

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

Financial Statements

Year Ended June 30, 2013



Audited Financial Statements of

School District No. 59 (Peace River South)

June 30, 2013, June 30, 2012 and July 1, 2011

School District No. 59 (Peace River South)

June 30, 2013, June 30, 2012 and July 1, 2011

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School District No. 59 (Peace River South)

MANAGEMENT REPORT

Version: 2479-1733-8751

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 59 (Peace River South) have been prepared by management in accordance with Canadian public sector accounting standards and provincial reporting legislation and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.

The Board of Education of School District No. 59 (Peace River South) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly.

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

On behalf of School District No. 59 (Peace River South)



Signature of the Chairperson of the Board of Education

Sept 18/2013

Date Signed



Signature of the Superintendent

Sept 18/2013

Date Signed



Signature of the Secretary Treasurer

Sept 18/2013

Date Signed

Independent Auditors' Report

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

We have audited the accompanying financial statements of School District No. 59 (Peace River South), which comprise the statement of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011, and the statements of operations, changes in net financial assets (debt) and cash flows for the years ended June 30, 2013 and June 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements present the financial position of School District No. 59 (Peace River South) as at June 30, 2013, June 30, 2012 and July 1, 2011 and the results of its operations, changes in net financial assets (debt) and cash flows in compliance with, in all material respects, the financial reporting framework based on Section 23.1 of the Budget Transparency and Accountability Act and the Province of British Columbia's Treasury Board Regulations 257/2010 and 198/2011.

Emphasis of Matter

We draw attention to Note 3 which describes the financial reporting framework being followed by School District No. 59 (Peace River South).

Other Matter

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

Fort St. John, British Columbia

September 18, 2013

MNP LLP
Chartered Accountants

School District No. 59 (Peace River South)

Statement of Financial Position

As at June 30, 2013, June 30, 2012 and July 1, 2011

	June 30, 2013	June 30, 2012 (Restated-Note 2)	July 1, 2011 (Restated-Note 2)
	\$	\$	\$
Financial Assets			
Cash and Cash Equivalents	8,380,776	7,377,383	6,812,682
Accounts Receivable			
Due from Province - Ministry of Education	269,496	269,496	269,496
Due from Province - Other	9,000	15,000	-
Other (Note 4)	516,144	504,403	599,236
Total Financial Assets	9,175,416	8,166,282	7,681,414
Liabilities			
Accounts Payable and Accrued Liabilities			
Due to Province - Ministry of Education	-	-	-
Due to Province - Other	42,705	38,595	55,375
Other (Note 5)	3,442,216	2,656,417	2,941,211
Unearned Revenue (Note 6)	59,791	52,060	82,971
Deferred Revenue (Note 7)	659,815	594,256	677,020
Deferred Capital Revenue (Note 8)	26,376,218	26,951,231	28,147,424
Employee Future Benefits (Note 9)	689,514	719,655	801,293
Total Liabilities	31,270,259	31,012,214	32,705,294
Net Financial Assets (Debt)	(22,094,843)	(22,845,932)	(25,023,880)
Non-Financial Assets			
Tangible Capital Assets (Note 10)	36,939,339	37,714,720	39,078,181
Prepaid Expenses	48,526	70,353	90,051
Total Non-Financial Assets	36,987,865	37,785,073	39,168,232
Accumulated Surplus (Deficit)	14,893,022	14,939,141	14,144,352

Contractual Obligations and Contingencies

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

Sept 18/2013

Sept 18/2013

Sept 18/2013

School District No. 59 (Peace River South)

Statement 2

Statement of Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget (Unaudited-Note 14)	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	45,417,083	45,745,976	45,468,071
Other	131,350	116,877	224,279
Tuition	115,700	123,527	88,732
Other Revenue	502,739	1,858,719	1,935,682
Rentals and Leases	120,490	127,307	107,959
Investment Income	53,000	88,687	68,516
Gain (Loss) on Disposal of Tangible Capital Assets			49,354
Amortization of Deferred Capital Revenue	1,420,504	1,450,219	1,454,088
Total Revenue	<u>47,760,866</u>	<u>49,511,312</u>	<u>49,396,681</u>
Expenses			
Instruction	33,599,829	33,860,233	33,948,500
District Administration	1,967,963	1,932,180	1,825,681
Operations and Maintenance	10,407,874	10,226,924	9,491,452
Transportation and Housing	3,530,128	3,538,094	3,336,259
Total Expense	<u>49,505,794</u>	<u>49,557,431</u>	<u>48,601,892</u>
Surplus (Deficit) for the year	<u>(1,744,928)</u>	<u>(46,119)</u>	<u>794,789</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		14,939,141	14,144,352
Accumulated Surplus (Deficit) from Operations, end of year		<u>14,893,022</u>	<u>14,939,141</u>

School District No. 59 (Peace River South)

Statement of Changes in Net Financial Assets (Debt)

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget (Unaudited-Note 14)	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Surplus (Deficit) for the year	(1,744,928)	(46,119)	794,789
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(332,062)	(1,109,152)	(489,573)
Amortization of Tangible Capital Assets	1,841,318	1,884,534	1,850,988
Net carrying value of Tangible Capital Assets disposed of			2,047
Total Effect of change in Tangible Capital Assets	1,509,256	775,382	1,363,462
Acquisition of Prepaid Expenses		(48,528)	(70,354)
Use of Prepaid Expenses		70,354	90,051
Total Effect of change in Other Non-Financial Assets	-	21,826	19,697
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	(235,672)	751,089	2,177,948
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		751,089	2,177,948
Net Financial Assets (Debt), beginning of year		(22,845,932)	(25,023,880)
Net Financial Assets (Debt), end of year		(22,094,843)	(22,845,932)

School District No. 59 (Peace River South)

Statement 5

Statement of Cash Flows

Years Ending June 30, 2013 and June 30, 2012

	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(46,119)	794,789
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(5,741)	79,833
Inventories for Resale	-	-
Supplies Inventories	-	-
Prepaid Expenses	21,826	19,697
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	754,179	(307,822)
Unearned Revenue	7,731	-
Deferred Revenue	65,559	(113,675)
Employee Future Benefits	(30,141)	(81,638)
Other Liabilities	35,730	6,249
Loss (Gain) on Disposal of Tangible Capital Assets	-	(49,354)
Amortization of Tangible Capital Assets	1,884,534	1,850,988
Amortization of Deferred Capital Revenue	(1,450,219)	(1,454,088)
Total Operating Transactions	1,237,339	744,979
Capital Transactions		
Tangible Capital Assets Purchased	(1,109,152)	(489,573)
District Portion of Proceeds on Disposal		49,866
Bylaw Spent on Non-Capital Items	(1,001,713)	(855,121)
Total Capital Transactions	(2,110,865)	(1,294,828)
Financing Transactions		
Capital Revenue Received	1,876,919	1,114,550
Total Financing Transactions	1,876,919	1,114,550
Net Increase (Decrease) in Cash and Cash Equivalents	1,003,393	564,701
Cash and Cash Equivalents, beginning of year	7,377,383	6,812,682
Cash and Cash Equivalents, end of year	8,380,776	7,377,383
Cash and Cash Equivalents, end of year, is made up of:		
Cash	8,380,776	7,377,383
	8,380,776	7,377,383

SCHOOL DISTRICT NO.59 (Peace River South)

2012/13 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 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2012/13 fiscal year, the School District has adopted Canadian Public Sector Accounting ("PSA") standards without not-for-profit provisions except as described in Note 3 (a). These financial statements are the first financial statements for which the School District has applied PSA standards.

The School District has elected to use the following exemptions available as of July 1, 2011, the date of transition to the new accounting framework:

- Retirement and post-employment benefits:
 - a. The School District has elected to delay the application of *Sections PS 3250* and *3255* relative to the discount rate used until June 30, 2013 (to coincide with the March 31, 2013 valuation) or within three years of the transition date to PSA standards, whichever is sooner;
 - b. The School District has elected to recognize all cumulative actuarial gains and losses at July 1, 2011 directly in accumulated surplus (deficit); and
- Tangible capital asset impairment:
 - a. The School District has elected to apply *Section PS 3150* on a prospective basis from the date of transition.

Key adjustments on the School District's financial statements resulting from the adoption of these accounting standards are as follows:

- Previously, the School District was not required to record an accrued benefit obligation related to sick leave benefits as the benefits do not vest. PSA standards require that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services to the School District in return for the benefits. An adjustment was made to recognize a liability and an expense related to accumulated sick leave entitlements. The adjustment to the liability for employee future benefits at July 1, 2011 was \$196,063 resulting in a revised liability of \$801,293. An additional expense of \$27,772 was recognized in the 2012 fiscal year resulting in a revised liability for employee future benefits at June 30, 2012 of \$719,655 related to the accrual for accumulated sick leave entitlements, determined by an actuarial valuation.
- In accordance with the first time elections, the School District recognized all previous cumulative actuarial gains and losses relating to employee future benefits of \$110,150 at July 1, 2011 resulting in a decrease to the Employee Future Benefits liability and an increase in accumulated surplus. An additional revenue (expense) of \$16,844 was recognized in the 2012 fiscal year as a result of removing the amortization of those cumulative actuarial gains and losses.

SCHOOL DISTRICT NO.59 (Peace River South) 2012/13 Notes to Audited Financial Statements

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS (Continued)

The impact of the conversion to PSA standards on the accumulated surplus at July 1, 2011 and the comparative annual surplus is presented below. These accounting changes have been applied retrospectively with restatement of prior periods.

Accumulated surplus as originally reported, July 1, 2011	\$14,024,735
Adjustments to accumulated surplus	
Add non-vested benefits to Employee Future Benefits	110,150
Recognize cumulative unamortized actuarial gain/loss on Employee Future Benefits	(196,063)
Reclassify Deferred Contributions	205,530
Accumulated surplus as restated, July 1, 2011	\$14,144,352
Annual surplus as originally reported for the year ended June 30, 2012	805,717
Adjustments to annual surplus for the year	
Employee Future Benefits amortization expense/revenue	(27,772)
Actuarial gains and losses amortization	16,844
Annual surplus for the year as restated for the year ended June 30, 2012	794,789
Accumulated surplus, end of year as restated, June 30, 2012	\$14,939,141

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Notes 3(e) and 3(j).

In September 2010, the Province of British Columbia Treasury Board ("Treasury Board") provided directive through Government Organization Accounting Standards Regulation 257/2010 requiring all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sector to adopt PSA standards of the Canadian Institute of Chartered Accountants ("CICA") without not-for-profit provisions from their first fiscal year commencing after January 1, 2012. In March 2011, PSAB released a new *Section PS 3410 "Government Transfers"*. 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. The Treasury Board direction on the accounting treatment of restricted contributions is as described in Notes 3(e) and 3(j).

Detailed information on the impact of conversion to the new accounting framework is provided in Note 2.

SCHOOL DISTRICT NO.59 (Peace River South)

2012/13 Notes to Audited Financial Statements

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As noted in notes 3 (e) and 3 (j), Section 23.1 of the Budget Transparency and Accountability Act and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the financial statements of the School District is as follows:

- July 1, 2011 - increase in accumulated surplus and decrease in deferred capital revenue by \$28,000,928
- Year ended June 30, 2012 - increase in annual surplus by \$64,634
- June 30, 2012 - increase in accumulated surplus and decrease in deferred capital revenues by \$26,609,940
- Year ended June 30, 2013 - increase in annual surplus by \$870,336
- June 30, 2013 – increased in accumulated surplus and decrease in deferred capital revenue by \$26,030,057

b) Cash and Cash Equivalents

Cash and cash equivalents include Certificates of Deposit with the Provincial Treasury that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing.

c) Accounts Receivable

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

d) Unearned Revenue

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

e) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 3 (j).

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 3 (a) for the impact of this policy on these financial statements.

SCHOOL DISTRICT NO.59 (Peace River South)

2012/13 Notes to Audited Financial Statements

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

f) Employee Future Benefits

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

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing except as per the election described in Note 2.

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.

g) Tangible Capital Assets

The following criteria apply:

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

SCHOOL DISTRICT NO.59 (Peace River South)

2012/13 Notes to Audited Financial Statements

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

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

h) Prepaid Expenses

Prepaid expenses consist of unexpired insurance premiums and other prepaid amounts are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

i) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 12 – Interfund Transfers and Note 17 – Internally Restricted Surplus). *Funds and reserves are disclosed on Schedules 2, 3 and 4.*

j) Revenue Recognition

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

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

SCHOOL DISTRICT NO.59 (Peace River South)

2012/13 Notes to Audited Financial Statements

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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 3 (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.

k) 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.

l) Financial Instruments

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

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

SCHOOL DISTRICT NO.59 (Peace River South)

2012/13 Notes to Audited Financial Statements

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

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

Recognition, derecognition and measurement policies followed in the financial statements for periods prior to July 1, 2012 are not reversed and, therefore, the financial statements of prior periods, including comparative information, have not been restated.

As at June 30, 2013 and for the year then ended, financial instruments are accounted for prospectively in accordance with public sector accounting standards as described above.

As at July 1, 2011, June 30, 2012 and for the year ended June 30, 2012, financial instruments were accounted for in accordance with Part V of the CICA Handbook. There were no changes in the recognition and measurement of financial instruments upon conversion to public sector accounting standards.

m) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 3 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.

n) Statement of Remeasurement Gains and Losses

A Statement of Remeasurement Gains and Losses has not been presented as the District does not hold any financial assets or liabilities that would give rise to remeasurement gains or losses.

SCHOOL DISTRICT NO.59 (Peace River South)
2012/13 Notes to Audited Financial Statements

NOTE 4 ACCOUNTS RECEIVABLE - OTHER RECEIVABLES

	June 30, 2013	June 30, 2012	July 1, 2011
Due from Federal Government	\$ 293,743	\$ 366,447	\$ 458,084
Due from Other School Districts	-	16,510	19,820
Other Accounts Receivable	222,401	121,446	121,332
Allowance for Doubtful Accounts	-	-	-
	<u>\$ 516,144</u>	<u>\$ 504,403</u>	<u>\$ 599,236</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2013	June 30, 2012	July 1, 2011
Trade payables	\$ 1,066,258	\$ 260,632	\$ 416,294
Salaries and benefits payable	1,336,713	1,412,160	1,388,016
Accrued vacation pay	863,719	827,989	821,741
Other	175,526	155,636	315,160
	<u>\$ 3,442,216</u>	<u>\$ 2,656,417</u>	<u>\$ 2,941,211</u>

NOTE 6 UNEARNED REVENUE

	June 30, 2013	June 30, 2012	July 1, 2011
Balance, beginning of year	\$ 52,060	\$ 82,971	\$ 102,425
Changes for the year:			
Increase:			
Tuition fees	-	-	-
Dual Credit Equipment	20,000	-	-
Other Revenue	35,029	21,789	1,013
	<u>55,029</u>	<u>21,789</u>	<u>1,013</u>
Decrease:			
Tuition fees	-	-	-
Provincial Grants – Other	-	52,700	-
Other Revenue	47,298	-	20,467
Net changes for the year	<u>7,731</u>	<u>(30,911)</u>	<u>(19,454)</u>
Balance, end of year	<u>\$ 59,791</u>	<u>\$ 52,060</u>	<u>\$ 82,971</u>

SCHOOL DISTRICT NO.59 (Peace River South) 2012/13 Notes to Audited Financial Statements

NOTE 7 DEFERRED REVENUE

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

	June 30, 2013	June 30, 2012	June 30, 2011
Balance, beginning of year, as previously stated	\$ 799,786	\$ 882,550	\$ 1,000,510
Prior period adjustment (see Note 2)	(205,530)	(205,530)	(205,530)
Restated balance, beginning of year	<u>594,256</u>	<u>677,020</u>	<u>794,980</u>
Changes for the year:			
Increase: Contributions received			
Provincial Grants - Ministry of Education	1,550,026	435,397	1,226,357
Provincial Grants - Other	-	-	-
Other Revenue	1,172,203	1,369,035	1,532,843
Investment Income	6,651	4,149	6,335
Transfers	-	152,067	458,186
	<u>2,728,880</u>	<u>1,960,648</u>	<u>3,223,721</u>
Decrease:			
Expenses	2,663,321	2,043,412	3,335,682
Transfers	-	-	5,999
	<u>2,663,321</u>	<u>2,043,412</u>	<u>3,341,681</u>
Net changes for the year	<u>65,559</u>	<u>(82,764)</u>	<u>(117,960)</u>
Balance, end of year	<u>\$ 659,815</u>	<u>\$ 594,256</u>	<u>\$ 677,020</u>

SCHOOL DISTRICT NO.59 (Peace River South) 2012/13 Notes to Audited Financial Statements

NOTE 8 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired. Changes to deferred capital revenue are as follows:

	Deferred Capital 2013	Unspent Capital 2013	Total Deferred Capital Revenue 2013	Total Deferred Capital Revenue 2012
Balance, beginning of year, as previously stated	\$26,609,940	\$ 341,291	\$26,951,231	\$28,147,424
Prior period adjustment	-	-	-	-
Restated balance, beginning of year	<u>26,609,940</u>	<u>341,291</u>	<u>26,951,231</u>	<u>28,147,424</u>
Changes for the year:				
Increase:				
Transfer from Unspent - Capital Additions	870,336	-	870,336	64,634
Transfer from Unspent - Work in Progress	-	-	-	-
Provincial Grants - Ministry of Education	-	1,872,725	1,872,725	875,121
Other Income	-	-	-	85,422
Investment Income	-	4,194	4,194	4,410
MoEd Restricted Portion of Proceeds on Disposal	-	-	-	149,598
	<u>870,336</u>	<u>1,876,919</u>	<u>2,747,255</u>	<u>1,179,185</u>
Decrease:				
Amortization of Deferred Capital	1,450,219	-	1,450,219	1,454,088
Capital Additions - transfer to Deferred Capital	-	870,336	870,336	64,634
Work in Progress - transfer to Deferred Capital	-	-	-	-
Site Purchases - transfer to Revenue	-	-	-	-
Facility Improvements not Capitalized	-	1,001,713	1,001,713	855,121
Revenue Recognized on Disposal of Buildings	-	-	-	1,535
	<u>1,450,219</u>	<u>1,872,049</u>	<u>3,322,268</u>	<u>2,375,378</u>
Net changes for the year	<u>(579,883)</u>	<u>4,870</u>	<u>(575,013)</u>	<u>(1,196,193)</u>
Balance, end of year	<u>\$26,030,057</u>	<u>\$ 346,161</u>	<u>\$26,376,218</u>	<u>\$26,951,231</u>

SCHOOL DISTRICT NO.59 (Peace River South)

2012/13 Notes to Audited Financial Statements

NOTE 9 EMPLOYEE FUTURE BENEFITS

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

	<u>June 30, 2013</u>	<u>June 30, 2012 (Restated – Note 2)</u>
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 905,867	\$ 678,501
Non-vested Benefit Obligation - July 1, 2011	-	196,063
Service Cost	77,163	71,990
Interest Cost	39,677	42,375
Benefit Payments	(170,501)	(221,274)
Actuarial (Gain) Loss	219,608	138,212
Accrued Benefit Obligation – March 31	<u>\$ 1,071,814</u>	<u>\$ 905,867</u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation - March 31	\$ 1,071,814	\$ 905,867
Market Value of Plan Assets - March 31	-	-
Funded Status - Surplus (Deficit)	(1,071,814)	(905,867)
Employer Contributions After Measurement Date	40,367	48,000
Unamortized Net Actuarial (Gain) Loss	341,933	138,212
Accrued Benefit Asset (Liability) - June 30	<u>\$ (689,514)</u>	<u>\$ (719,655)</u>
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability (Asset) - July 1	\$ 719,655	\$ 715,380
Recognize Non-Vested Benefits - July 1, 2011	-	196,063
Recognize Unamortized (Gains) Losses - July 1, 2011	-	(110,150)
Accrued Benefit Liability (Asset) - July 1 (restated)	719,655	801,293
Net Expense for Fiscal Year	132,726	114,365
Employer Contributions	(162,868)	(196,003)
Accrued Benefit Liability (Asset) - June 30	<u>\$ 689,514</u>	<u>\$ 719,655</u>
Components of Net Benefit Expense		
Service Cost	\$ 77,163	\$ 71,990
Interest Cost	39,677	42,375
Amortization of Net Actuarial (Gain)/Loss	15,886	-
Net Benefit Expense (Income)	<u>\$ 132,726</u>	<u>\$ 114,365</u>
Assumptions		
Discount Rate - April 1	4.25%	4.75%
Discount Rate - March 31	3.00%	4.25%
Long Term Salary Growth - April 1	2.50% + seniority	2.50% + Seniority
Long Term Salary Growth - March 31	2.50% + seniority	2.50% + Seniority
EARSL - March 31	9.1	8.7

SCHOOL DISTRICT NO.59 (Peace River South)
2012/13 Notes to Audited Financial Statements

NOTE 10 TANGIBLE CAPITAL ASSETS

June 30, 2013

Cost:	Balance at July 1, 2012	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2013
Sites	\$ 5,244,781	\$ -	\$ -	\$ -	\$ 5,244,781
Buildings	66,083,249	-	-	-	66,083,249
Buildings – work in progress	-	-	-	-	-
Furniture & Equipment	1,637,534	210,101	(129,335)	-	1,718,300
Vehicles	3,502,123	899,051	(362,521)	-	4,038,653
Computer Software	176,098	-	(17,874)	-	158,224
Computer Hardware	214,707	-	-	-	214,707
Total	\$ 76,858,492	\$ 1,109,152	\$ (509,730)	\$ -	\$ 77,457,914

Accumulated Amortization:	Balance at July 1, 2012	Additions	Disposals	Balance at June 30, 2013
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	36,649,979	1,292,408	-	37,942,387
Furniture & Equipment	599,739	163,753	(129,335)	634,157
Vehicles	1,761,176	350,212	(362,521)	1,748,867
Computer Software	97,284	35,220	(17,874)	114,630
Computer Hardware	35,593	42,941	-	78,534
Total	\$ 39,143,771	\$ 1,884,534	\$ (509,730)	\$ 40,518,575

June 30, 2012

Cost:	Balance at July 1, 2011	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2012
Sites	\$ 5,244,781	\$ -	\$ -	\$ -	\$ 5,244,781
Buildings	67,250,260	-	(1,167,011)	-	66,083,249
Buildings – work in progress	-	-	-	-	-
Furniture & Equipment	1,436,863	351,074	(150,404)	-	1,637,533
Vehicles	3,595,061	82,713	(175,650)	-	3,502,124
Computer Software	174,816	1,281	-	-	176,097
Computer Hardware	160,202	54,505	-	-	214,707
Total	\$ 77,861,983	\$ 489,573	\$ (1,493,065)	\$ -	\$ 76,858,491

Accumulated Amortization:	Balance at July 1, 2011	Additions	Disposals	Balance at June 30, 2012
Sites	\$ -	\$ -	\$ -	\$ -
Buildings	36,534,150	1,280,793	(1,164,964)	36,649,979
Furniture & Equipment	606,458	143,685	(150,404)	599,739
Vehicles	1,577,320	359,506	(175,650)	1,761,176
Computer Software	62,321	34,963	-	97,284
Computer Hardware	3,553	32,040	-	35,593
Total	\$ 38,783,802	\$ 1,850,987	\$ (1,491,018)	\$ 39,143,771

SCHOOL DISTRICT NO.59 (Peace River South) 2012/13 Notes to Audited Financial Statements

NOTE 10 TANGIBLE CAPITAL ASSETS *(Continued)*

Net Book Value

Cost:	Net Book Value June 30, 2013	Net Book Value June 30, 2012	Net Book Value July 1, 2011
Sites	\$ 5,244,781	\$ 5,244,781	\$ 5,244,781
Buildings	28,140,862	29,433,270	30,716,110
Buildings – work in progress	-	-	-
Furniture & Equipment	1,084,143	1,037,794	830,405
Vehicles	2,289,786	1,740,948	2,017,741
Computer Software	43,594	78,813	112,495
Computer Software	136,173	179,114	156,649
Total	\$ 36,939,339	\$ 37,714,720	\$ 39,078,181

NOTE 11 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

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

NOTE 12 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension Plans. The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. The Teachers' Pension Plan has about 46,000 active members from school districts, and approximately 31,000 retired members from school districts. The Municipal Pension Plan has about 178,000 active members, of which approximately 23,000 are from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2011 indicated an \$855 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2014 with results available in 2015. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2009 indicated a \$1,024 billion funding deficit 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. The Board of Education of School District No.59 paid \$3,459,171 (2012 - \$3,454,495) for employer contributions to these plans in the year ended June 30, 2013.

SCHOOL DISTRICT NO.59 (Peace River South) 2012/13 Notes to Audited Financial Statements

NOTE 13 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 \$238,816 was made from the operating fund to the capital fund for capital equipment purchased.

NOTE 14 RELATED PARTY TRANSACTIONS

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

SCHOOL DISTRICT NO.59 (Peace River South) 2012/13 Notes to Audited Financial Statements

NOTE 15 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget on January 30, 2013. The Board adopted a preliminary annual budget on June 20, 2012. The amended budget is used for comparison purposes, as these are based on actual student enrolments. The difference between the two budgets is as follows:

	2013 Amended	2013 Preliminary	Difference
Revenues			
Provincial Grants			
Ministry of Education	\$45,417,083	\$45,369,431	\$47,652
Other	131,350	106,350	25,000
Federal Grants	0	0	0
Tuition	115,700	88,700	27,000
Other Revenue	502,739	585,389	(82,650)
Rentals & Leases	120,490	112,810	7,680
Investment Income	53,000	63,000	(10,000)
Amortization of Deferred Capital Revenue	1,420,504	1,420,504	0
Total Revenue	47,760,866	47,746,184	14,682
Expenses			
Instruction	33,599,829	33,531,618	68,211
District Administration	1,967,963	1,948,933	19,030
Operations and Maintenance	8,566,556	8,068,733	497,823
Transportation and Housing	3,530,128	3,459,125	71,003
Amortization of Tangible Capital Assets	1,841,318	1,841,318	0
Total Expense	49,505,794	48,849,727	656,067
Surplus (Deficit) for the year	(1,744,928)	(1,103,543)	(641,385)
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(332,062)	(720,654)	388,592
Amortization of Tangible Capital Assets	1,841,318	1,841,318	0
Total Effect of change in Tangible Capital Assets	1,509,256	1,120,664	388,592
(Increase) Decrease in Net Financial Assets	(\$235,672)	\$17,121	(\$252,793)

NOTE 16 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, 2013, the liability is not reasonably determinable.

SCHOOL DISTRICT NO.59 (Peace River South)
2012/13 Notes to Audited Financial Statements

NOTE 17 EXPENSE BY OBJECT

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Salaries and benefits	\$ 37,171,335	\$ 36,865,075
Services and supplies	10,501,562	9,885,829
Interest	-	-
Amortization	1,884,534	1,850,988
Other	-	-
	<u>\$ 49,557,431</u>	<u>\$ 48,601,892</u>

NOTE 18 ACCUMULATED SURPLUS

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
OPERATING		(restated)
Internally Restricted (appropriated) by Board for:		
School-based Surpluses	\$ 399,341	\$ 405,991
Capacity Building	250,000	500,000
Project-based Learning	100,000	100,000
Maintenance Projects	368,833	647,933
Primary Literacy Project	130,000	0
Aboriginal Student Achievement Project	100,000	0
Graduation Pathways	360,000	0
Assessment for Learning Training	70,000	0
District Numeracy Position	200,000	0
Later to Literacy Project	100,000	0
2011/12 Ab Ed Surplus	0	56,344
Board Contingency Fund	145,447	525,128
Subtotal Internally Restricted	<u>2,223,621</u>	<u>2,235,396</u>
Unrestricted Operating Surplus (Deficit)	<u>1,654,984</u>	<u>1,498,136</u>
Total Available for Future Operations	<u>3,878,605</u>	<u>3,733,532</u>
CAPITAL		
Investment in Tangible Capital Assets	10,909,282	11,104,781
Local Capital	105,135	100,828
Capital Surplus	<u>11,014,417</u>	<u>11,205,609</u>
ACCUMULATED SURPLUS	<u>\$ 14,893,022</u>	<u>\$ 14,939,141</u>

NOTE 19 ECONOMIC DEPENDENCE

The operations of the School District are dependent on continued funding from the Ministry of Education and various governmental agencies to carry out its programs. These financial statements have been prepared on a going concern basis.

SCHOOL DISTRICT NO.59 (Peace River South)

2012/13 Notes to Audited Financial Statements

NOTE 20 RISK MANAGEMENT

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

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

a) Credit risk:

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

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

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits and investments as they are placed in recognized British Columbia institutions and the School District invests solely in the Provincial Central Deposit Program.

b) Market risk :

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

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

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

c) Liquidity risk

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

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

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

**SCHOOL DISTRICT NO.59 (Peace River South)
2012/13 Notes to Audited Financial Statements**

NOTE 21 COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

School District No. 59 (Peace River South)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Years Ending June 30, 2013 and June 30, 2012

	Operating Fund	Special Purpose Fund	Capital Fund	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	3,733,532		11,205,609	14,939,141	14,024,735
Change in Accounting Policies/Prior Period Adjustments					(196,063)
Add non-vested benefits to Employee Future Benefits					110,150
Recognize unamortized gain (loss) on Employee Future Benefits					205,530
Reclassify Deferred Contributions					
Accumulated Surplus (Deficit), beginning of year, as restated	3,733,532	-	11,205,609	14,939,141	14,144,352
Changes for the year					
Surplus (Deficit) for the year	383,889		(430,008)	(46,119)	794,789
Interfund Transfers	(238,816)		238,816	-	
Tangible Capital Assets Purchased	145,073		(191,192)	(46,119)	794,789
Net Changes for the year	3,878,605	-	11,014,417	14,893,022	14,939,141

School District No. 59 (Peace River South)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	42,706,769	43,310,615	44,118,390
Other	131,350	116,877	224,279
Tuition	115,700	123,527	88,732
Other Revenue	502,739	635,697	542,471
Rentals and Leases	120,490	127,307	107,959
Investment Income	50,000	77,729	64,942
Total Revenue	43,627,048	44,391,752	45,146,773
Expenses			
Instruction	32,196,629	31,262,123	32,432,449
District Administration	1,967,963	1,932,180	1,825,681
Operations and Maintenance	7,259,442	7,275,466	6,257,982
Transportation and Housing	3,530,128	3,538,094	3,336,259
Total Expense	44,954,162	44,007,863	43,852,371
Operating Surplus (Deficit) for the year	(1,327,114)	383,889	1,294,402
Budgeted Appropriation (Retirement) of Surplus (Deficit)	1,659,176		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(332,062)	(238,816)	(424,939)
Other			(152,067)
Total Net Transfers	(332,062)	(238,816)	(577,006)
Total Operating Surplus (Deficit), for the year	-	145,073	717,396
Operating Surplus (Deficit), beginning of year		3,733,532	2,896,519
Change in Accounting Policies/Prior Period Adjustments			
Add non-vested benefits to Employee Future Benefits			(196,063)
Recognize unamortized gain (loss) on Employee Future Benefits			110,150
Reclassify Deferred Contributions			205,530
Operating Surplus (Deficit), beginning of year, as restated		3,733,532	3,016,136
Operating Surplus (Deficit), end of year		3,878,605	3,733,532
Operating Surplus (Deficit), end of year			
Internally Restricted		2,223,621	2,149,483
Unrestricted		1,654,984	1,584,049
Total Operating Surplus (Deficit), end of year		3,878,605	3,733,532

School District No. 59 (Peace River South)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	41,644,374	42,308,809	42,376,100
Other Ministry of Education Grants			
Pay Equity	944,395	944,395	944,395
Enrolment Audit Adjustment	-	(116,396)	-
Carbon Tax Reimbursement	80,000	104,793	80,191
Special Education Project	30,000	30,000	-
Ready Set Learn	-	-	39,200
Frebach Language (OLEP)	-	-	111,325
StrongStart Centres	-	-	192,000
Community Links	-	-	352,672
Education Guarantee	-	30,318	-
Other Ministry of Education Grants	8,000	8,696	22,507
Total Provincial Grants - Ministry of Education	42,706,769	43,310,615	44,118,390
Provincial Grants - Other	131,350	116,877	224,279
Tuition			
Summer School Fees	-	-	-
Continuing Education	-	-	-
Offshore Tuition Fees	115,700	123,527	88,732
Total Tuition	115,700	123,527	88,732
Other Revenues			
School Referendum Taxes	-	-	-
Other School District/Education Authorities	-	-	48,845
Miscellaneous			
Seconded Teacher Revenue	75,000	76,306	76,473
Donations	-	-	5,935
Miscellaneous	177,739	284,763	269,865
BC Hydro Energy Program	175,000	184,411	56,000
Substitute Staff Recoveries	75,000	90,217	85,353
Total Other Revenue	502,739	635,697	542,471
Rentals and Leases	120,490	127,307	107,959
Investment Income	50,000	77,729	64,942
Total Operating Revenue	43,627,048	44,391,752	45,146,773

School District No. 59 (Peace River South)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Salaries			
Teachers	14,757,548	14,533,392	15,032,669
Principals and Vice Principals	3,322,095	3,322,213	3,307,427
Educational Assistants	2,671,019	2,685,834	2,961,603
Support Staff	4,794,621	4,716,080	4,486,433
Other Professionals	2,116,396	2,093,451	2,118,762
Substitutes	1,405,915	1,126,884	1,137,585
Total Salaries	29,067,594	28,477,854	29,044,479
Employee Benefits	7,207,112	7,082,939	7,159,122
Total Salaries and Benefits	36,274,706	35,560,793	36,203,601
Services and Supplies			
Services	2,131,087	2,060,740	1,706,606
Student Transportation	1,112,158	1,053,190	1,046,780
Professional Development and Travel	516,550	551,971	557,796
Rentals and Leases	25,300	21,466	40,869
Dues and Fees	303,413	315,151	330,006
Insurance	183,730	190,945	177,244
Interest	-	-	-
Supplies	3,122,218	3,057,496	2,604,772
Bad Debts	-	-	-
Utilities	1,285,000	1,196,111	1,184,697
Total Services and Supplies	8,679,456	8,447,070	7,648,770
Total Operating Expense	44,954,162	44,007,863	43,852,371

School District No. 59 (Peace River South)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object
Year Ended June 30, 2013

	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	11,825,970	1,261,366	479,709	151,853	425,078	683,219	14,827,195
1.03 Career Programs	144,128	-	17,447	-	84,659	3,849	250,083
1.07 Library Services	183,739	80,974	146,185	-	-	14,419	425,317
1.08 Counselling	480,427	(33)	-	-	21,122	6,945	508,461
1.10 Special Education	1,372,988	137,003	1,768,901	-	199,796	100,495	3,579,183
1.30 English Language Learning	13,523	-	18,558	-	-	125	32,206
1.31 Aboriginal Education	511,767	236,071	238,509	-	138,154	3,718	1,128,219
1.41 School Administration	-	1,489,072	-	563,665	-	43,515	2,096,252
1.62 Off Shore Students	-	-	-	-	-	-	-
Total Function 1	14,532,542	3,204,453	2,669,309	715,518	868,809	856,285	22,846,916
4 District Administration							
4.11 Educational Administration	-	117,760	-	15,507	463,140	-	596,407
4.40 School District Governance	-	-	-	-	102,742	-	102,742
4.41 Business Administration	850	-	-	147,898	413,266	6,668	568,682
Total Function 4	850	117,760	-	163,405	979,148	6,668	1,267,831
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	145	42,131	163,886	2,689	208,851
5.50 Maintenance Operations	-	-	-	2,111,371	-	205,751	2,317,122
5.52 Maintenance of Grounds	-	-	-	515,514	-	-	515,514
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	145	2,669,016	163,886	208,440	3,041,487
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	58,941	81,608	-	140,549
7.70 Student Transportation	-	-	16,380	1,109,200	-	55,491	1,181,071
Total Function 7	-	-	16,380	1,168,141	81,608	55,491	1,321,620
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	14,533,392	3,322,213	2,685,834	4,716,080	2,093,451	1,126,884	28,477,854

School District No. 59 (Peace River South)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object
Year Ended June 30, 2013

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2013 Actual	2013 Budget	2012 Actual
	\$	\$	\$	\$	\$	\$	(Restated-Note 2) \$
1 Instruction							
1.02 Regular Instruction	14,827,195	3,719,002	18,546,197	1,785,766	20,331,963	20,594,842	20,408,438
1.03 Career Programs	250,083	59,035	309,118	168,849	477,967	552,271	640,937
1.07 Library Services	425,317	108,194	533,511	31,422	564,933	517,607	673,310
1.08 Counselling	508,461	118,476	626,937	30,007	656,944	644,078	644,607
1.10 Special Education	3,579,183	956,974	4,536,157	207,400	4,743,557	4,986,007	5,286,587
1.30 English Language Learning	32,206	4,891	37,097	9,493	46,590	53,925	52,401
1.31 Aboriginal Education	1,128,219	283,650	1,411,869	85,663	1,497,532	1,587,878	1,370,455
1.41 School Administration	2,096,252	488,796	2,585,048	141,060	2,726,108	3,059,921	3,138,617
1.62 Off Shore Students	-	-	-	216,529	216,529	200,100	217,097
Total Function 1	22,846,916	5,739,018	28,585,934	2,676,189	31,262,123	32,196,629	32,432,449
4 District Administration							
4.11 Educational Administration	596,407	126,591	722,998	79,282	802,280	798,200	654,342
4.40 School District Governance	102,742	1,800	104,542	80,924	185,466	195,606	213,733
4.41 Business Administration	568,682	131,367	700,049	244,385	944,434	974,157	957,606
Total Function 4	1,267,831	259,758	1,527,589	404,591	1,932,180	1,967,963	1,825,681
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	208,851	50,011	258,862	211,467	470,329	474,750	458,689
5.50 Maintenance Operations	2,317,122	551,087	2,868,209	1,848,903	4,717,112	4,706,523	3,978,523
5.52 Maintenance of Grounds	515,514	116,550	632,064	257,138	889,202	793,169	636,073
5.56 Utilities	-	-	-	1,198,823	1,198,823	1,285,000	1,184,697
Total Function 5	3,041,487	717,648	3,759,135	3,516,331	7,275,466	7,259,442	6,257,982
7 Transportation and Housing							
7.41 Transportation and Housing Administration	140,549	35,136	175,685	15,786	191,471	197,479	161,444
7.70 Student Transportation	1,181,071	331,379	1,512,450	1,834,173	3,346,623	3,332,649	3,174,815
Total Function 7	1,321,620	366,515	1,688,135	1,849,959	3,538,094	3,530,128	3,336,259
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	28,477,854	7,082,939	35,560,793	8,447,070	44,007,863	44,954,162	43,852,371

School District No. 59 (Peace River South)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	1,708,601	1,433,648	494,560
Other Revenue		1,223,022	1,393,211
Investment Income		6,651	3,574
Total Revenue	1,708,601	2,663,321	1,891,345
Expenses			
Instruction	1,403,200	2,598,110	1,516,051
District Administration	-	-	-
Operations and Maintenance	305,401	65,211	527,361
Transportation and Housing	-	-	-
Total Expense	1,708,601	2,663,321	2,043,412
Special Purpose Surplus (Deficit) for the year	-	-	(152,067)
Net Transfers (to) from other funds			
Other			152,067
Total Net Transfers	-	-	152,067
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year			
Special Purpose Surplus (Deficit), end of year			
Total Special Purpose Surplus (Deficit), end of year			

School District No. 59 (Peace River South)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2013

Schedule 3A (Unaudited)

Deferred Revenue, beginning of year
Transfer (to) from Operating Surplus - as at July 1, 2011
Deferred Revenue, beginning of year, as restated

Add: Restricted Grants
 Provincial Grants - Ministry of Education
 Other
 Investment Income
Less: Allocated to Revenue
Deferred Revenue, end of year

Revenues
 Provincial Grants - Ministry of Education
 Other Revenue
 Investment Income

Expenses
 Salaries
 Teachers
 Educational Assistants
 Support Staff
 Other Professionals
 Substitutes

Employee Benefits
Services and Supplies

Net Revenue (Expense) before Interfund Transfers

Interfund Transfers

Net Revenue (Expense)

Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	Special Education Technology
\$ -	\$ -	\$ 26,520	\$ 27,653	\$ 3,767
-	-	26,520	27,653	3,767

189,715	535,106	-	7,238	130,770
189,715	1,554	565	756	33
65,211	536,660	565	7,994	130,803
65,211	531,612	17,855	11,132	134,570
124,504	5,048	9,230	24,515	-

65,211	530,058	17,290	10,376	134,537
65,211	1,554	565	756	33
65,211	531,612	17,855	11,132	134,570

19,901	255,384			79,843
4,115	184,692			
41,195				11,458
65,211	440,076	-	-	91,301
	88,640			22,675
	2,896	17,855	11,132	20,594
	531,612	17,855	11,132	134,570

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

School District No. 59 (Peace River South)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2013

Schedule 3A (Unaudited)

	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community- LINK
	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	694,154	-	-	-	-
Transfer (to) from Operating Surplus - as at July 1, 2011	(205,530)	-	-	-	-
Deferred Revenue, beginning of year, as restated	488,624	-	-	-	-
Add: Restricted Grants					
Provincial Grants - Ministry of Education	1,129,319	184,000	39,200	111,325	352,672
Other					
Investment Income	1,129,319	1,552	413	-	20
Allocated to Revenue	1,188,587	185,552	39,613	111,325	352,692
Deferred Revenue, end of year	429,356	3,123	7,462	-	436
Revenues					
Provincial Grants - Ministry of Education	1,188,587	180,877	31,738	111,325	352,236
Other Revenue					
Investment Income	1,188,587	1,552	413	-	20
Expenses					
Salaries					
Teachers				74,432	52,762
Educational Assistants					173,375
Support Staff					
Other Professionals		132,478			
Substitutes			19,240		
Employee Benefits	-	132,478	19,240	74,432	226,137
Services and Supplies	1,188,587	35,561	4,884	17,176	64,058
	1,188,587	14,390	8,027	19,717	62,061
	1,188,587	182,429	32,151	111,325	352,256
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-
Interfund Transfers	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-

School District No. 59 (Peace River South)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2013

	Community Connections	Early Learning	TOTAL
	\$	\$	\$
Deferred Revenue, beginning of year	-	47,692	799,786
Transfer (to) from Operating Surplus - as at July 1, 2011	-	-	(205,530)
Deferred Revenue, beginning of year, as restated	-	47,692	594,256
Add: Restricted Grants			
Provincial Grants - Ministry of Education	-	-	1,550,026
Other	5,764	37,120	1,172,203
Investment Income	30	1,728	6,651
Less: Allocated to Revenue	5,794	38,848	2,728,880
Deferred Revenue, end of year	3,139	33,054	2,663,321
	2,655	53,486	659,815
Revenues			
Provincial Grants - Ministry of Education			1,433,648
Other Revenue	3,109	31,326	1,223,022
Investment Income	30	1,728	6,651
	3,139	33,054	2,663,321
Expenses			
Salaries			462,421
Teachers			358,067
Educational Assistants			31,359
Support Staff			132,478
Other Professionals		428	19,668
Substitutes		428	1,003,993
Employee Benefits		526	237,635
Services and Supplies	3,139	32,100	1,421,693
	3,139	33,054	2,663,321
Net Revenue (Expense) before Interfund Transfers	-	-	-
Interfund Transfers	-	-	-
Net Revenue (Expense)	-	-	-

School District No. 59 (Peace River South)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual			2012 Actual (Restated-Note 2)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	1,001,713		1,001,713	1,001,713	855,121
Investment Income	3,000		4,307	4,307	
Gain (Loss) on Disposal of Tangible Capital Assets				-	49,354
Amortization of Deferred Capital Revenue	1,420,504	1,450,219		1,450,219	1,454,088
Total Revenue	2,425,217	1,450,219	1,006,020	2,456,239	2,358,563
Expenses					
Operations and Maintenance	1,001,713		1,001,713	1,001,713	855,121
Amortization of Tangible Capital Assets					
Operations and Maintenance	1,841,318	1,884,534		1,884,534	1,850,988
Total Expense	2,843,031	1,884,534	1,001,713	2,886,247	2,706,109
Capital Surplus (Deficit) for the year	(417,814)	(434,315)	4,307	(430,008)	(347,546)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	332,062	238,816		238,816	424,939
Total Net Transfers	332,062	238,816	-	238,816	424,939
Total Capital Surplus (Deficit) for the year	(85,752)	(195,499)	4,307	(191,192)	77,393
Capital Surplus (Deficit), beginning of year		11,104,781	100,828	11,205,609	11,128,216
Capital Surplus (Deficit), end of year		10,909,282	105,135	11,014,417	11,205,609

School District No. 59 (Peace River South)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2013

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	5,244,781	66,083,249	1,637,534	3,502,123	176,098	214,707	76,858,492
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw			50,000	820,336			870,336
Operating Fund			160,101	78,715			238,816
Deemed Disposals			210,101	899,051			1,109,152
Cost, end of year			129,335	362,521	17,874		509,730
Work in Progress, end of year			129,335	362,521	17,874		509,730
Cost and Work in Progress, end of year	5,244,781	66,083,249	1,718,300	4,038,653	158,224	214,707	77,457,914
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year			599,739	1,761,176	97,284	35,593	39,143,771
Decrease:							
Deemed Disposals			163,753	350,212	35,220	42,941	1,884,534
Accumulated Amortization, end of year			129,335	362,521	17,874		509,730
Tangible Capital Assets - Net	5,244,781	28,140,862	1,084,143	2,289,786	43,594	136,173	36,939,339

School District No. 59 (Peace River South)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2013

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year					-
Changes for the Year					
Net Changes for the Year	-	-	-	-	-
Work in Progress, end of year	-	-	-	-	-

School District No. 59 (Peace River South)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2013

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	23,898,501	608,146	2,103,293	26,609,940
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	870,336			870,336
	<u>870,336</u>	-	-	<u>870,336</u>
Decrease:				
Amortization of Deferred Capital Revenue	1,370,729	16,662	62,828	1,450,219
	<u>1,370,729</u>	<u>16,662</u>	<u>62,828</u>	<u>1,450,219</u>
Net Changes for the Year	<u>(500,393)</u>	<u>(16,662)</u>	<u>(62,828)</u>	<u>(579,883)</u>
Deferred Capital Revenue, end of year	<u>23,398,108</u>	<u>591,484</u>	<u>2,040,465</u>	<u>26,030,057</u>
Work in Progress, beginning of year				-
Changes for the Year				
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 Revenue, end of year	<u>23,398,108</u>	<u>591,484</u>	<u>2,040,465</u>	<u>26,030,057</u>

School District No. 59 (Peace River South)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2013

Schedule 4D (Unaudited)

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	150,905	149,598	-	-	40,788	341,291
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	1,872,725					1,872,725
Investment Income	4,194					4,194
	1,876,919	-	-	-	-	1,876,919
Decrease:						
Transferred to DCR - Capital Additions	870,336					870,336
Facility Improvements not Capitalized	1,001,713					1,001,713
	1,872,049	-	-	-	-	1,872,049
Net Changes for the Year	4,870	-	-	-	-	4,870
Balance, end of year	155,775	149,598	-	-	40,788	346,161