

*The Board of Education of
School District No. 59
(Peace River South)*

Financial Statements

Year Ended June 30, 2012



SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FISCAL YEAR 2011/2012

SCHOOL DISTRICT NUMBER 59	NAME OF SCHOOL DISTRICT Peace River South	YEAR 2011/2012
OFFICE LOCATION 11600 - 7th Street		TELEPHONE NUMBER 250-782-8571
CITY/PROVINCE Dawson Creek, BC		POSTAL CODE V1G 4R8
WEBSITE ADDRESS WWW.SD59.BC.CA		
NAME OF SUPERINTENDENT Kathy Sawchuk		NAME OF SECRETARY-TREASURER Gerry Slykhuis

DECLARATION AND SIGNATURES

SCHOOL DISTRICT MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and supporting schedules of The Board of Education of School District No. 59 (Peace River South) ("the Board") have been prepared by school district management which has responsibility for their preparation, integrity and objectivity. The financial statements and schedules, including notes, have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school district's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that the accounting records may be relied upon to properly reflect the school district's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong budgetary system of control.

The Board's Responsibility

The ultimate responsibility for the financial statements lies with the Board. The Board has reviewed and approved the financial statements.



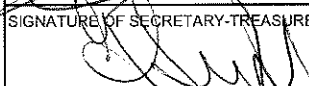
External Auditors

The Board appoints external auditors to audit the financial statements. The external auditors have full and free access to school district records, and present their report to the Board.

Declaration of Management and Board Chairperson

To the best of our knowledge and belief, these financial statements and supporting schedules reflect, in all material respects, the financial position, revenue and expense, changes in fund balances, and cash flows for the year in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

We, the undersigned, certify that the attached is a correct and true copy of the Audited Financial Statements of School District No. 59 (Peace River South) for the year ended June 30, 2012.

SIGNATURE OF CHAIRPERSON OF THE BOARD OF EDUCATION 	DATE SIGNED Sept 19/12
SIGNATURE OF SUPERINTENDENT 	DATE SIGNED Sept 19/12
SIGNATURE OF SECRETARY-TREASURER 	DATE SIGNED Sep. 19/12

Independent Auditors' Report



To the Members of School District No. 59 (Peace River South):

We have audited the accompanying financial statements of School District No. 59 (Peace River South), which comprise the statement of financial position as at June 30, 2012 and the statements of revenues and expenses, changes in fund balances and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 audits. We conducted our audits 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of School District No. 59 (Peace River South) as at June 30, 2012 and the statement of revenue and expenses, changes in fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The attached supplementary information included in Schedules A1 to A5, B1 to B3, and C1 to C5 is presented for the purposes of additional analysis and has not been audited.

Fort St. John, British Columbia

September 19, 2012

MNP LLP
Chartered Accountants



**SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
2011/2012 AUDITED FINANCIAL STATEMENTS**

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SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

Statement 1

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2012	TOTAL 2011
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 6,683,230	\$ 694,153	\$ -	\$ 7,377,383	\$ 6,812,682
Accounts Receivable					
Due from Province - Ministry of Education	269,496			269,496	269,496
Due from Province - Other	15,000			15,000	
Other Receivables (Note 3)	504,403			504,403	599,236
Interfund Loans		105,633	442,120		
Prepaid Expenses	70,354			70,354	90,051
	<u>7,542,483</u>	<u>799,786</u>	<u>442,120</u>	<u>8,236,636</u>	<u>7,771,465</u>
Capital Assets - Net (Note 4)			37,714,719	37,714,719	39,078,181
TOTAL ASSETS	<u>\$ 7,542,483</u>	<u>\$ 799,786</u>	<u>\$ 38,156,839</u>	<u>\$ 45,951,355</u>	<u>\$ 46,849,646</u>
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts Payable and Accrued Liabilities					
Due to Province - Other	38,595			38,595	55,375
Other	1,828,428			1,828,428	2,119,470
Interfund Loans	547,753				
Other Current Liabilities	827,990			827,990	821,741
	<u>3,242,766</u>	<u>-</u>	<u>-</u>	<u>2,695,013</u>	<u>2,996,586</u>
Deferred Contributions					
Ministry of Education			300,503	300,503	263,024
Province - Other		57,940	40,788	98,728	
Other	52,060	741,846		793,906	848,993
Accrued Employee Future Benefits (Note 6)	622,814			622,814	715,380
Deferred Capital Contributions			26,609,939	26,609,939	28,000,928
TOTAL LIABILITIES	<u>3,917,640</u>	<u>799,786</u>	<u>26,951,230</u>	<u>31,120,903</u>	<u>32,824,911</u>
Fund Balances					
Invested in Capital Assets			11,104,781	11,104,781	11,077,254
Internally Restricted (Note 8)	2,235,396		100,828	2,336,224	2,043,313
Unrestricted (Note 8)	1,389,447			1,389,447	904,168
TOTAL FUND BALANCES	<u>3,624,843</u>	<u>-</u>	<u>11,205,609</u>	<u>14,830,452</u>	<u>14,024,735</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,542,483</u>	<u>\$ 799,786</u>	<u>\$ 38,156,839</u>	<u>\$ 45,951,355</u>	<u>\$ 46,849,646</u>

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
STATEMENT OF REVENUE AND EXPENSE
YEAR ENDED JUNE 30, 2012

Statement 2

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2012	TOTAL 2011
REVENUE					
Provincial Grants - Ministry of Education	\$ 44,118,390	\$ 494,560	\$ 855,121	\$ 45,468,071	\$ 46,017,492
Provincial Grants - Other	224,279			224,279	
Other Revenue	631,203	1,393,211		2,024,414	2,512,851
Rentals and Leases	107,959			107,959	104,550
Investment Income	64,942	3,574		68,516	60,509
Amortization of Deferred Capital Contributions			1,454,088	1,454,088	1,542,685
Gain (Loss) on Disposal of Capital Assets			49,354	49,354	165,098
	<u>45,146,773</u>	<u>1,891,345</u>	<u>2,358,563</u>	<u>49,396,681</u>	<u>50,403,185</u>
EXPENSE					
Salaries					
Teachers	15,032,669	77,309		15,109,978	15,690,808
Principals and Vice Principals	3,307,427			3,307,427	3,050,953
Educational Assistants	2,961,603			2,961,603	3,345,466
Support Staff	4,486,433	179,992		4,666,425	4,985,519
Other Professionals	2,118,762	15,263		2,134,025	2,092,363
Substitutes	1,137,585			1,137,585	1,289,810
	<u>29,044,479</u>	<u>272,564</u>	<u>-</u>	<u>29,317,043</u>	<u>30,454,919</u>
Employee Benefits	7,148,194	60,615		7,208,809	7,271,261
Services and Supplies	7,648,770	1,710,233	855,121	10,214,124	11,031,469
Amorization of Capital Assets			1,850,988	1,850,988	1,919,676
	<u>43,841,443</u>	<u>2,043,412</u>	<u>2,706,109</u>	<u>48,590,964</u>	<u>50,677,325</u>
NET REVENUE (EXPENSE)	<u>\$ 1,305,330</u>	<u>\$ (152,067)</u>	<u>\$ (347,546)</u>	<u>\$ 805,717</u>	<u>\$ (274,140)</u>

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2012

Statement 3

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2012	TOTAL 2011
FUND BALANCES, BEGINNING OF YEAR	\$ 2,896,519	\$ -	\$ 11,128,216	\$ 14,024,735	\$ 14,298,875
Changes for the Year					
Net Revenue (Expense) for the Year	1,305,330	(152,067)	(347,546)	805,717	(274,140)
Interfund Transfers					
Capital Assets Purchased	(424,939)		424,939	-	
Other	(152,067)	152,067		-	
Net Changes for the Year	<u>728,324</u>	<u>-</u>	<u>77,393</u>	<u>805,717</u>	<u>(274,140)</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,624,843</u>	<u>\$ -</u>	<u>\$ 11,205,609</u>	<u>\$ 14,830,452</u>	<u>\$ 14,024,735</u>

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

Statement 4.1

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2012	TOTAL 2011
CASH PROVIDED BY (USED FOR) OPERATIONS					
Net Revenue (Expense) for the Year	\$ 1,305,330	\$ (152,067)	\$ (347,546)	\$ 805,717	\$ (274,140)
Changes in Non-Cash Working Capital					
Decrease (Increase)					
Accounts Receivable	79,833			79,833	(261,669)
Interfund Loans	160,097	84,564	(244,661)	-	
Prepaid Expenses	19,697			19,697	(43,076)
Increase (Decrease)					
Accounts Payable/Accrued Liabilities	(307,822)			(307,822)	779,810
Other Current Liabilities	6,249			6,249	(22,293)
Deferred Contributions	(30,911)	(82,764)		(113,675)	(137,414)
Accrued Employee Future Benefits	(92,566)			(92,566)	(37,854)
Loss (Gain) on Disposal of Capital Assets			(49,354)	(49,354)	(165,098)
Items Not Involving Cash					
Amortization of Capital Assets			1,850,988	1,850,988	1,919,676
Amortization of Deferred Capital Contributions			(1,454,088)	(1,454,088)	(1,542,685)
Interfund Transfers	(577,006)	152,067	424,939	-	
	<u>562,901</u>	<u>1,800</u>	<u>180,278</u>	<u>744,979</u>	<u>215,257</u>
FINANCING					
Deferred Contributions Received - Capital			1,114,550	1,114,550	951,123
Proceeds from Disposal of Capital Assets			199,464	199,464	198,898
MEd Restricted Portion of Proceeds on Disposal			(149,598)	(149,598)	
	<u>-</u>	<u>-</u>	<u>1,164,416</u>	<u>1,164,416</u>	<u>1,150,021</u>
INVESTING					
Capital Assets Purchased - Operating			(424,939)	(424,939)	(176,592)
Capital Assets Purchased - Special Purpose				-	(5,999)
Capital Assets Purchased - Local Capital				-	(271,322)
Capital Assets Purchased - Deferred Contributions - Capital			(64,634)	(64,634)	(413,477)
Bylaw Spent on Non-Capital Items			(855,121)	(855,121)	(490,000)
	<u>-</u>	<u>-</u>	<u>(1,344,694)</u>	<u>(1,344,694)</u>	<u>(1,357,390)</u>
NET INCREASE (DECREASE) IN CASH	<u>\$ 562,901</u>	<u>\$ 1,800</u>	<u>\$ -</u>	<u>\$ 564,701</u>	<u>\$ 7,888</u>

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

Statement 4.2

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2012	TOTAL 2011
NET INCREASE (DECREASE) IN CASH	\$ 562,901	\$ 1,800	\$ -	\$ 564,701	\$ 7,888
Net Cash, Beginning of Year	6,120,329	692,353	-	6,812,682	6,804,794
NET CASH, END OF YEAR	\$ 6,683,230	\$ 694,153	\$ -	\$ 7,377,383	\$ 6,812,682
Cash	\$ 6,683,230	\$ 694,153	\$ -	\$ 7,377,383	\$ 6,812,682
NET CASH, END OF YEAR	\$ 6,683,230	\$ 694,153	\$ -	\$ 7,377,383	\$ 6,812,682

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
OPERATING FUND
SURPLUS (DEFICIT)
YEAR ENDED JUNE 30, 2012

Schedule A1

	2012 ACTUAL	2012 AMENDED ANNUAL BUDGET	2011 ACTUAL
REVENUE			
Provincial Grants - Ministry of Education	\$ 44,118,390	\$ 44,110,957	\$ 44,272,369
Provincial Grants - Other	224,279		
Other Revenue	631,203	681,300	890,812
Rentals and Leases	107,959	104,410	104,550
Investment Income	64,942	50,000	51,731
	<u>45,146,773</u>	<u>44,946,667</u>	<u>45,319,462</u>
EXPENSE			
Salaries			
Teachers	15,032,669	15,334,179	15,613,840
Principals and Vice Principals	3,307,427	3,207,753	3,050,953
Educational Assistants	2,961,603	2,987,625	3,345,466
Support Staff	4,486,433	4,527,460	4,458,776
Other Professionals	2,118,762	2,230,359	2,070,528
Substitutes	1,137,585	1,296,234	1,289,810
	<u>29,044,479</u>	<u>29,583,610</u>	<u>29,829,373</u>
Employee Benefits	7,148,194	7,160,437	7,128,999
Services and Supplies	7,648,770	8,259,035	7,973,595
	<u>43,841,443</u>	<u>45,003,082</u>	<u>44,931,967</u>
NET REVENUE (EXPENSE), FOR THE YEAR	1,305,330	(56,415)	387,495
INTERFUND TRANSFERS			
Capital Assets Purchased	(424,939)	(477,089)	(176,592)
Other	(152,067)		(458,186)
OTHER ADJUSTMENTS TO OPERATING FUND BALANCE			
BUDGETED ALLOCATION (RETIREMENT) OF SURPLUS (DEFICIT)		669,325	
SURPLUS (DEFICIT), FOR THE YEAR	728,324	<u>\$ 135,821</u>	(247,283)
SURPLUS (DEFICIT), BEGINNING OF YEAR	2,896,519		3,143,802
SURPLUS (DEFICIT), END OF YEAR			
(Section 156 (12) of School Act)	<u>\$ 3,624,843</u>		<u>\$ 2,896,519</u>
SURPLUS (DEFICIT), END OF YEAR			
Internally Restricted	2,235,396		
Unrestricted	1,389,447		
	<u>\$ 3,624,843</u>		

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
OPERATING FUND
COMPARATIVE SCHEDULE OF REVENUE BY SOURCE
YEAR ENDED JUNE 30, 2012

Schedule A2

	2012 ACTUAL	2012 AMENDED ANNUAL BUDGET	2011 ACTUAL
PROVINCIAL GRANTS - MINISTRY OF EDUCATION			
Operating Grant, Ministry of Education	\$ 42,376,100	\$ 42,409,690	\$ 42,569,863
Other Ministry of Education Grants			
Pay Equity	944,395	944,395	944,395
Ready Set Learn	39,200	39,200	39,200
French Language Funding	111,325	105,000	111,325
Community Links	352,672	352,672	352,672
StrongStarts	192,000	192,000	180,000
Carbon Tax Reimbursement	80,191	60,000	60,126
Other	22,507	8,000	14,788
	<u>44,118,390</u>	<u>44,110,957</u>	<u>44,272,369</u>
PROVINCIAL GRANTS - OTHER	<u>224,279</u>	<u>-</u>	<u>-</u>
FEDERAL GRANTS	<u>-</u>	<u>-</u>	<u>-</u>
OTHER REVENUE			
Other School District/Education Authorities	48,845	48,600	48,637
Offshore Tuition Fees	88,732	88,700	133,180
Miscellaneous			
Seconded Teacher Revenue	76,473	73,000	73,286
Industry Training Authority (ACEIT)	-	90,000	116,375
Donations	5,935	-	7,000
Miscellaneous	325,865	159,950	218,899
Substitute Staff Revenues	85,353	65,000	68,002
BCPSEA Trades/Apprenticeship Funding	-	146,050	225,433
Swim Grant	-	10,000	-
	<u>631,203</u>	<u>681,300</u>	<u>890,812</u>
RENTALS AND LEASES	<u>107,959</u>	<u>104,410</u>	<u>104,550</u>
INVESTMENT INCOME	<u>64,942</u>	<u>50,000</u>	<u>51,731</u>
TOTAL OPERATING REVENUE	<u>\$ 45,146,773</u>	<u>\$ 44,946,667</u>	<u>\$ 45,319,462</u>

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
OPERATING FUND
COMPARATIVE SCHEDULE OF EXPENSE BY OBJECT
YEAR ENDED JUNE 30, 2012

Schedule A3

	2012		
	2012 ACTUAL	AMENDED ANNUAL BUDGET	2011 ACTUAL
SALARIES			
Teachers	\$ 15,032,669	\$ 15,334,179	\$ 15,613,840
Principals and Vice Principals	3,307,427	3,207,753	3,050,953
Educational Assistants	2,961,603	2,987,625	3,345,466
Support Staff	4,486,433	4,527,460	4,458,776
Other Professionals	2,118,762	2,230,359	2,070,528
Substitutes	1,137,585	1,296,234	1,289,810
	<u>29,044,479</u>	<u>29,583,610</u>	<u>29,829,373</u>
EMPLOYEE BENEFITS	7,148,194	7,160,437	7,128,999
TOTAL SALARIES AND BENEFITS	<u>36,192,673</u>	<u>36,744,047</u>	<u>36,958,372</u>
SERVICES AND SUPPLIES			
Services	1,706,606	1,966,826	1,680,887
Student Transportation	1,046,780	1,182,725	1,199,505
Professional Development and Travel	557,796	571,636	611,397
Rentals and Leases	40,869	24,800	43,744
Dues and Fees	330,006	317,638	368,913
Insurance	177,244	198,400	153,651
Supplies	2,604,772	2,658,263	2,569,164
Utilities	1,184,697	1,338,747	1,346,334
TOTAL SERVICES AND SUPPLIES	<u>7,648,770</u>	<u>8,259,035</u>	<u>7,973,595</u>
TOTAL OPERATING EXPENSE	<u>\$ 43,841,443</u>	<u>\$ 45,003,082</u>	<u>\$ 44,931,967</u>

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
 OPERATING FUND
 EXPENSE BY FUNCTION, PROGRAM AND OBJECT
 YEAR ENDED JUNE 30, 2012

	TEACHERS SALARIES	PRINCIPALS & VICE PRINCIPALS SALARIES	EDUCATIONAL ASSISTANTS SALARIES	SUPPORT STAFF SALARIES	OTHER PROFESSIONALS SALARIES	SUBSTITUTES SALARIES	TOTAL SALARIES
1 INSTRUCTION							
1.02 Regular Instruction	\$ 12,320,905	\$ 989,988	\$ 498,584	\$ 109,525	\$ 440,456	\$ 626,477	\$ 14,995,935
1.03 Career Programs	237,362	-	20,133	-	83,232	5,705	346,462
1.07 Library Services	173,792	141,996	169,229	-	-	17,338	502,355
1.08 Counselling	476,198	14,212	-	-	20,066	2,706	513,182
1.10 Special Education	1,336,740	174,500	1,972,220	-	338,578	107,832	3,928,870
1.30 English as a Second Language	21,354	-	19,931	-	-	874	42,159
1.31 Aboriginal Education	467,017	120,679	265,933	-	136,622	5,445	995,696
1.41 School Administration	271	1,735,942	-	593,351	-	39,671	2,369,235
Total Function 1	15,032,669	3,187,617	2,946,030	702,876	1,018,954	806,048	23,694,194
4 DISTRICT ADMINISTRATION							
4.11 Educational Administration	-	71,886	-	13,980	390,112	481	476,459
4.40 School District Governance	-	-	-	-	100,927	-	100,927
4.41 Business Administration	-	47,924	-	134,166	366,447	-	548,537
Total Function 4	-	119,810	-	148,146	857,486	481	1,125,923
5 OPERATIONS AND MAINTENANCE							
5.41 Operations and Maintenance Administration	-	-	33	42,181	161,795	-	204,009
5.50 Maintenance Operations	-	-	-	2,065,936	-	267,923	2,356,859
5.52 Maintenance of Grounds	-	-	-	347,809	-	2,268	350,077
Total Function 5	-	-	33	2,478,926	161,795	270,191	2,910,945
7 TRANSPORTATION AND HOUSING							
7.41 Transportation and Housing Administration	-	-	-	42,256	60,527	23	122,806
7.70 Student Transportation	-	-	15,540	1,114,229	-	60,842	1,190,611
Total Function 7	-	-	15,540	1,156,485	60,527	60,865	1,313,417
9 DEBT SERVICES (OPERATING)							
Total Function 9	-	-	-	-	-	-	-
TOTAL FUNCTIONS 1 - 9	\$ 15,032,669	\$ 3,307,427	\$ 2,961,603	\$ 4,486,433	\$ 2,118,762	\$ 1,137,585	\$ 29,044,479

**SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
OPERATING FUND
EXPENSE BY FUNCTION, PROGRAM AND OBJECT
YEAR ENDED JUNE 30, 2012**

Schedule A4.2

	TOTAL SALARIES	EMPLOYEE BENEFITS	TOTAL SALARIES AND BENEFITS	SERVICES AND SUPPLIES	2012 ACTUAL	2012 AMENDED ANNUAL BUDGET	2011 ACTUAL
1 INSTRUCTION							
1.02 Regular Instruction	\$ 14,995,935	\$ 3,736,828	\$ 18,732,763	\$ 1,664,747	\$ 20,397,510	\$ 21,099,785	\$ 21,219,455
1.03 Career Programs	346,462	80,977	427,439	213,498	640,937	618,164	555,675
1.07 Library Services	502,355	120,260	622,615	50,695	673,310	650,875	711,400
1.08 Counselling	513,182	115,652	628,834	15,773	644,607	712,750	822,818
1.10 Special Education	3,928,870	1,055,209	4,984,079	302,508	5,286,587	5,357,188	5,370,469
1.30 English as a Second Language	42,159	6,982	49,141	3,260	52,401	58,078	65,237
1.31 Aboriginal Education	995,998	262,970	1,258,968	111,489	1,370,465	1,513,904	1,569,341
1.41 School Administration	2,368,235	557,427	2,925,662	211,955	3,138,617	3,222,754	3,022,653
1.62 Off Shore Students	-	-	-	217,097	217,097	218,000	262,346
Total Function 1	23,694,194	5,936,305	29,630,499	2,791,022	32,421,521	33,449,498	33,599,394
4 DISTRICT ADMINISTRATION							
4.11 Educational Administration	476,459	100,156	576,615	77,727	654,342	681,642	679,434
4.40 School District Governance	100,927	1,365	102,292	111,441	213,733	199,789	181,964
4.41 Business Administration	548,537	124,806	673,343	284,263	957,606	986,625	937,613
Total Function 4	1,125,923	225,327	1,352,250	473,431	1,825,681	1,868,036	1,799,011
5 OPERATIONS AND MAINTENANCE							
5.41 Operations and Maintenance Administration	204,009	49,493	253,502	205,187	458,689	471,889	430,720
5.50 Maintenance Operations	2,396,859	532,278	2,889,135	1,089,388	3,978,523	3,850,501	3,805,533
5.52 Maintenance of Grounds	350,077	71,971	422,048	214,025	636,073	553,160	605,203
5.56 Utilities	-	-	-	1,184,697	1,184,697	1,338,747	1,353,903
Total Function 5	2,910,945	653,740	3,564,685	2,693,297	6,257,962	6,194,297	6,195,359
7 TRANSPORTATION AND HOUSING							
7.41 Transportation and Housing Administration	122,806	30,542	153,348	8,096	161,444	173,609	169,648
7.70 Student Transportation	1,190,611	301,280	1,491,891	1,682,924	3,174,815	3,317,842	3,168,555
Total Function 7	1,313,417	331,822	1,645,239	1,691,020	3,336,259	3,491,251	3,338,203
9 DEBT SERVICES (OPERATING)							
Total Function 9	-	-	-	-	-	-	-
TOTAL FUNCTIONS 1 - 9	\$ 29,044,479	\$ 7,148,194	\$ 36,192,673	\$ 7,648,770	\$ 43,841,443	\$ 45,003,082	\$ 44,931,967

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
OPERATING FUND
CHANGES IN DEFERRED CONTRIBUTIONS
YEAR ENDED JUNE 30, 2012

Schedule A5

BALANCE, BEGINNING OF YEAR	\$	82,971
 Changes for the Year		
Increase:		
Other Revenue		21,789
		21,789
Decrease:		
Allocated to Revenue		52,700
Provincial Grants - Other		52,700
		(105,400)
Net Changes for the Year		(83,611)
BALANCE, END OF YEAR	\$	52,060

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
 SPECIAL PURPOSE FUNDS
 SUMMARY OF CHANGES
 YEAR ENDED JUNE 30, 2012

	MINISTRY OF EDUCATION DESIGNATED	OTHER	SCHOOL GENERATED FUNDS	RELATED ENTITIES	TOTAL
DEFERRED CONTRIBUTIONS					
DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	\$ 116,528	\$ 73,568	\$ 692,354		\$ 882,590
Add: Contributions Received					
Provincial Grants - Ministry of Education	435,397				435,397
Other	69,893	54,041	1,245,101		1,369,035
Investment Income	2,671	1,478			4,149
	507,961	55,519	1,245,101		1,808,581
Less: Allocated to Revenue	566,549	81,496	1,243,300		1,891,345
DEFERRED CONTRIBUTIONS, END OF YEAR	\$ 57,940	\$ 47,591	\$ 694,155	\$ -	\$ 799,786
REVENUE AND EXPENSE					
REVENUE					
Provincial Grants - Ministry of Education	\$ 494,550				\$ 494,560
Other Revenue	69,893	80,018	1,243,300		1,393,211
Investment Income	2,096	1,478			3,574
	566,549	81,496	1,243,300		1,891,345
EXPENSE					
Salaries					
Teachers	77,309				77,309
Support Staff	179,992				179,992
Other Professionals		15,263			15,263
	257,301	15,263			272,564
Employee Benefits	54,164	6,451			60,615
Services and Supplies	407,151	59,782	1,243,300		1,710,233
	718,616	81,486	1,243,300		2,043,412
NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS	(152,067)	-	-	-	(152,067)
INTERFUND TRANSFERS					
Other	152,067				152,067
	152,067	-	-	-	152,067
NET REVENUE (EXPENSE)	\$ -	\$ -	\$ -	\$ -	\$ -

**SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
SPECIAL PURPOSE FUNDS
CHANGES IN MINISTRY OF EDUCATION DESIGNATED SPECIAL PURPOSE FUNDS
YEAR ENDED JUNE 30, 2012**

	207 Annual Facility Grant	231 Aboriginal Education Technology	250 Special Education Equipment	302 Special Education Technology	TOTAL
DEFERRED CONTRIBUTIONS					
DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	\$ -	\$ 25,944	\$ 77,220	\$ 13,364	\$ 116,528
Add: Contributions Received					
Provincial Grants - Ministry of Education	305,401		7,769	122,207	435,397
Other	69,893				69,893
Investment Income	375,294	726	1,705	240	2,671
	375,294	726	9,494	122,447	507,961
Less: Allocated to Revenue	375,294	150	59,062	132,043	566,549
DEFERRED CONTRIBUTIONS, END OF YEAR	\$ -	\$ 25,920	\$ 27,652	\$ 3,768	\$ 57,940
REVENUE AND EXPENSE					
REVENUE					
Provincial Grants - Ministry of Education	\$ 305,401	\$ -	\$ 57,356	\$ 131,803	\$ 494,560
Other Revenue	69,893				69,893
Investment Income	375,294	150	1,706	240	2,096
	375,294	150	59,062	132,043	566,549
EXPENSE					
Salaries				77,309	77,309
Teachers				10,197	179,992
Support Staff	169,795				257,301
	169,795			87,506	54,164
Employee Benefits	32,667			21,497	407,151
Services and Supplies	324,889	150	59,062	23,040	718,616
	527,361	150	59,062	132,043	(152,067)
NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS	(152,067)	-	-	-	-
INTERFUND TRANSFERS					
Other	152,067				152,067
Transfer from Operating	152,067				152,067
	152,067				152,067
NET REVENUE (EXPENSE)	\$ -	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
 SPECIAL PURPOSE FUNDS
 CHANGES IN OTHER SPECIAL PURPOSE FUNDS
 YEAR ENDED JUNE 30, 2012

	401 Early/Learning Funds	TOTAL
DEFERRED CONTRIBUTIONS		
DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	\$ 73,668	\$ 73,668
Add: Contributions Received		
Other	54,041	54,041
Investment Income	1,478	1,478
	55,519	55,519
Less: Allocated to Revenue	81,496	81,496
DEFERRED CONTRIBUTIONS, END OF YEAR	\$ 47,691	\$ 47,691
REVENUE AND EXPENSE		
REVENUE		
Other Revenue	80,018	80,018
Investment Income	1,478	1,478
	81,496	81,496
EXPENSE		
Salaries		
Other Professionals	15,263	15,263
	15,263	15,263
Employee Benefits	6,451	6,451
Services and Supplies	59,782	59,782
	81,496	81,496
NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS	-	-
INTERFUND TRANSFERS		
NET REVENUE (EXPENSE)	\$ -	\$ -

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
 CAPITAL FUND
 CAPITAL ASSETS
 YEAR ENDED JUNE 30, 2012

	SITES	BUILDINGS	FURNITURE AND EQUIPMENT	VEHICLES	COMPUTER SOFTWARE	COMPUTER HARDWARE	TOTAL
COST, BEGINNING OF YEAR	\$ 5,244,781	\$ 67,250,260	\$ 1,436,863	\$ 3,595,061	\$ 174,816	\$ 160,202	\$ 77,861,983
Changes for the Year							
Increase:							
Purchases from:							
Deferred Contributions - Bylaw			20,000				20,000
Deferred Contributions - Other			44,634				44,634
Operating Fund			286,440	82,713	1,281	54,505	424,939
			351,074	82,713	1,281	54,505	489,573
Decrease:							
Disposed of		1,167,011					1,167,011
Deemed Disposals			150,404	175,650			326,054
		1,167,011	150,404	175,650			1,493,065
COST, END OF YEAR	5,244,781	66,083,249	1,637,533	3,502,124	176,097	214,707	76,858,491
WORK IN PROGRESS, END OF YEAR							
COST AND WORK IN PROGRESS, END OF YEAR	\$ 5,244,781	\$ 66,083,249	\$ 1,637,533	\$ 3,502,124	\$ 176,097	\$ 214,707	\$ 76,858,491
ACCUMULATED AMORTIZATION, BEGINNING OF YEAR							
Changes for the Year							
Increase: Amortization for the Year		\$ 36,534,151	\$ 606,457	\$ 1,577,320	\$ 62,321	\$ 3,553	\$ 38,783,802
Decrease:		1,280,793	143,686	359,506	34,963	32,040	1,850,988
Disposed of		1,164,964					1,164,964
Deemed Disposals			150,404	175,650			326,054
		1,164,964	150,404	175,650			1,491,018
ACCUMULATED AMORTIZATION, END OF YEAR	\$ -	\$ 36,649,980	\$ 599,739	\$ 1,761,176	\$ 97,284	\$ 35,593	\$ 39,143,772
CAPITAL ASSETS - NET	\$ 5,244,781	\$ 29,433,269	\$ 1,037,794	\$ 1,740,948	\$ 78,813	\$ 179,114	\$ 37,714,719

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
CAPITAL FUND
CAPITAL ASSETS - WORK IN PROGRESS
YEAR ENDED JUNE 30, 2012

Schedule C2

	BUILDINGS	FURNITURE AND EQUIPMENT	COMPUTER SOFTWARE	COMPUTER HARDWARE	TOTAL
WORK IN PROGRESS, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -
Changes for the Year					
Increase	-	-	-	-	-
Decrease	-	-	-	-	-
Net Changes for the Year	-	-	-	-	-
WORK IN PROGRESS, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
CAPITAL FUND
DEFERRED CAPITAL CONTRIBUTIONS
YEAR ENDED JUNE 30, 2012

Schedule C3

	BYLAW CAPITAL	OTHER PROVINCIAL	OTHER CAPITAL	TOTAL CAPITAL
DEFERRED CAPITAL CONTRIBUTIONS, BEGINNING OF YEAR	\$ 25,259,096	\$ 624,808	\$ 2,117,024	\$ 28,000,928
Changes for the Year				
Increase				
Transferred from Deferred Contributions - Capital Additions	20,000		44,634	64,634
	<u>20,000</u>	<u>-</u>	<u>44,634</u>	<u>64,634</u>
Decrease				
Amortization of Deferred Capital Contributions	1,379,061	16,662	58,365	1,454,088
Revenue Recognized on Disposal of Buildings	1,535			1,535
	<u>1,380,596</u>	<u>16,662</u>	<u>58,365</u>	<u>1,455,623</u>
Net Changes for the Year	<u>(1,360,596)</u>	<u>(16,662)</u>	<u>(13,731)</u>	<u>(1,390,989)</u>
DEFERRED CAPITAL CONTRIBUTIONS, END OF YEAR	<u>\$ 23,898,500</u>	<u>\$ 608,146</u>	<u>\$ 2,103,293</u>	<u>\$ 26,609,939</u>
WORK IN PROGRESS, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -
Changes for the Year				
Increase	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Decrease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
WORK IN PROGRESS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL DEFERRED CAPITAL CONTRIBUTIONS, END OF YEAR	<u>\$ 23,898,500</u>	<u>\$ 608,146</u>	<u>\$ 2,103,293</u>	<u>\$ 26,609,939</u>

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
 CAPITAL FUND
 CHANGES IN DEFERRED CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2012

	BYLAW CAPITAL	MINISTRY OF EDUCATION RESTRICTED CAPITAL	OTHER PROVINCIAL CAPITAL	LAND CAPITAL	OTHER CAPITAL	TOTAL
BALANCE, BEGINNING OF YEAR	\$ 146,496	\$ -	\$ -	\$ -	\$ -	146,496
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	875,121				85,422	875,121
Other	4,409					4,409
Investment Income		149,598				149,598
MEd Restricted Portion of Proceeds on Disposal	879,530	149,598			85,422	1,114,550
Decrease:						
Transferred to DCC - Capital Additions	20,000				44,634	64,634
Facility Improvements Not Capitalized	855,121					855,121
	875,121				44,634	919,755
Net Changes for the Year	4,409	149,598			40,788	194,795
BALANCE, END OF YEAR	\$ 150,905	\$ 149,598	\$ -	\$ -	\$ 40,788	\$ 341,291

SCHOOL DISTRICT No. 59 (PEACE RIVER SOUTH)
CAPITAL FUND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2012

Schedule C5

	INVESTED IN CAPITAL ASSETS	LOCAL CAPITAL	FUND BALANCE
BALANCE, BEGINNING OF YEAR	\$ 11,077,254	\$ 50,962	\$ 11,128,216
Changes for the Year			
Gain (Loss) on Disposal of Capital Assets	49,354		49,354
District Portion of Proceeds on Disposal	(49,866)	49,866	-
Amortization of Deferred Capital Contributions	1,454,088		1,454,088
Interfund Transfers - Capital Assets Purchased	424,939		424,939
Amortization of Capital Assets	(1,850,988)		(1,850,988)
Net Changes for the Year	<u>27,527</u>	<u>49,866</u>	<u>77,393</u>
BALANCE, END OF YEAR	<u>\$ 11,104,781</u>	<u>\$ 100,828</u>	<u>\$ 11,205,609</u>

SCHOOL DISTRICT NO.59 (Peace River South) 2011/12 Notes to Audited Financial Statements

NOTE 1 AUTHORITY AND PURPOSE

The School District operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 59 (Peace River South)". A board of education elected for a three-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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for not-for-profit organizations. These principles are consistent with those used in prior years except as disclosed as a change in accounting policy.

The deferral method of accounting for contributions, which includes government grants, is used. Results are reported in the operating fund, special purpose funds and capital fund. Revenues and expenses are recorded on a gross and accrual basis.

Statement 2 (Statement of Revenue and Expense), Statement 3 (Statement of Changes in Fund Balances) and Statements 4.1 and 4.2 (Statement of Cash Flows) present annual results of each fund, changes in fund balances and cash flows for the year. Statement 1 (Statement of Financial Position) presents the assets, liabilities and fund balances. Interfund transfers and loans are recognized in each fund and eliminated in the consolidated totals.

- a) Basis of Presentation
Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.
- b) Fund Accounting
Fund accounting procedures recognize external restrictions on the use of contributions by governments or other granting agencies, and appropriations or other internal restrictions by the Board. While separate accounts are maintained for each fund, for financial reporting purposes, funds with similar characteristics are grouped together:
 - Operating fund reports assets, liabilities, revenues and expenses for general operations.
 - Special purpose funds report assets, liabilities, revenues and expenses for:
 - Contributions restricted in use by the *School Act* or Ministry of Education.
 - Contributions restricted in use by other external bodies.
 - Funds collected and used at the school level (i.e. school-generated funds).
 - Capital fund reports assets, liabilities, revenues and expenses for capital. Contributions of other funds used for capital purposes are transferred to the capital fund.
- c) Cash and Cash Equivalents
Cash and cash equivalents include cash and liquid securities with original terms to maturity of three months or less when purchased.

SCHOOL DISTRICT NO.59 (Peace River South) 2011/12 Notes to Audited Financial Statements

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

- d) Accounts Receivable
Accounts receivable are shown net of allowance for doubtful accounts. (Note 3)
- e) Prepaid Expenses
Prepaid expenses consist of unexpired insurance premiums and other prepaid amounts, which will be amortized over the term of the policies, or in the period the actual expense relates to, respectively.
- f) Capital Assets
The following criteria apply:
- Capital assets acquired or constructed are recorded at cost. Donated capital assets are recorded at their fair market value on the date of donation.
 - Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
 - Sites and buildings that no longer contribute to the ability of the district to provide services are written-down to residual value.
 - Buildings that are demolished or destroyed are written-off.
 - Amortization is recorded on a straight-line basis over the estimated useful life of the asset and commences the year following acquisition. Estimated useful life is as follows:
- | | |
|-----------------------|----------|
| Buildings | 40 years |
| Furniture & Equipment | 10 years |
| Vehicles | 10 years |
| Computer Software | 5 years |
| Computer Hardware | 5 years |
- g) Revenue Recognition
Unrestricted operating government grants, are recognized as revenue when received. Such grants, if contributed for a future period, are deferred and reported as deferred contributions until that future period. Other unrestricted revenue, including tuition fees and sales of services/products are reported as revenue when services are provided or products delivered.

Externally restricted contributions, grants, and donations are reported as revenue depending on the nature of restrictions imposed on the use of the funds by the contributors:

- Non-capital contributions for specific purposes are recorded as deferred contributions and recognized as revenue in the year related expenses are incurred.
- Contributions restricted for capital purposes are recorded as deferred contributions until the amount is invested in capital assets.
 - If the capital asset is a site, the amount invested is recorded as a direct increase to net assets invested in capital assets.
 - If the capital asset is not a site, the amount invested is recorded as a deferred capital contribution and amortized over the useful life of the asset. Amortization commences in the year following acquisition.
 - Donated capital assets are recorded at fair market value and treated as a deferred capital contribution.

SCHOOL DISTRICT NO.59 (Peace River South)

2011/12 Notes to Audited Financial Statements

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

h) Expenditures

- 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 regular 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 identification of program.

i) Financial Instruments

Financial instruments consist of cash, cash equivalents, investments, accounts receivable, accounts payable, accrued and other current liabilities. Unless otherwise noted, it is management's opinion that the School District is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Available-for-sale and held-for-trading financial instruments are reported at fair value. Gains and losses arising from changes in fair values of available-for-sale financial instruments are reported on the Statement of Changes in Fund Balances as "Comprehensive Income (Loss)" and the unrealized gains/losses on held-for-trading financial instruments are reported on the income statement.

j) Use of Estimates

Preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles 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 periods. Significant areas requiring the use of management estimates relate to the impairment of assets, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

SCHOOL DISTRICT NO.59 (Peace River South) **2011/12 Notes to Audited Financial Statements**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

k) Employee Future Benefits

The School District provides certain post-employment benefits including accumulated sick and vacation pay, and retiring allowances for certain employees pursuant to certain contracts and union agreements.

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 market rates at the measurement date.

The excess of cumulative unrecognized actuarial gains (losses) over 10 percent of the accrued benefit obligation is amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan. The EARSL for employees of the School District is 8.7 years.

The most recent valuation of the obligation was performed at March 31, 2010 and projected to June 30, 2014. The next valuation will be performed at March 31, 2013 for use at June 30, 2013. 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.

l) Future Change in Accounting Framework

Under the revised Public Sector Accounting Board (PSAB) framework, beginning with the 2012/13 fiscal year, school districts will be required to follow Public Sector Accounting (PSA) standards with or without the not-for-profit organization standards (i.e., PS 4200 series). In September 2010, the Province of British Columbia Treasury Board directed through Government Organization Accounting Standards Regulation 257/2010 requiring all school districts to adopt PSA standards without the PS 4200 series from their first fiscal year commencing after January 1, 2012.

The first fiscal year of full implementation without the PS 4200 series will be the year ended June 30, 2013. The adoption of PSA standards is to be accounted for by retroactive application with restatement of prior periods unless an exemption is permitted. Comparative figures at June 30, 2012 and July 1, 2011 will be restated. The financial statements will also include the presentation of budget figures prepared in accordance with PSA standards for the year ended June 30, 2013.

While the School District, in consultation with the Office of the Comptroller General and the Ministry of Education, has begun assessing the impact of the change in accounting framework on its financial statements, the financial impact cannot be reasonably estimated at this time. Implementing PSA standards will also have an impact on accounting financial reporting and supporting information technology systems and processes.

SCHOOL DISTRICT NO.59 (Peace River South)
2011/12 Notes to Audited Financial Statements

NOTE 3 ACCOUNTS RECEIVABLE - OTHER RECEIVABLES

	2012	2011
Due from Federal Government	\$366,447	\$458,084
Due from Other School Districts	16,510	19,820
Other Accounts Receivable	121,446	121,332
Allowance for Doubtful Accounts	0	0
Total	\$504,403	\$599,236

NOTE 4 CAPITAL ASSETS

	2012		2011	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Sites	\$ 5,244,781	\$ 0	\$ 5,244,781	\$ 5,244,781
Buildings	66,083,249	36,649,980	29,433,269	30,716,109
Furniture & Equipment	1,637,534	599,739	1,037,795	830,406
Vehicles	3,502,123	1,761,176	1,740,947	2,017,741
Computer Software	176,097	97,284	78,813	112,495
Computer Hardware	214,707	35,593	179,114	156,649
	\$76,858,491	\$39,143,772	\$37,714,719	\$39,078,181

NOTE 5 DISPOSAL OF SITES AND BUILDINGS

The following property was disposed of in the current fiscal year:

Property	Year of Acquisition	Original Cost	Proceeds of Sale
Parkhill School	1959	\$1,167,011	\$199,464

NOTE 6 EMPLOYEE FUTURE BENEFITS

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.

The period of amortization is equal to the expected average remaining service lifetime (EARSL) of active employees.

SCHOOL DISTRICT NO.59 (Peace River South)
2011/12 Notes to Audited Financial Statements

NOTE 6 EMPLOYEE FUTURE BENEFITS (continued)

	<u>2012</u>	<u>2011</u>
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$678,501	\$670,399
Service Cost	58,628	56,025
Interest Cost	32,827	34,052
Benefit Payments	(204,430)	(92,950)
Actuarial (Gain)/Loss	130,552	10,975
Accrued Benefit Obligation – March 31	<u>\$696,078</u>	<u>\$678,501</u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$696,078	\$678,501
Market Value of Plan Assets – March 31	0	0
Funded Status - Surplus/(Deficit)	(696,078)	(678,501)
Employer Contributions After Measurement Date	48,000	73,271
Unamortized Net Actuarial (Gain)/Loss	25,264	(110,150)
Accrued Benefit Asset/(Liability) – June 30	<u>\$(622,814)</u>	<u>\$(715,380)</u>
Components of Net Benefit Expense		
Service Cost	\$58,628	\$56,025
Interest Cost	32,827	34,052
Amortization of Net Actuarial (Gain)/Loss	(4,862)	(7,024)
Net Benefit Expense (Income)	<u>\$85,593</u>	<u>\$83,053</u>

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

	<u>2012</u>	<u>2011</u>
Discount Rate – Beginning of Period	4.75%	5.00%
Discount Rate – End of Period	4.25%	4.75%
Salary Growth – Beginning of Period	2.50% + seniority	2.50% + seniority
Salary Growth – End of Period	2.50% + seniority	2.50% + seniority
EARS L	8.7 years	8.7 years

NOTE 7 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are 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 defined. The Teachers' Pension Plan has about 46,000 active members from school districts, and approximately 30,000 retired members from school districts. The Municipal Pension Plan has about 173,000 active members, of which approximately 23,000 are from school districts.

SCHOOL DISTRICT NO.59 (Peace River South) 2011/12 Notes to Audited Financial Statements

NOTE 7 EMPLOYEE PENSION PLANS (continued)

The most recent valuation of the Teachers' Pension Plan as at December 31, 2008 indicated a \$291 million unfunded liability for basic pension benefits. The next valuation will be as at December 31, 2011 with results available in 2012. The most recent valuation for the Municipal Pension Plan as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan. School District No.59 paid \$3,454,495 for employer contributions to these plans in the year ended June 30, 2012.

NOTE 8 OPERATING FUND BALANCE, END OF YEAR

Internally Restricted (appropriated) by Board for:	
School-based Surpluses	\$ 405,991
Capacity Building (Years 2 & 3)	500,000
Project-based Learning	100,000
Maintenance Projects	647,933
2011/12 Aboriginal Education Surplus	56,344
Board Contingency Fund	525,128
	2,235,396
Unrestricted Operating Surplus (Deficit)	1,389,447
	\$ 3,624,843

NOTE 9 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds are reported on Statement 3 (Statement of Changes in Fund Balances). For the year ended June 30, 2012, transfers are as follows:

- A transfer in the amount of \$424,939 was made from the operating fund to the capital fund for capital equipment purchased.
- A transfer in the amount of \$152,067 was made from the operating fund to the special purpose fund for facilities improvements.

NOTE 10 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.

SCHOOL DISTRICT NO.59 (Peace River South) 2011/12 Notes to Audited Financial Statements

NOTE 11 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 January 25, 2012.

NOTE 12 ASSET RETIREMENT OBLIGATION

Legal liabilities may exist for the removal/disposal of asbestos in schools that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. As at June 30, 2012, the liability is not reasonably determinable.

NOTE 13 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 in accordance with Canadian GAAP for not-for-profit organizations. This contemplates continuation of the School District as a "going concern".

NOTE 13 BANK INDEBTEDNESS

The School District has a commercial overdraft with the Toronto-Dominion Bank, with maximum borrowings allowed of \$1,000,000, due on demand, bearing interest at the bank's prime rate minus 0.5%, and is unsecured. The commercial overdraft remained unused as at June 30, 2012.

NOTE 14 CAPITAL MANAGEMENT

The capital structure of the School District consists of net assets invested in capital assets, internally restricted funds and unrestricted net assets. The primary objective of the School District's capital management is to protect the assets of the School District while fulfilling its mandate to provide educational programs to students enrolled in its schools.

Net assets invested in capital assets represents the amount of net assets that are not available for other purposes because they have been invested. Internally restricted funds are funds that have been allocated internally for the purpose of assisting the School District's students and its operations. Unrestricted net assets are funds available for future operations and are preserved so the School District can have financial flexibility should opportunities arise in the future.

For the year ended June 30, 2012 the School District has complied with all externally imposed capital restrictions.

NOTE 15 RISK MANAGEMENT

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