (Note 5)	4,200	
Deferred Revenue (Note 6)	1,302,842	1,345,934
Deferred Capital Revenue (Note 7)	39,916,655	35,276,176
Employee Future Benefits (Note 8)	1,945,318	1,845,241
Total Liabilities	48,198,099	43,205,262
Net Financial Assets (Debt)	(36,900,747)	(31,668,401)
Non-Financial Assets		
Tangible Capital Assets (Note 10)	47,421,104	43,114,305
Prepaid Expenses	140,263	148,053
Total Non-Financial Assets	47,561,367	43,262,358
Accumulated Surplus (Deficit)	10,660,620	11,593,957

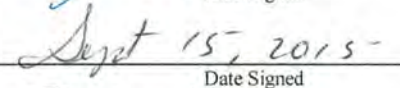
Contractual Obligations and Contingencies (Note 14)

Approved by the Board

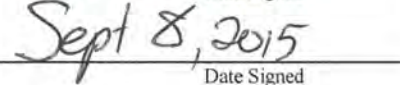

Signature of the Chairperson of the Board of Education


Date Signed


Signature of the Superintendent


Date Signed


Signature of the Secretary Treasurer


Date Signed

School District No. 46 (Sunshine Coast)

Statement 2

Statement of Operations

Year Ended June 30, 2015

	2015 Budget	2015 Actual	2014 Actual (Recast - Note 16)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	35,563,913	35,755,614	35,251,973
Other		50,400	107,051
Tuition	130,000	100,300	100,300
Other Revenue	1,403,546	1,297,570	1,559,361
Rentals and Leases	60,000	57,043	93,342
Investment Income	87,000	139,786	118,445
Amortization of Deferred Capital Revenue	1,231,552	1,231,552	1,273,569
Total Revenue	38,476,011	38,632,265	38,504,041
Expenses (Note 18)			
Instruction	32,679,049	30,440,035	29,159,347
District Administration	1,838,882	1,820,025	1,702,108
Operations and Maintenance	6,525,357	6,081,267	6,187,216
Transportation and Housing	1,230,471	1,224,275	1,057,389
Total Expense	42,273,759	39,565,602	38,106,060
Surplus (Deficit) for the year	(3,797,748)	(933,337)	397,981
Accumulated Surplus (Deficit) from Operations, beginning of year		11,593,957	11,195,976
Accumulated Surplus (Deficit) from Operations, end of year		10,660,620	11,593,957

School District No. 46 (Sunshine Coast)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2015

	2015 Budget	2015 Actual	2014 Actual (Recast - Note 16)
	\$	\$	\$
Surplus (Deficit) for the year	<u>(3,797,748)</u>	<u>(933,337)</u>	<u>397,981</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(3,700,000)	(5,902,561)	(8,883,353)
Amortization of Tangible Capital Assets	1,595,762	1,595,762	1,648,364
Total Effect of change in Tangible Capital Assets	<u>(2,104,238)</u>	<u>(4,306,799)</u>	<u>(7,234,989)</u>
Acquisition of Prepaid Expenses		(140,263)	(148,053)
Use of Prepaid Expenses		148,053	137,499
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>7,790</u>	<u>(10,554)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(5,901,986)</u>	<u>(5,232,346)</u>	<u>(6,847,562)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(5,232,346)</u>	<u>(6,847,562)</u>
Net Financial Assets (Debt), beginning of year		<u>(31,668,401)</u>	<u>(24,820,839)</u>
Net Financial Assets (Debt), end of year		<u><u>(36,900,747)</u></u>	<u><u>(31,668,401)</u></u>

School District No. 46 (Sunshine Coast)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2015

	2015 Actual	2014 Actual (Recast - Note 16)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(933,337)	397,981
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	521,883	(741,765)
Prepaid Expenses	7,790	(10,554)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	291,173	265,509
Unearned Revenue	4,200	(4,250)
Deferred Revenue	(43,092)	4,657
Employee Future Benefits	100,077	125,407
Amortization of Tangible Capital Assets	1,595,762	1,648,364
Amortization of Deferred Capital Revenue	(1,231,552)	(1,273,569)
Total Operating Transactions	312,904	411,780
Capital Transactions		
Tangible Capital Assets Purchased	(1,011,226)	(849,715)
Tangible Capital Assets -WIP Purchased	(4,891,335)	(8,033,638)
Total Capital Transactions	(5,902,561)	(8,883,353)
Financing Transactions		
Capital Revenue Received	5,872,031	8,754,598
Total Financing Transactions	5,872,031	8,754,598
Net Increase (Decrease) in Cash and Cash Equivalents	282,374	283,025
Cash and Cash Equivalents, beginning of year	9,075,005	8,791,980
Cash and Cash Equivalents, end of year	9,357,379	9,075,005
Cash and Cash Equivalents, end of year, is made up of:		
Cash	9,357,379	9,075,005
	9,357,379	9,075,005

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 1 AUTHORITY AND PURPOSE

The School District operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 46 (Sunshine Coast)", and operates as "School District No. 46 (Sunshine Coast)." 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. 46 (Sunshine Coast) is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Notes 2(f) and 2(m).

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

As noted in Notes 2(f) and 2(m), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the financial statements of the School District is as follows:

Year-ended June 30, 2015 - increase in annual surplus by \$5,872,031

June 30, 2015 - increase in accumulated surplus and decrease in deferred contributions by \$39,916,655

Year-ended June 30, 2014 - increase in annual surplus by \$8,754,598

June 30, 2014 - increase in accumulated surplus and decrease in deferred contributions by \$35,276,176

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

b) Cash and Cash Equivalents
PS 1201.104-.105

Cash and cash equivalents include deposits with the Provincial Treasury's 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.

c) Accounts Receivable

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

d) Portfolio Investments

The School District occasionally has investments in GIC's and term deposits that either have no maturity dates or have a maturity of greater than 3 months at the time of acquisition. GIC's, term deposits and other investments not quoted in an active market are reported at cost or amortized cost.

Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in the fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations.

Impairment is defined as a loss in value of a portfolio investment that is other than a temporary decline and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

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.

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

f) Deferred Revenue and Deferred Capital Revenue

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

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 2 (a) for the impact of this policy on these financial statements.

g) Employee Future Benefits

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

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

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

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

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

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

h) Asset Retirement Obligations

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

i) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

i) Tangible Capital Assets *(Continued)*

- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

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

j) 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 an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. 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 charged to expenses as incurred.

k) Prepaid Expenses

Software licenses, property tax, equipment leases, insurance premiums, subscriptions, services, memberships and supplies are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

l) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 12 – Interfund Transfers and Note 19 – Internally Restricted Surplus). Funds and reserves are disclosed on Schedules 2, 3 and 4.

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

m) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Contributions received or where eligibility criteria have been met are recognized as revenue except where the contribution meets the criteria for deferral as described below. Eligibility criteria are the criteria that the School District has to meet in order to receive the contributions including authorization by the transferring government.

For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized as follows:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year related expenses are incurred,
- Contributions restricted for site acquisitions are recorded as revenue when the sites are purchased, and
- Contributions restricted for tangible capital assets acquisitions other than sites are recorded as deferred capital revenue and amortized over the useful life of the related assets.

Donated tangible capital assets other than sites are recorded at fair market value and amortized over the useful life of the assets. Donated sites are recorded as revenue at fair market value when received or receivable

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 2 (a) for the impact of this policy on these financial statements.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

n) Expenditures

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

Categories of Salaries

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

Allocation of Costs

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

o) 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 non-financial assets on the Statement of Financial Position.

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

p) Financial Instruments

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

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, bank overdraft, accounts payable and accrued liabilities, long term debt and other liabilities.

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

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

q) Measurement Uncertainty

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

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	2015	2014
Due from Other School Districts	\$ -	\$ -
Other : GST receivable	65,292	683,408
PST receivable	-	266
Other	141,714	126,148
	<u>\$207,006</u>	<u>\$809,822</u>

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	2015	2014
Trade payables	\$ 2,374,344	\$ 2,066,344
Salaries and benefits payable	2,173,292	1,501,359
Accrued vacation pay	481,448	478,382
Other	-	3,939
	<u>\$ 5,029,084</u>	<u>\$ 4,050,024</u>

NOTE 5 UNEARNED REVENUE

	2015	2014
Balance, beginning of year	\$ -	\$ 4,250
Changes for the year:		
Increase:		
License Fees	4,200	
Decrease:		
Tuition fees	-	(4,250)
Net changes for the year	<u>4,200</u>	<u>(4,250)</u>
Balance, end of year	<u>\$ 4,200</u>	<u>\$ -</u>

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 6 DEFERRED REVENUE

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled. Detailed information about the changes in deferred revenue is included in Schedule 3A.

NOTE 7 DEFERRED CAPITAL REVENUE

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

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 8 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, retirement/severance, vacation and overtime. 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. The portion of these benefits that have not been provided for is identified as Unfunded Accrued Employee Future Benefits and disclosed in Note 9.

	<u>2015</u>	<u>2014</u>
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation - April 1	1,778,306	1,836,197
Service Cost	150,480	149,875
Interest Cost	59,085	55,973
Benefit Payments - April 1 to March 31 - VESTED (111,426)		
Benefit Payments - April 1 to March 31 - NON-VESTED <u>(21,711)</u>	(133,137)	(85,900)
Increase (Decrease) in obligation due to plan amendment	0	0
Actuarial (Gain)/Loss	<u>5,707</u>	<u>(177,839)</u>
Accrued Benefit Obligation - March 31	<u><u>1,860,441</u></u>	<u><u>1,778,306</u></u>
Change in Plan Assets		
Market Value of Plan Assets - April 1	0	0
Actual Return on Plan Assets	0	0
Employer Contributions - April 1 to March 31	133,137	85,900
Benefit Payments - April 1 to March 31	<u>(133,137)</u>	<u>(85,900)</u>
Market Value of Plan Assets - March 31	<u><u>0</u></u>	<u><u>0</u></u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation - March 31	1,860,441	1,778,306
Market Value of Plan Assets - March 31	<u>0</u>	<u>0</u>
Funded Status - Surplus (Deficit)	(1,860,441)	(1,778,306)
Employer Contributions After Measurement Date - April 1 to June 30 - VESTED	7,885	36,234
Benefit Expense After Measurement Date - April 1-June 30	(52,795)	(52,391)
Unamortized Net Actuarial (Gain)/Loss	<u>(39,965)</u>	<u>(50,777)</u>
Accrued Benefit (Liability) Asset - June 30	<u><u>(1,945,316)</u></u>	<u><u>(1,845,240)</u></u>

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 8 **EMPLOYEE FUTURE BENEFITS** *(Continued)*

Components of Net Benefit Expense

Service Cost - July 1 to March 31	112,860	112,406
Service Cost - April 1 to June 30	41,976	37,620
Interest Cost - July 1 to March 31	44,314	41,980
Interest Cost - April 1 to June 30	10,820	14,771
Immediate Recognition of Plan Amendment	0	0
Amortization of Net Actuarial (Gain)/Loss	(5,105)	17,406
Net Benefit Expense (Income)	<u>204,864</u>	<u>224,183</u>

Reconciliation of Change in Accrued Benefit Liability (Asset)

Accrued Benefit Liability (Asset) - July 1	1,845,240	1,719,832
Recognize Benefit Expense April 1 - June 30		
Accrued Benefit Liability (Asset) - July 1 (restated)	1,845,240	1,719,832
Net Expense for Fiscal Year	204,864	224,183
Employer Contributions - July 1 to March 31	(96,903)	(62,541)
Employer Contributions - April 1 to June 30	(7,885)	(36,234)
Accrued Benefit Liability (Asset) - June 30	<u>1,945,316</u>	<u>1,845,240</u>

Assumptions

Discount Rate - April 1	3.25%	3.00%
Discount Rate - March 31	2.25%	3.25%
Long Term Salary Growth - April 1	2.50%	2.50%
Long Term Salary Growth - March 31	2.50%	2.50%
EARSL - March 31	7.9	7.9

NOTE 9 **UNFUNDED ACCRUED EMPLOYEE FUTURE BENEFITS**

It is planned that the initial unfunded liability for accrued employee future benefits upon adoption of accrual accounting and PSA standards will be eliminated in eight (8) years, after payments commence.

Unfunded liability, as at July 1, 2014 as previously reported	\$ 511,406
Reductions during the year	<u>0</u>
Unfunded liability, as at June 30, 2015	<u>\$ 511,406</u>

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 10 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2015	Net Book Value 2014
Sites	\$ 3,051,972	\$ 3,051,972
Buildings	43,129,526	29,076,241
Buildings – WIP	-	9,733,944
Furniture & Equipment	762,100	602,669
Furniture & Equipment – WIP	-	60,520
Vehicles	476,344	585,280
Computer Hardware	1,162	3,679
Total	\$ 47,421,104	\$ 43,114,305

June 30, 2015

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2015
Sites	\$ 3,051,972	\$ -	\$ -	\$ -	\$ 3,051,972
Buildings	61,548,471	980,696		14,362,725	76,891,892
Buildings – WIP	9,733,944	4,628,781		(14,362,725)	-
)	
Furniture & Equipment	1,941,733	30,530	(568,237)	323,074	1,727,100
Furniture & Equipment. – WIP	60,520	262,554		(323,074)	-
Vehicles	1,089,366		(76,607)		1,012,759
Computer Hardware	12,584		(6,778)		5,806
Total	\$ 77,438,590	\$ 5,902,561	\$ (651,622)	\$ -	\$ 82,689,529

	Opening Accumulated Amortization	Increases	Disposals	Total 2015
Buildings	\$ 32,472,230	\$ 1,290,136	\$ -	\$ 33,762,366
Furniture & Equipment	1,339,064	194,173	(568,237)	965,000
Vehicles	504,086	108,936	(76,607)	536,415
Computer Hardware	8,905	2,517	(6,778)	4,644
Total	\$ 34,324,285	\$ 1,595,762	\$ (651,622)	\$ 35,268,425

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 10 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2014

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2014
Sites	\$ 3,051,972	\$ -	\$ -	\$ -	\$ 3,051,972
Buildings	60,827,511	720,960			61,548,471
Buildings – WIP	1,760,826	7,973,118			9,733,944
Furniture & Equipment	2,372,096	14,482	(444,845)		1,941,733
Furniture & Equipment. – WIP		60,520			60,520
Vehicles	975,093	114,273			1,089,366
Computer Hardware	163,279		(150,695)		12,584
Total	\$69,150,777	\$ 8,883,353	(\$595,540)	\$ -	\$77,438,590

	Opening Accumulated Amortization	Additions	Disposals	Total 2014
Buildings	\$ 31,191,241	\$ 1,280,989	\$ -	\$ 32,472,230
Furniture & Equipment	1,546,699	237,210	(444,845)	1,339,064
Vehicles	406,577	97,509		504,086
Computer Hardware	126,944	32,656	(150,695)	8,905
Total	\$ 33,271,461	\$ 1,648,364	(\$595,540)	\$ 34,324,285

Contributed tangible capital assets:

Additions to Furniture & Equipment and Vehicles include the following contributed tangible capital assets:

	2015	2014
Maintenance Equipment	\$ 20,380	\$ 14,482
School Furniture	10,150	
Various Replacement Vehicles for Fleet		114,273
Total	\$ 30,530	\$ 128,755

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 11 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension Plans. The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. As at December 31, 2013, the Teachers' Pension Plan has about 45,000 active members, and approximately 33,000 retired members. The Municipal Pension Plan has about 182,000 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, 2011 indicated a \$855 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2014 with results available in 2015. 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. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan 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 Plan.

School District No. 46 (Sunshine Coast) paid \$3,248,269 for employer contributions to these plans in the year ended June 30, 2015.

School District No. 46 (Sunshine Coast) paid \$2,963,675 for employer contributions to these plans in the year ended June 30, 2014.

NOTE 12 INTERFUND TRANSFERS

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

- Purchase of capital assets from the Operating fund: \$20,380
- Purchase of capital assets from Special Purpose funds: \$10,150

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 13 RELATED PARTY TRANSACTIONS

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

NOTE 14 CONTRACTUAL OBLIGATIONS

The School District has entered into a number of multiple-year contract 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.

The Rebuild of Gibsons Elementary School was substantially complete at June 30, 2015, with only \$39,915 in remaining work to be completed. There was also a holdback account set up related to the project to protect the District against liens and deficiencies. At June 30, 2015 the balance in this holdback account was \$1,106,535.

The School District also maintains various leases for computer hardware with expiry of less than five years, with payments due as follows:

2016	\$ 107,729
2017	107,729
2018	106,667
2019	37,859
2020	1,551
Thereafter	0
Total minimum lease payments	<u>\$ 361,535</u>

NOTE 15 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 10, 2015*.

The *amended* annual budget figures are adjusted to reflect more current enrolment information and grant figures. The revision of the annual budget is a provincial requirement, and the inclusion of amended budgets in the financial statements presents the most relevant information to the user.

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 16 RESTATEMENT OF COMPARATIVE FIGURES

In order to conform to the current year's presentation, 2013/14 strike savings have been re-classified. Whereas this amount was previously included in the Operating Grant on Schedule 2A, it has now been revised to specifically identify the savings.

NOTE 17 ASSET RETIREMENT OBLIGATION

Legal liabilities may exist for the removal/disposal of asbestos in schools that will undergo major renovations or demolition. As at June 30, 2015 the liability cannot reasonably be determined.

NOTE 18 EXPENSE BY OBJECT

	2015	2014
Salaries and benefits	\$ 31,767,609	\$ 30,123,715
Services and supplies	6,202,231	6,333,981
Amortization	1,595,762	1,648,364
	<u>\$ 39,565,602</u>	<u>\$ 38,106,060</u>

NOTE 19 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Internally Restricted (appropriated) by Board for:		
School Surpluses	\$ 529,289	
Financial Provisions	800,000	
Contractual Obligations	207,858	
District Programs	<u>783,003</u>	
Subtotal Internally Restricted		\$ 2,320,150
Unrestricted Operating Surplus (Deficit)		1,314,308
Unfunded Accrued Employee Future Benefits		<u>(511,406)</u>
Total Available for Future Operations		<u>\$ 3,123,052</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.

SCHOOL DISTRICT NO. 46 (SUNSHINE COAST)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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.

The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

- a) 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 the Provincial Treasury's Central Deposit Program, GICs and term deposits.

- b) 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 Provincial Treasury's Central Deposit Program, GICs and term deposits that have a maturity date of no more than 3 years.

- c) 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. 46 (Sunshine Coast)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2015

	Operating Fund	Special Purpose Fund	Capital Fund	2015 Actual	2014 Actual (Recast - Note 16)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	3,722,709		7,871,248	11,593,957	11,195,976
Changes for the year					
Surplus (Deficit) for the year	(579,277)	10,150	(364,210)	(933,337)	397,981
Interfund Transfers					
Tangible Capital Assets Purchased	(20,380)	(10,150)	30,530	-	
Net Changes for the year	(599,657)	-	(333,680)	(933,337)	397,981
Accumulated Surplus (Deficit), end of year - Statement 2	3,123,052	-	7,537,568	10,660,620	11,593,957

School District No. 46 (Sunshine Coast)

Schedule 2

Schedule of Operating Operations

Year Ended June 30, 2015

	2015 Budget	2015 Actual	2014 Actual (Recast - Note 16)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	33,756,738	34,015,972	34,041,963
Other		50,400	107,051
Tuition	130,000	100,300	100,300
Other Revenue	502,700	483,218	543,213
Rentals and Leases	60,000	57,043	93,342
Investment Income	80,000	130,709	108,805
Total Revenue	34,529,438	34,837,642	34,994,674
Expenses			
Instruction	30,284,234	28,187,020	27,025,332
District Administration	1,838,882	1,820,025	1,702,108
Operations and Maintenance	4,718,325	4,294,535	4,437,069
Transportation and Housing	1,121,535	1,115,339	1,057,389
Total Expense	37,962,976	35,416,919	34,221,898
Operating Surplus (Deficit) for the year	(3,433,538)	(579,277)	772,776
Budgeted Appropriation (Retirement) of Surplus (Deficit)	3,722,709		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(20,380)	(128,755)
Total Net Transfers	-	(20,380)	(128,755)
Total Operating Surplus (Deficit), for the year	289,171	(599,657)	644,021
Operating Surplus (Deficit), beginning of year		3,722,709	3,078,688
Operating Surplus (Deficit), end of year		3,123,052	3,722,709
Operating Surplus (Deficit), end of year			
Internally Restricted		2,320,150	2,564,441
Unrestricted		1,314,308	1,669,674
Unfunded Accrued Employee Future Benefits		(511,406)	(511,406)
Total Operating Surplus (Deficit), end of year		3,123,052	3,722,709

School District No. 46 (Sunshine Coast)

Schedule 2A

Schedule of Operating Revenue by Source

Year Ended June 30, 2015

	2015 Budget	2015 Actual	2014 Actual (Recast - Note 16)
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	33,531,832	33,723,938	34,238,141
Strike Savings Recovery	(950,944)	(947,621)	(763,276)
Other Ministry of Education Grants			
Labour Settlement Funding	626,650	626,650	
Pay Equity	510,381	510,381	510,381
Education Guarantee	5,123	4,154	1,938
Carbon tax Reimbursement	25,000	28,023	46,083
FSA Scorer Funds	8,696	8,696	8,696
Teacher Benefit Levelling Up Grant		61,751	
Total Provincial Grants - Ministry of Education	33,756,738	34,015,972	34,041,963
Provincial Grants - Other	-	50,400	107,051
Tuition			
Offshore Tuition Fees	130,000	100,300	100,300
Total Tuition	130,000	100,300	100,300
Other Revenues			
Other School District/Education Authorities	495,000	458,993	518,627
Miscellaneous			
Art Start Grant	7,700	7,800	4,914
Asset Investment Recovery			15,670
Other		16,425	4,002
Total Other Revenue	502,700	483,218	543,213
Rentals and Leases	60,000	57,043	93,342
Investment Income	80,000	130,709	108,805
Total Operating Revenue	34,529,438	34,837,642	34,994,674

School District No. 46 (Sunshine Coast)

Schedule 2B

Schedule of Operating Expense by Object

Year Ended June 30, 2015

	2015 Budget	2015 Actual	2014 Actual (Recast - Note 16)
	\$	\$	\$
Salaries			
Teachers	13,498,755	13,375,449	12,449,721
Principals and Vice Principals	1,710,566	1,736,699	1,725,218
Educational Assistants	2,677,426	2,588,459	2,464,251
Support Staff	3,994,644	3,863,876	3,827,064
Other Professionals	1,186,147	1,118,909	1,091,807
Substitutes	2,396,440	1,692,861	1,793,756
Total Salaries	25,463,978	24,376,253	23,351,817
Employee Benefits	5,900,234	6,157,076	5,897,690
Total Salaries and Benefits	31,364,212	30,533,329	29,249,507
Services and Supplies			
Services	686,205	691,317	593,262
Student Transportation	1,080,900	1,069,643	1,015,668
Professional Development and Travel	268,364	146,258	125,546
Rentals and Leases	33,000	31,890	32,924
Dues and Fees	49,500	42,079	41,953
Insurance	83,000	68,840	78,129
Supplies	3,651,795	2,269,344	2,339,792
Utilities	746,000	564,219	745,117
Total Services and Supplies	6,598,764	4,883,590	4,972,391
Total Operating Expense	37,962,976	35,416,919	34,221,898

School District No. 46 (Sunshine Coast)

Schedule 2C

Operating Expense by Function, Program and Object

Year Ended June 30, 2015

	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	10,180,796	318,237	-	441,275	8,327	1,600,443	12,549,078
1.03 Career Programs	49,981	21,986					71,967
1.07 Library Services	255,118			87,813			342,931
1.08 Counselling	402,280			135,593			537,873
1.10 Special Education	2,039,843	211,884	2,588,459	259,887		80,878	5,180,951
1.30 English Language Learning	73,615						73,615
1.31 Aboriginal Education	373,816	39,430					413,246
1.41 School Administration		1,145,162		543,628			1,688,790
1.62 Off Shore Students							-
1.64 Other				52,358		-	52,358
Total Function 1	13,375,449	1,736,699	2,588,459	1,520,554	8,327	1,681,321	20,910,809
4 District Administration							
4.11 Educational Administration					371,005		371,005
4.40 School District Governance					99,253		99,253
4.41 Business Administration				101,803	506,154	11,540	619,497
Total Function 4	-	-	-	101,803	976,412	11,540	1,089,755
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				41,142	107,376		148,518
5.50 Maintenance Operations				2,127,222	-		2,127,222
5.52 Maintenance of Grounds				62,424			62,424
5.56 Utilities							-
Total Function 5	-	-	-	2,230,788	107,376	-	2,338,164
7 Transportation and Housing							
7.41 Transportation and Housing Administration					26,794		26,794
7.70 Student Transportation				10,731			10,731
Total Function 7	-	-	-	10,731	26,794	-	37,525
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	13,375,449	1,736,699	2,588,459	3,863,876	1,118,909	1,692,861	24,376,253

School District No. 46 (Sunshine Coast)

Operating Expense by Function, Program and Object

Year Ended June 30, 2015

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2015 Actual	2015 Budget	2014 Actual (Recast - Note 16)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	12,549,078	2,960,975	15,510,053	1,443,314	16,953,367	18,288,176	16,476,911
1.03 Career Programs	71,967	17,516	89,483	1,259	90,742	90,541	71,622
1.07 Library Services	342,931	93,060	435,991	53,529	489,520	502,427	456,768
1.08 Counselling	537,873	106,854	644,727	957	645,684	629,973	472,188
1.10 Special Education	5,180,951	1,513,612	6,694,563	202,915	6,897,478	7,081,024	6,775,109
1.30 English Language Learning	73,615	21,785	95,400	-	95,400	233,233	100,675
1.31 Aboriginal Education	413,246	106,512	519,758	150,371	670,129	1,001,280	726,283
1.41 School Administration	1,688,790	411,950	2,100,740	106,994	2,207,734	2,150,897	1,819,038
1.62 Off Shore Students	-	-	-	17,430	17,430	112,467	519
1.64 Other	52,358	12,755	65,113	54,423	119,536	194,216	126,219
Total Function 1	20,910,809	5,245,019	26,155,828	2,031,192	28,187,020	30,284,234	27,025,332
4 District Administration							
4.11 Educational Administration	371,005	83,664	454,669	18,228	472,897	466,887	448,621
4.40 School District Governance	99,253	1,064	100,317	99,413	199,730	211,270	182,978
4.41 Business Administration	619,497	143,369	762,866	384,532	1,147,398	1,160,725	1,070,509
Total Function 4	1,089,755	228,097	1,317,852	502,173	1,820,025	1,838,882	1,702,108
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	148,518	38,282	186,800	91,569	278,369	299,776	236,651
5.50 Maintenance Operations	2,127,222	620,777	2,747,999	591,957	3,339,956	3,547,281	3,338,085
5.52 Maintenance of Grounds	62,424	16,730	79,154	32,837	111,991	125,268	113,823
5.56 Utilities	-	-	-	564,219	564,219	746,000	748,510
Total Function 5	2,338,164	675,789	3,013,953	1,280,582	4,294,535	4,718,325	4,437,069
7 Transportation and Housing							
7.41 Transportation and Housing Administration	26,794	4,941	31,735		31,735	26,270	25,380
7.70 Student Transportation	10,731	3,230	13,961	1,069,643	1,083,604	1,095,265	1,032,009
Total Function 7	37,525	8,171	45,696	1,069,643	1,115,339	1,121,535	1,057,389
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	24,376,253	6,157,076	30,533,329	4,883,590	35,416,919	37,962,976	34,221,898

School District No. 46 (Sunshine Coast)

Schedule of Special Purpose Operations

Year Ended June 30, 2015

	2015 Budget	2015 Actual	2014 Actual (Recast - Note 16)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	1,807,175	1,739,642	1,210,010
Other Revenue	900,846	814,352	1,016,148
Investment Income	7,000	9,077	9,640
Total Revenue	<u>2,715,021</u>	<u>2,563,071</u>	<u>2,235,798</u>
Expenses			
Instruction	2,394,815	2,253,015	2,134,015
Operations and Maintenance	320,206	299,906	101,783
Total Expense	<u>2,715,021</u>	<u>2,552,921</u>	<u>2,235,798</u>
Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>10,150</u>	<u>-</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(10,150)	
Total Net Transfers	<u>-</u>	<u>(10,150)</u>	<u>-</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 46 (Sunshine Coast)
Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2015

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	106,884	20,533	3,523	24,851	599,768	504,218	-	-	29,490
Add: Restricted Grants									
Provincial Grants - Ministry of Education	213,322	676,596		15,096			192,000	24,500	15,235
Other					72,820	733,241			
Investment Income					9,077				
	213,322	676,596	-	15,096	81,897	733,241	192,000	24,500	15,235
Less: Allocated to Revenue	320,206	697,129	3,523	2,343	96,700	666,437	192,000	24,500	-
Deferred Revenue, end of year	-	-	-	37,604	584,965	571,022	-	-	44,725
Revenues									
Provincial Grants - Ministry of Education	320,206	697,129	3,523	2,343	-		192,000	24,500	
Federal Grants									
Other Revenue					87,623	666,437			
Investment Income					9,077				
	320,206	697,129	3,523	2,343	96,700	666,437	192,000	24,500	-
Expenses									
Salaries									
Teachers		481,065							
Principals and Vice Principals		106,939							
Educational Assistants		-					118,000		
Support Staff	90,000								
Other Professionals	24,750								
Substitutes		-							
	114,750	588,004	-	-	-	-	118,000	-	-
Employee Benefits		106,516					44,000		
Services and Supplies	195,306	2,609	3,523	2,343	96,700	666,437	30,000	24,500	
	310,056	697,129	3,523	2,343	96,700	666,437	192,000	24,500	-
Net Revenue (Expense) before Interfund Transfers	10,150	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(10,150)								
	(10,150)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 46 (Sunshine Coast)
Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2015

	Community- LINK	Service Delivery Transformation	Literacy Misc-MOE	Misc Other-Grants	TOTAL
	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	13,890		1,931	40,846	1,345,934
Add: Restricted Grants					
Provincial Grants - Ministry of Education	484,120	25,000			1,645,869
Other				58,972	865,033
Investment Income					9,077
	484,120	25,000	-	58,972	2,519,979
Less: Allocated to Revenue	498,010	-	1,931	60,292	2,563,071
Deferred Revenue, end of year	-	25,000	-	39,526	1,302,842
Revenues					
Provincial Grants - Ministry of Education	498,010		1,931	-	1,739,642
Federal Grants				-	-
Other Revenue				60,292	814,352
Investment Income					9,077
	498,010	-	1,931	60,292	2,563,071
Expenses					
Salaries					
Teachers	73,503				554,568
Principals and Vice Principals					106,939
Educational Assistants	138,633				256,633
Support Staff					90,000
Other Professionals					24,750
Substitutes					-
	212,136	-	-	-	1,032,890
Employee Benefits	50,874				201,390
Services and Supplies	235,000		1,931	60,292	1,318,641
	498,010	-	1,931	60,292	2,552,921
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	10,150
Interfund Transfers					
Tangible Capital Assets Purchased					(10,150)
	-	-	-	-	(10,150)
Net Revenue (Expense)	-	-	-	-	-

School District No. 46 (Sunshine Coast)

Schedule 4

Schedule of Capital Operations

Year Ended June 30, 2015

	2015 Budget	2015 Actual			2014 Actual (Recast - Note 16)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Amortization of Deferred Capital Revenue	1,231,552	1,231,552		1,231,552	1,273,569
Total Revenue	1,231,552	1,231,552	-	1,231,552	1,273,569
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	1,486,826	1,486,826		1,486,826	1,648,364
Transportation and Housing	108,936	108,936		108,936	
Total Expense	1,595,762	1,595,762	-	1,595,762	1,648,364
Capital Surplus (Deficit) for the year	(364,210)	(364,210)	-	(364,210)	(374,795)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased		30,530		30,530	128,755
Total Net Transfers	-	30,530	-	30,530	128,755
Total Capital Surplus (Deficit) for the year	(364,210)	(333,680)	-	(333,680)	(246,040)
Capital Surplus (Deficit), beginning of year		7,871,248		7,871,248	8,117,288
Capital Surplus (Deficit), end of year		7,537,568	-	7,537,568	7,871,248

School District No. 46 (Sunshine Coast)

Schedule 4A

Tangible Capital Assets
Year Ended June 30, 2015

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	3,051,972	61,548,471	1,941,733	1,089,366		12,584	67,644,126
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		980,696					980,696
Operating Fund			20,380				20,380
Special Purpose Funds			10,150				10,150
Transferred from Work in Progress		14,362,725	323,074				14,685,799
	-	15,343,421	353,604	-	-	-	15,697,025
Decrease:							
Deemed Disposals			568,237	76,607		6,778	651,622
	-	-	568,237	76,607	-	6,778	651,622
Cost, end of year	3,051,972	76,891,892	1,727,100	1,012,759	-	5,806	82,689,529
Work in Progress, end of year							-
Cost and Work in Progress, end of year	3,051,972	76,891,892	1,727,100	1,012,759	-	5,806	82,689,529
Accumulated Amortization, beginning of year		32,472,230	1,339,064	504,086		8,905	34,324,285
Changes for the Year							
Increase: Amortization for the Year		1,290,136	194,173	108,936		2,517	1,595,762
Decrease:							
Deemed Disposals			568,237	76,607		6,778	651,622
		-	568,237	76,607	-	6,778	651,622
Accumulated Amortization, end of year		33,762,366	965,000	536,415	-	4,644	35,268,425
Tangible Capital Assets - Net	3,051,972	43,129,526	762,100	476,344	-	1,162	47,421,104

School District No. 46 (Sunshine Coast)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2015

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	9,733,944	60,520			9,794,464
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	4,628,781	262,554			4,891,335
	4,628,781	262,554	-	-	4,891,335
Decrease:					
Transferred to Tangible Capital Assets	14,362,725	323,074			14,685,799
	14,362,725	323,074	-	-	14,685,799
Net Changes for the Year	(9,733,944)	(60,520)	-	-	(9,794,464)
Work in Progress, end of year	-	-	-	-	-

School District No. 46 (Sunshine Coast)

Schedule 4C

Deferred Capital Revenue

Year Ended June 30, 2015

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	25,384,311		64,282	25,448,593
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	980,696			980,696
Transferred from Work in Progress	14,685,799			14,685,799
	15,666,495	-	-	15,666,495
Decrease:				
Amortization of Deferred Capital Revenue	1,210,124		21,428	1,231,552
	1,210,124	-	21,428	1,231,552
Net Changes for the Year	14,456,371	-	(21,428)	14,434,943
Deferred Capital Revenue, end of year	39,840,682	-	42,854	39,883,536
Work in Progress, beginning of year	9,794,464			9,794,464
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	4,891,335			4,891,335
	4,891,335	-	-	4,891,335
Decrease				
Transferred to Deferred Capital Revenue	14,685,799			14,685,799
	14,685,799	-	-	14,685,799
Net Changes for the Year	(9,794,464)	-	-	(9,794,464)
Work in Progress, end of year	-	-	-	-
Total Deferred Capital Revenue, end of year	39,840,682	-	42,854	39,883,536

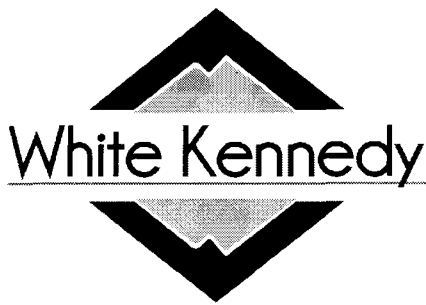
School District No. 46 (Sunshine Coast)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2015

Schedule 4D

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year		33,119				33,119
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	5,872,031					5,872,031
	5,872,031	-	-	-	-	5,872,031
Decrease:						
Transferred to DCR - Capital Additions	980,696					980,696
Transferred to DCR - Work in Progress	4,891,335					4,891,335
	5,872,031	-	-	-	-	5,872,031
Net Changes for the Year	-	-	-	-	-	-
Balance, end of year	-	33,119	-	-	-	33,119



Your Partners In Prosperity™

Chartered Accountants and Business Advisors

www.WhiteKennedy.com

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September 16, 2015

School District No. 46 (Sunshine Coast)
PO Box 220
Gibsons BC V0N 1V0

Attention: Nic Weswick, Secretary-Treasurer

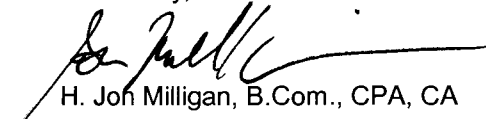
Dear Nic:

The objective of our audit was to obtain reasonable assurance that the financial statements were free of material misstatement; our audit was not designed for the purpose of identifying matters to communicate. Accordingly, our audit would not usually identify all such matters that may be of interest to you and it is inappropriate to conclude that no such matters exist.

During the course of our audit of School District No. 46 (Sunshine Coast) for the year ended June 30, 2015, we did not identify any of the following matters: misstatements, other than trivial errors; fraud; misstatements that may cause future financial statements to be materially misstated; illegal or possibly illegal acts, other than ones considered inconsequential; or significant weaknesses in internal control.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours truly,



H. Jon Milligan, B.Com., CPA, CA
WHITE KENNEDY LLP

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Aaron Dodsworth, BBA, CPA, CA
Jodi Hansen, CPA, CA

August 24, 2015

School District No. 46 (Sunshine Coast)
PO Box 220
Gibsons, BC
V0N 1V0

Dear Board of Education of School District No. 46:

We have been engaged to audit the financial statements of School District No. 46 (Sunshine Coast) for the year ending June 30, 2015. Canadian auditing standards require that we communicate the following information with you in relation to your audit.

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. This includes the design and maintenance of accounting records, recording transactions, selecting and applying accounting policies, safeguarding of assets and preventing and detecting fraud and error.

Our Responsibility as Auditors

As stated in the engagement letter dated June 16, 2015, our responsibility as auditors of your School District is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the organization in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia which requires that the financial statements be prepared in accordance with Canadian Public Sector Accounting standards except in regard to the accounting for government transfers.

An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatement. Due to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed.

Our audit includes:

- Assessing the risk that the financial statements may contain misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole; and
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

As part of our audit, we will obtain a sufficient understanding of the business and the internal control structure of School District No. 46 (Sunshine Coast) to plan the audit. This will include management's assessment of:

- The risk that the financial statements may be materially misstated as a result of fraud and error; and,
- The internal controls put in place by management to address such risks.

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Audit Committee Members' Responsibilities

The audit committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the school trustees, to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

The audit committee's responsibilities include:

- Being available to assist and provide direction in the audit planning process when and where appropriate;
- Meeting with the auditors as necessary and prior to release and approval of financial statements to review audit, disclosure and compliance issues;
- Where necessary, reviewing matters raised by the auditors with appropriate levels of management, and reporting back to the auditors their findings;
- Making known to the auditors any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the financial statements or auditor's report;
- Providing guidance and direction to the auditors on any additional work they feel should be undertaken in response to issues raised or concerns expressed;
- Making such enquiries as appropriate into the findings of the auditors with respect to corporate governance, management conduct, cooperation, information flow and systems of internal controls; and
- Reviewing the draft financial statements prepared by management, including the presentation, disclosures and supporting notes and schedules, for accuracy, completeness and appropriateness, and approve same to be passed to directors for approval.

Audit Approach

Outlined below are certain aspects of our audit approach which are intended to help you in discharging your oversight responsibilities. Our general approach to the audit of School District No. 46 (Sunshine Coast) is to assess the risks of material misstatement in the financial statements and then respond by designing audit procedures.

Illegal Acts, Fraud, Intentional Misstatements and Errors

Our auditing procedures, including tests of your accounting records, are limited to those considered necessary in the circumstances and would not necessarily disclose all illegal acts, fraud, intentional misstatements or errors should any exist. We will conduct the audit under Canadian auditing standards (CAS), which include procedures to consider (based on the control environment, governance structure and circumstances encountered during the audit), the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor would they necessarily detect such acts or recognize them as such, even if the effect of their consequences on the financial statements is material. However, should we become aware that an illegal or possible illegal act or an act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate this information directly to the audit committee.

It is management's responsibility to detect and prevent illegal actions. If such acts are discovered or audit committee members become aware of circumstances under which the School District may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Related Party Transactions

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, directors and their immediate family members and companies with which these individuals have an economic interest.

We will ensure that all related party transactions that were identified during the audit have been represented by management to have been disclosed in the notes to financial statements, recorded in accordance with Canadian generally accepted accounting principles, and have been reviewed with you. All gains and losses occurring as a result of transactions with related parties have been recorded in accordance with the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook. Management has advised that no other related party transactions have occurred that have not been disclosed to us. The audit committee is required to advise us if they are aware of or suspect any other related party transactions have occurred which have not been disclosed in the financial statements.

Risk-based

Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit work on higher risk areas that have a higher risk of being materially misstated.

Materiality

Materiality in an audit is used to:

- Guide planning decisions on the nature and extent of our audit procedures;
- Assess the sufficiency of the audit evidence gathered; and
- Evaluate any misstatements found during our audit.

Materiality is defined as:

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgment in the particular circumstances.

Audit Procedures

In responding to our risk assessment, we will use a combination of tests of controls, tests of details and substantive analytical procedures. The objective of the tests of controls is to evaluate whether certain controls operated effectively. The objective of the tests of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and predictable expectations in larger volumes of transactions over time.

This communication is prepared solely for the information of the audit committee and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours truly,

White Kennedy

White Kennedy LLP, Chartered Professional Accountants

Acknowledgement of Board of Education of School District No. 46:

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Per: [Signature] Title: Board Chair Date: Sept 8, 2015
Per: [Signature] Title: Secretary Treasurer Date: Sept 8, 2015



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September 8, 2015

School District No. 46 (Sunshine Coast)
PO Box 220
Gibsons, BC
V0N 1V0

Dear Board of Education of School District No. 46:

We have been engaged to audit the financial statements of School District No. 46 (Sunshine Coast) for the year ending June 30, 2015. Canadian audit standards for audit engagements require that we communicate the following information with you in relation to your audit.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

During the course of our audit, we did not encounter any specific internal control matters that we wish to bring to your attention:

Significant Accounting Principles

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The accounting policies used by School District No. 46 (Sunshine Coast) are described in Note 3, Summary of Significant Accounting Policies and Reporting Practices, in the financial statements.

As described in Note 2 to the financial statements, the District has adopted the PS 3260 Liability for Contaminated Sites as required by Public Sector Accounting Standards and Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia as of July 1, 2014. The change in accounting policy will be adopted retroactively. The cumulative effect of this change is reflected in the statement of financial position, the statement of operations and Note 3 to the financials..

Significant Unusual Transactions

We are not aware of any significant or unusual transactions entered into by School District No. 46 (Sunshine Coast) that you should be informed about.

Accounting Estimates

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

We have concluded that management's accounting estimates are reasonable within the context of the financial statements as a whole.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the District's financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

Consultation with Other Accountants (Second Opinions)

Management may consult with other accountants about auditing and accounting matters to obtain a "second opinion". When an entity requests that another accountant provide a written report or oral advice on the application of accounting principles to a specific transaction or the type of opinion that may be rendered on the entity's financial statements, we are required to ensure that the accountant has ensured that the reporting accountant has knowledge of all facts and circumstances and has conducted the engagement in accordance with Canadian generally accepted auditing standards on the Reports on the Application of Accounting Principles.

We are not aware of any consultations that have taken place with other accountants.

Issues Discussed

The auditor generally discusses, amongst other matters, the application of accounting principles and auditing standards, and fees, etc. with management during the initial or recurring appointment of the auditor. There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the audit committee.

We would be pleased to discuss any matters mentioned above with you at your convenience.

This communication is prepared solely for the information of the audit committee and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the audit committee sign their acknowledgement in the spaces provided below. Should any member of the audit committee wish to discuss or review any matter addressed in this letter, or any other matters related to financial reporting, please do not hesitate to contact us at any time.



Yours truly,



White Kennedy LLP, Chartered Professional Accountants

Acknowledgement of Board of Education of School District No. 46:

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Per: 	Title: <u>Secretary Treasurer</u>	Date: <u>Sept 16/2015</u>
Per: 	Title: <u>Board Chair</u>	Date: <u>Sept 16/2015</u>