

Audited Financial Statements of

School District No. 5 (Southeast Kootenay)

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

School District No. 5 (Southeast Kootenay)

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

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School District No. 5 (Southeast Kootenay)

MANAGEMENT REPORT

Version: 2401-1655-8673

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 5 (Southeast Kootenay) 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. 5 (Southeast Kootenay) (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, BDO Canada 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. 5 (Southeast Kootenay) 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.

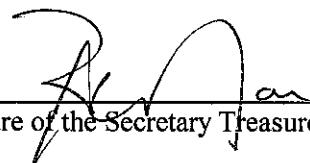
On behalf of School District No. 5 (Southeast Kootenay)


Signature of the Chairperson of the Board of Education

Sept 25/13
Date Signed


Signature of the Superintendent

Sept 24/13
Date Signed


Signature of the Secretary Treasurer

Sept 24/13
Date Signed



Tel: 250 426 4285
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BDO Canada LLP
35 - 10th Avenue S
Cranbrook BC V1C 2M9 Canada

Independent Auditor's Report

**To the Board of Trustees of School District No. 5 (Southeast Kootenay) and
the Minister of Education of the Province of British Columbia**

We have audited the accompanying financial statements of the School District No. 5 (Southeast Kootenay), which comprise the statements of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011 and the statements of operations, changes in net 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 the Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, which requires Canadian public sector accounting standards modified by B.C. Regulation 198/2011 "Restricted Contributions", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and 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 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 of the School District No. 5 (Southeast Kootenay) for the years ended June 30, 2013 and June 30, 2012 are prepared, in all material respects, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Notes 2 and 3(a) to the financial statements which describe the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Cranbrook, BC
September 23, 2013

School District No. 5 (Southeast Kootenay)

Statement of Financial Position

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

| | June 30, 2013 | June 30, 2012 (Restated) | July 1, 2011 (Restated) |
|--|---------------------|-----------------------------|----------------------------|
| | \$ | \$ | \$ |
| Financial Assets | | | |
| Cash and Cash Equivalents | 9,182,654 | 10,455,615 | 11,121,133 |
| Accounts Receivable | | | |
| Due from LEA/Direct Funding (Note 4) | 332,715 | 221,278 | 374,119 |
| Other (Note 4) | 904,882 | 569,662 | 831,629 |
| Total Financial Assets | 10,420,251 | 11,246,555 | 12,326,881 |
| Liabilities | | | |
| Accounts Payable and Accrued Liabilities | | | |
| Other (Note 5) | 4,000,398 | 3,473,513 | 3,656,059 |
| Unearned Revenue (Note 6) | 637,720 | 362,506 | 510,560 |
| Deferred Revenue (Note 7) | 1,918,734 | 1,909,845 | 2,444,001 |
| Deferred Capital Revenue (Note 8) | 58,283,833 | 59,466,556 | 60,733,817 |
| Employee Future Benefits (Note 9) | 338,191 | 335,690 | 360,224 |
| Total Liabilities | 65,178,876 | 65,548,110 | 67,704,661 |
| Net Financial Assets (Debt) | (54,758,625) | (54,301,555) | (55,377,780) |
| Non-Financial Assets | | | |
| Tangible Capital Assets (Note 10) | 73,695,482 | 73,308,928 | 73,083,445 |
| Prepaid Expenses | 297,724 | 280,905 | 243,782 |
| Total Non-Financial Assets | 73,993,206 | 73,589,833 | 73,327,227 |
| Accumulated Surplus (Deficit) | 19,234,581 | 19,288,278 | 17,949,447 |

Contractual Obligations and Contingencies (Note 13&14)

Approved by the Board

| | |
|--|---------------------------|
| | |
| Signature of the Chairperson of the Board of Education | Sept 25/13 Date Signed |
| | |
| Signature of the Superintendent | Sept 24/13 Date Signed |
| | |
| Signature of the Secretary/Treasurer | Sept 24/13 Date Signed |

School District No. 5 (Southeast Kootenay)

Statement 2

Statement of Operations

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated) |
|---|-------------------|-------------------|------------------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 51,577,023 | 51,299,918 | 51,519,296 |
| Other | 109,720 | 339,780 | 550,811 |
| Tuition | 1,432,550 | 1,428,396 | 1,376,589 |
| Other Revenue | 2,073,174 | 3,283,986 | 2,612,278 |
| Rentals and Leases | 101,875 | 134,812 | 68,174 |
| Investment Income | 50,500 | 77,307 | 78,267 |
| Amortization of Deferred Capital Revenue | 2,523,448 | 2,561,902 | 2,523,448 |
| MBSS Bus Loan | 8,000 | 8,000 | 8,000 |
| Total Revenue | <u>57,876,290</u> | <u>59,134,101</u> | <u>58,736,863</u> |
| Expenses | | | |
| Instruction | 46,272,224 | 47,038,830 | 45,601,879 |
| District Administration | 1,654,928 | 1,717,086 | 1,682,573 |
| Operations and Maintenance | 8,893,030 | 8,801,954 | 8,547,357 |
| Transportation and Housing | 1,651,870 | 1,629,928 | 1,566,223 |
| Total Expense | <u>58,472,052</u> | <u>59,187,798</u> | <u>57,398,032</u> |
| Surplus (Deficit) for the year | <u>(595,762)</u> | <u>(53,697)</u> | <u>1,338,831</u> |
| Accumulated Surplus (Deficit) from Operations, beginning of year | | 19,288,278 | 17,949,447 |
| Accumulated Surplus (Deficit) from Operations, end of year | | <u>19,234,581</u> | <u>19,288,278</u> |

School District No. 5 (Southeast Kootenay)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated) |
|--|------------------|-----------------------------------|------------------------------|
| | \$ | \$ | \$ |
| Surplus (Deficit) for the year | <u>(595,762)</u> | <u>(53,697)</u> | <u>1,338,831</u> |
| Effect of change in Tangible Capital Assets | | | |
| Acquisition of Tangible Capital Assets | (2,481,714) | (3,323,135) | (3,036,281) |
| Amortization of Tangible Capital Assets | 2,810,798 | 2,936,581 | 2,810,798 |
| Total Effect of change in Tangible Capital Assets | <u>329,084</u> | <u>(386,554)</u> | <u>(225,483)</u> |
| Acquisition of Prepaid Expenses | (243,782) | (297,724) | (280,905) |
| Use of Prepaid Expenses | 243,782 | 280,905 | 243,782 |
| Total Effect of change in Other Non-Financial Assets | <u>-</u> | <u>(16,819)</u> | <u>(37,123)</u> |
| (Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses) | <u>(266,678)</u> | <u>(457,070)</u> | <u>1,076,225</u> |
| Net Remeasurement Gains (Losses) | | | |
| (Increase) Decrease in Net Financial Assets (Debt) | | <u>(457,070)</u> | <u>1,076,225</u> |
| Net Financial Assets (Debt), beginning of year | | <u>(54,301,555)</u> | <u>(55,377,780)</u> |
| Net Financial Assets (Debt), end of year | | <u><u>(54,758,625)</u></u> | <u><u>(54,301,555)</u></u> |

School District No. 5 (Southeast Kootenay)

Statement 5

Statement of Cash Flows

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Actual | 2012 Actual (Restated) |
|---|-------------------------|------------------------------|
| | \$ | \$ |
| Operating Transactions | | |
| Surplus (Deficit) for the year | (53,697) | 1,338,831 |
| Changes in Non-Cash Working Capital | | |
| Decrease (Increase) | | |
| Accounts Receivable | (446,657) | 414,808 |
| Prepaid Expenses | (16,819) | (37,123) |
| Increase (Decrease) | | |
| Accounts Payable and Accrued Liabilities | 526,885 | (182,546) |
| Unearned Revenue | 275,214 | (148,054) |
| Deferred Revenue | 8,889 | (534,156) |
| Employee Future Benefits | 2,501 | (24,534) |
| Amortization of Tangible Capital Assets | 2,936,581 | 2,810,798 |
| Amortization of Deferred Capital Revenue | (2,561,902) | (2,523,448) |
| Total Operating Transactions | <u>670,995</u> | <u>1,114,576</u> |
| Capital Transactions | | |
| Tangible Capital Assets Purchased | (3,323,135) | (3,036,281) |
| Total Capital Transactions | <u>(3,323,135)</u> | <u>(3,036,281)</u> |
| Financing Transactions | | |
| Capital Revenue Received | 1,379,179 | 1,256,187 |
| Total Financing Transactions | <u>1,379,179</u> | <u>1,256,187</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>(1,272,961)</u> | <u>(665,518)</u> |
| Cash and Cash Equivalents, beginning of year | <u>10,455,615</u> | <u>11,121,133</u> |
| Cash and Cash Equivalents, end of year | <u><u>9,182,654</u></u> | <u><u>10,455,615</u></u> |
| Cash and Cash Equivalents, end of year, is made up of: | | |
| Cash | 5,412,830 | 5,150,339 |
| Cash Equivalents | 3,769,824 | 5,305,276 |
| | <u><u>9,182,654</u></u> | <u><u>10,455,615</u></u> |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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. 5 (Southeast Kootenay)", and operates as "School District No. 5 (Southeast Kootenay)." A board of education (Board) 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;
 - 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 the conditions for a write-down of tangible capital assets in *Section PS 3150* on a prospective basis from the date of transition.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

(Continued)

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 of \$204,190 was made to recognize a liability and an expense related to accumulated sick leave entitlements. Also, in accordance with the first time elections, the School District recognized all previous cumulative actuarial gains and losses relating to employee future benefits of \$25,059 at July 1, 2011 resulting in an increase to the Employee Future Benefits liability and a decrease in accumulated surplus. The total adjustment to the liability for employee future benefits at July 1, 2011 was \$229,249 resulting in a revised liability of \$360,224. An additional recovery of \$14,601 was recognized in the 2012 fiscal year resulting in a revised liability for employee future benefits at June 30, 2012 of \$ 335,690 related to the accrual for accumulated sick leave entitlements, determined by an actuarial valuation.

| | Previously stated July 1, 2011 | Adjustment July 1, 2011 | Restated July 1, 2011 |
|--------------------------|-----------------------------------|----------------------------|--------------------------|
| | \$ | \$ | \$ |
| Employee Future Benefits | 130,975 | 229,249 | 360,224 |

| | Previously stated June 30, 2012 | Adjustment June 30, 2012 | Restated June 30, 2012 |
|--------------------------|------------------------------------|-----------------------------|---------------------------|
| | \$ | \$ | \$ |
| Employee Future Benefits | 121,042 | 214,648 | 335,690 |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

(Continued)

The impact of the conversion to PSA standards on the accumulated surplus (deficit) 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 (deficit) as originally reported, July 1, 2011 | \$18,178,696 |
| Adjustments to accumulated surplus (deficit) | |
| Add non-vested benefits to Employee Future Benefits | (204,190) |
| Recognize cumulative unamortized actuarial gain/loss on Employee Future Benefits | <u>(25,059)</u> |
| Accumulated surplus (deficit) as restated, July 1, 2011 | <u>\$17,949,447</u> |
| | |
| Annual surplus (deficit) as originally reported for the year ended June 30, 2012 | \$19,502,926 |
| Adjustments to annual surplus (deficit) for the year | |
| Add non-vested benefits to Employee Future Benefits | <u>(214,648)</u> |
| Accumulated surplus (deficit), end of year as restated, June 30, 2012 | <u>\$19,288,278</u> |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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.

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 | - understatement of accumulated surplus and an overstatement of deferred capital revenue by \$59,096,288 |
| Year-ended June 30, 2012 | - overstatement of revenue and annual surplus of \$281,512 |
| June 30, 2012 | - understatement of accumulated surplus and an overstatement of deferred capital revenue by \$58,814,776 |
| Year-ended June 30, 2013 | - overstatement of revenue and annual surplus of \$1,227,268 |
| June 30, 2013 | - understatement of accumulated surplus and an overstatement of deferred capital revenue by \$57,587,508 |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

c) Accounts Receivable

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

d) Unearned Revenue

Unearned revenue includes tuition fees received for courses to be delivered in future periods and receipt of proceeds for which there is an obligation to deliver services or products 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. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

| | |
|-----------------------|----------|
| Buildings | 40 years |
| Furniture & Equipment | 10 years |
| Vehicles | 10 years |
| Computer Hardware | 5 years |

h) Prepaid Expenses

Prepaid membership dues, insurance, travel expenses and software licencing fees 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 within accumulated surplus when approved (see Note 16 – Internally Restricted Surplus).

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) Expenditures

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

- 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.

Categories of Salaries

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l) Financial Instruments

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

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and other liabilities.

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

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

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.

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 4 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

| | June 30, 2013 | June 30, 2012 | July 1, 2011 |
|-----------------------------|--------------------|------------------|--------------------|
| Due from Federal Government | \$218,163 | \$247,210 | \$302,323 |
| LEA | 332,715 | 221,278 | 374,119 |
| Other | 686,719 | 322,452 | 529,306 |
| | <u>\$1,237,597</u> | <u>\$790,940</u> | <u>\$1,205,748</u> |

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

| | June 30, 2013 | June 30, 2012 | July 1, 2011 |
|-------------------------------|--------------------|--------------------|--------------------|
| Trade payables | \$ 558,903 | \$356,073 | \$901,755 |
| Salaries and benefits payable | 3,441,495 | 3,117,440 | 2,754,284 |
| | <u>\$4,000,398</u> | <u>\$3,473,513</u> | <u>\$3,656,059</u> |

NOTE 6 UNEARNED REVENUE

| | June 30, 2013 | June 30, 2012 | July 1, 2011 |
|----------------------------|------------------|------------------|------------------|
| Balance, beginning of year | \$362,506 | \$510,560 | \$584,046 |
| Changes for the year: | | | |
| Increase: | | | |
| Tuition fees received | 1,703,610 | 1,228,535 | 1,287,678 |
| Decrease: | | | |
| Tuition fees recognized | (1,428,396) | (1,376,589) | (1,361,164) |
| Balance, end of year | <u>\$637,720</u> | <u>\$362,506</u> | <u>\$510,560</u> |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2013****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.

| | June 30, 2013 | June 30, 2012 | July 1, 2011 |
|-------------------------------------|--------------------|--------------------|--------------------|
| Balance, beginning of year | \$1,909,845 | \$2,444,001 | \$2,797,588 |
| Changes for the year: | | | |
| Increase: | | | |
| Grants and contributions received | 4,712,326 | 3,301,813 | 3,331,238 |
| Decrease: | | | |
| Grants and contributions recognized | (4,703,437) | (3,835,969) | (3,684,825) |
| Balance, end of year | <u>\$1,918,734</u> | <u>\$1,909,845</u> | <u>\$2,444,001</u> |

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.

| | June 30, 2013 | June 30, 2012 | July 1, 2011 |
|--|---------------------|---------------------|---------------------|
| Balance, beginning of year | \$59,466,556 | \$60,733,817 | \$60,134,432 |
| Changes for the year: | | | |
| Increase: | | | |
| Grants and contributions received | 1,379,179 | 1,256,187 | 1,914,917 |
| Decrease: | | | |
| Amortization of deferred capital revenue | (2,561,902) | (2,523,448) | (2,514,302) |
| Balance, end of year | <u>\$58,283,833</u> | <u>\$59,466,556</u> | <u>\$60,733,817</u> |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

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.

| | June 30, 2013 | June 30, 2012 |
|--|---------------|---------------|
| Reconciliation of Accrued Benefit Obligation | | |
| Accrued Benefit Obligation – April 1 | 354,177 | 156,034 |
| Non-vested Benefit Obligation - July 1, 2011 | ██████████ | 204,190 |
| Service Cost | 21,988 | 20,519 |
| Interest Cost | 15,065 | 16,814 |
| Benefit Payments | (36,863) | (61,867) |
| Actuarial (Gain) Loss | 193,123 | 18,487 |
| Accrued Benefit Obligation – March 31 | 547,490 | 354,177 |
| Reconciliation of Funded Status at End of Fiscal Year | | |
| Accrued Benefit Obligation - March 31 | 547,490 | 354,177 |
| Market Value of Plan Assets - March 31 | 0 | 0 |
| Funded Status - Surplus (Deficit) | (547,490) | (354,177) |
| Employer Contributions After Measurement Date | 0 | 0 |
| Unamortized Net Actuarial (Gain) Loss | 209,299 | 18,487 |
| Accrued Benefit Asset (Liability) - June 30 | (338,191) | (335,690) |
| Reconciliation of Change in Accrued Benefit Liability | | |
| Accrued Benefit Liability (Asset) - July 1 | 335,690 | 130,975 |
| Recognize Non-Vested Benefits - July 1, 2011 | ██████████ | 204,190 |
| Recognize Unamortized (Gains) Losses - July 1, 2011 | ██████████ | 25,059 |
| Accrued Benefit Liability (Asset) - July 1 (restated) | 335,690 | 360,224 |
| Net Expense for Fiscal Year | 39,364 | 37,333 |
| Employer Contributions | (36,863) | (61,867) |
| Accrued Benefit Liability (Asset) - June 30 | 338,191 | 335,690 |
| Components of Net Benefit Expense | | |
| Service Cost | 21,988 | 20,519 |
| Interest Cost | 15,065 | 16,814 |
| Amortization of Net Actuarial (Gain)/Loss | 2,311 | 0 |
| Net Benefit Expense (Income) | 39,364 | 37,333 |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 9 EMPLOYEE FUTURE BENEFITS *(Continued)*

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

| | June 30, 2013 | June 30, 2012 |
|------------------------------------|-------------------|-------------------|
| 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 | 10.1 | 8.0 |

NOTE 10 TANGIBLE CAPITAL ASSETS

June 30, 2013

| Cost: | Balance at June 30, 2012 | Additions | Disposals | Balance at June 30, 2013 |
|-----------------------|-----------------------------|--------------------|------------------|-----------------------------|
| Sites | \$ 5,987,977 | \$ | \$ | \$ 5,987,977 |
| Buildings | 120,733,901 | 1,895,480 | | 122,629,381 |
| Furniture & Equipment | 1,502,293 | 65,271 | 412,797 | 1,154,767 |
| Vehicles | 3,189,355 | 344,972 | 76,097 | 3,458,230 |
| Computer Hardware | 142,899 | 1,017,412 | | 1,160,311 |
| Total | \$131,556,425 | \$3,323,135 | \$488,894 | \$134,390,666 |

| Accumulated Amortization: | Balance at June 30, 2012 | Additions | Disposals | Balance at June 30, 2013 |
|---------------------------|-----------------------------|--------------------|------------------|-----------------------------|
| Sites | \$ | \$ | \$ | \$ |
| Buildings | 56,416,840 | 2,438,836 | | 58,855,676 |
| Furniture & Equipment | 676,538 | 150,229 | 412,797 | 413,970 |
| Vehicles | 1,138,119 | 318,936 | 76,097 | 1,380,958 |
| Computer Hardware | 16,000 | 28,580 | | 44,580 |
| Total | \$58,247,497 | \$2,936,581 | \$488,894 | \$60,695,184 |

| Net Book Value | Net Book Value June 30, 2012 | Net Book Value June 30, 2013 |
|-----------------------|---------------------------------|---------------------------------|
| Sites | \$ 5,987,977 | \$ 5,987,977 |
| Buildings | 64,317,061 | 63,773,705 |
| Furniture & Equipment | 825,755 | 740,797 |
| Vehicles | 2,051,236 | 2,077,272 |
| Computer Hardware | 126,899 | 1,115,731 |
| Total | \$73,308,928 | \$73,695,482 |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 10 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2012

| Cost: | Balance at July 1, 2011 | Additions | Disposals | Balance at June 30, 2012 |
|-----------------------|----------------------------|--------------------|-----------------|-----------------------------|
| Sites | \$ 5,987,977 | \$ | \$ | \$ 5,987,977 |
| Buildings | 118,276,127 | 2,457,774 | | 120,733,901 |
| Furniture & Equipment | 1,456,879 | 61,300 | 15,886 | 1,502,293 |
| Vehicles | 2,715,416 | 473,939 | | 3,189,355 |
| Computer Hardware | 99,631 | 43,268 | | 142,899 |
| Total | \$128,536,030 | \$3,036,281 | \$15,886 | \$131,556,425 |

| Accumulated Amortization: | Balance at July 1, 2011 | Additions | Disposals | Balance at June 30, 2012 |
|---------------------------|----------------------------|--------------------|-----------------|-----------------------------|
| Sites | \$ | \$ | \$ | \$ |
| Buildings | 54,034,272 | 2,385,568 | | 56,416,840 |
| Furniture & Equipment | 546,736 | 145,688 | 15,886 | 676,538 |
| Vehicles | 866,577 | 271,542 | | 1,138,119 |
| Computer Hardware | 8,000 | 8,000 | | 16,000 |
| Total | \$55,452,585 | \$2,810,798 | \$15,886 | \$58,247,497 |

| Net Book Value | Net Book Value July 1, 2011 | Net Book Value June 30, 2012 |
|-----------------------|--------------------------------|---------------------------------|
| Sites | \$ 5,987,977 | \$ 5,987,977 |
| Buildings | 64,244,855 | 64,317,061 |
| Furniture & Equipment | 910,143 | 825,755 |
| Vehicles | 1,848,839 | 2,051,236 |
| Computer Hardware | 91,631 | 126,899 |
| Total | \$73,083,445 | \$73,308,928 |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 11 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension Plans. The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. 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 million 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.

School District No. 5 (Southeast Kootenay) paid \$4,643,528 (2012 - \$ 4,470,029) for employer contributions to these plans in the year ended June 30, 2013.

NOTE 12 RELATED PARTY TRANSACTIONS

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

NOTE 13 CONTRACTUAL OBLIGATIONS

Lease Commitments:

The School District has equipment under operating leases. Lease commitments over the next five years are due as follows:

| Fiscal Year | Amount |
|-------------|-----------|
| 2013-14 | \$107,790 |
| 2014-15 | \$116,320 |
| 2015-16 | \$116,320 |
| 2016-17 | \$116,320 |
| 2017-18 | \$ 9,693 |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 14 CONTINGENCIES

In the ordinary course of operations, the School District has legal proceedings brought against it which remain outstanding at the year end. It is the opinion of management that final determination of these claims will not have material effect on the financial position or operations of the School District.

NOTE 15 EXPENSE BY OBJECT

| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
|-----------------------|----------------------|----------------------|
| Salaries and benefits | \$ 46,954,865 | \$ 45,646,416 |
| Services and supplies | 9,296,352 | 8,940,818 |
| Amortization | 2,936,581 | 2,810,798 |
| | <u>\$ 59,187,798</u> | <u>\$ 57,398,032</u> |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 16 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Internally Restricted (appropriated) by Board for:

| | |
|--|----------------|
| Subtotal Internally Restricted (see below) | \$ 1,980,062 |
| Unrestricted Operating Surplus (Deficit) | <u>264,151</u> |
| Total Available for Future Operations | \$2,244,213 |

Appropriations June 30, 2012

| Summary | <u>June 2013</u> | <u>June 2012</u> |
|--------------------------------------|------------------|------------------|
| Admin Pro-D | \$ 103,191 | \$ 92,586 |
| Aboriginal Education | 216,156 | 246,898 |
| Special Education | | |
| District | 115,608 | 180,227 |
| District 0707 | 154,965 | 169,306 |
| Schools | <u>79,990</u> | <u>62,773</u> |
| | 350,563 | 412,306 |
| Schools | | |
| Operating | 235,539 | 224,643 |
| Learning Resources | 77,199 | 89,860 |
| Growth Plans | <u>78,793</u> | <u>69,053</u> |
| | 391,531 | 383,556 |
| Operating Projects (see following) | 187,523 | 534,461 |
| Resource Centre | 7,196 | 5,211 |
| International Education | | (48,509) |
| Technology Plan | 143,150 | 567,850 |
| Technology Implementation Yr 1,2 | 120,000 | |
| Software Upgrades (complete callout) | 60,000 | 227,257 |
| Achievement Contract | 122,787 | 86,708 |
| Funds Allocated to future year | <u>277,965</u> | <u>927,878</u> |
| Appropriations - Restricted | <u>1,980,062</u> | <u>3,436,202</u> |
| Reserve Allocation | | |
| ST01 30 June 2013 | 1,844,704 | 3,172,977 |
| ST04 30 June 2012 | 525,231 | (2,221,855) |
| Operating Surplus (Acct: 87000) | <u>(125,722)</u> | <u>2,690,993</u> |
| | <u>2,244,213</u> | <u>3,642,115</u> |
| Appropriations – Restricted | 1,980,062 | 3,436,202 |
| Appropriations - Unrestricted | <u>264,151</u> | <u>205,913</u> |
| | <u>2,244,213</u> | <u>3,642,115</u> |

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 16 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND
(Continued)

Appropriations
Operating Projects
June 30, 2012

| | June 2013 | June 2012 |
|-------------------------------------|------------------|------------------|
| 450 Hockey School | 3,128 | 8,595 |
| 452 Ready Set Learn | (4,349) | 33,467 |
| 456 Found Skill Asst - FSA | 15,145 | 12,752 |
| 534 Speech to Text | (1,221) | 17,180 |
| 540 WIATT-III Level 2 | 660 | 15,656 |
| 545 Literacy Innovation 08/09 | 5,283 | 17,454 |
| 546 Sound Connections | (1,595) | 653 |
| 548 Literacy Innovation 09/10 | | 12,115 |
| 560 Climate Action | 93,902 | 373,521 |
| 563 Yes-to-it | 599 | (769) |
| 566 Wild Voices for Kids | (834) | 1,729 |
| 569 Reference and Regulate | (2,327) | 11,542 |
| 570 Teck Coal AED Units | - | 4,777 |
| 621 Ace-It Training | (26,471) | 655 |
| 622 Roots of Empathy | 6,610 | 9,751 |
| 805 Art Starts in Schools | 55 | 827 |
| 807 One to One Reading | 1,587 | 1,217 |
| 460 CES SEC School Appr | (16,133) | - |
| 463 Non-violent Crisis Intervention | 59,045 | - |
| 464 At Risk ERASE | 71,149 | - |
| 468 Dist Stud Adv Council | 7,445 | - |
| 539 Strong Start Centres | (19,200) | - |
| 561 SSEAC | (15,576) | - |
| 830 Elementary Band | 10,621 | 13,339 |
| | <u>\$187,523</u> | <u>\$534,461</u> |

NOTE 17 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. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 18 RISK MANAGEMENT

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

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

a) Credit risk:

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

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

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

b) 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.



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35 - 10th Avenue S
Cranbrook BC V1C 2M9 Canada

Independent Auditor's Comments on Supplementary Financial Information

To the Board of Trustees of School District No. 5 (Southeast Kootenay) and the Minister of Education

We have audited the financial statements of School District No.5 (Southeast Kootenay), which comprise the statement of financial position as at June 30, 2013 and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated September 23, 2013 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The supplementary schedules presented hereinafter are for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

BDO Canada LLP

Chartered Accountants

Cranbrook, BC
September 23, 2013

School District No. 5 (Southeast Kootenay)

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) |
|--|--------------------|----------------------|-------------------|-------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Accumulated Surplus (Deficit), beginning of year | 3,427,467 | | 15,860,811 | 19,288,278 | 18,178,696 |
| Change in Accounting Policies/Prior Period Adjustments | | | | | |
| Add non-vested benefits to Employee Future Benefits | | | | | (229,249) |
| Accumulated Surplus (Deficit), beginning of year, as restated | 3,427,467 | - | 15,860,811 | 19,288,278 | 17,949,447 |
| Changes for the year | | | | | |
| Surplus (Deficit) for the year | (332,005) | 624,188 | (345,880) | (53,697) | 1,338,831 |
| Interfund Transfers | | | | | |
| Tangible Capital Assets Purchased | (795,107) | (680,330) | 680,330 | - | - |
| Local Capital | (56,142) | 56,142 | 795,107 | - | - |
| Other | | | | | |
| Net Changes for the year | (1,183,254) | - | 1,129,557 | (53,697) | 1,338,831 |
| Accumulated Surplus (Deficit), end of year - Statement 2 | 2,244,213 | - | 16,990,368 | 19,234,581 | 19,288,278 |

School District No. 5 (Southeast Kootenay)

Schedule 2

Schedule of Operating Operations

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated) |
|--|-------------------|--------------------|------------------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 49,406,668 | 49,778,283 | 50,285,542 |
| Tuition | 1,432,550 | 1,428,396 | 1,376,589 |
| Other Revenue | 368,674 | 447,552 | 571,201 |
| Rentals and Leases | 101,875 | 134,812 | 68,174 |
| Investment Income | 30,000 | 50,920 | 48,744 |
| Total Revenue | 51,339,767 | 51,839,963 | 52,350,250 |
| Expenses | | | |
| Instruction | 42,958,115 | 42,972,269 | 42,399,172 |
| District Administration | 1,589,928 | 1,704,398 | 1,682,573 |
| Operations and Maintenance | 6,067,732 | 5,865,373 | 5,736,559 |
| Transportation and Housing | 1,651,870 | 1,629,928 | 1,566,223 |
| Total Expense | 52,267,645 | 52,171,968 | 51,384,527 |
| Operating Surplus (Deficit) for the year | (927,878) | (332,005) | 965,723 |
| Budgeted Appropriation (Retirement) of Surplus (Deficit) | 927,878 | | |
| Net Transfers (to) from other funds | | | |
| Local Capital | - | (795,107) | |
| Other | - | (56,142) | |
| Total Net Transfers | - | (851,249) | - |
| Total Operating Surplus (Deficit), for the year | - | (1,183,254) | 965,723 |
| Operating Surplus (Deficit), beginning of year | | 3,427,467 | 2,690,993 |
| Change in Accounting Policies/Prior Period Adjustments | | | |
| Add non-vested benefits to Employee Future Benefits | | | (229,249) |
| Reclassify Deferred Contributions | | | - |
| Operating Surplus (Deficit), beginning of year, as restated | | 3,427,467 | 2,461,744 |
| Operating Surplus (Deficit), end of year | | 2,244,213 | 3,427,467 |
| Operating Surplus (Deficit), end of year | | | |
| Internally Restricted | | 1,980,062 | 3,436,202 |
| Unrestricted | | 264,151 | 205,913 |
| Unfunded Accrued Employee Future Benefits | | | (214,648) |
| Total Operating Surplus (Deficit), end of year | | 2,244,213 | 3,427,467 |

School District No. 5 (Southeast Kootenay)

Schedule 2A

Schedule of Operating Revenue by Source

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated) |
|--|-------------------|-------------------|------------------------------|
| | \$ | \$ | \$ |
| Provincial Grants - Ministry of Education | | | |
| Operating Grant, Ministry of Education | 49,435,336 | 49,378,427 | 49,917,942 |
| AANDC/LEA Recovery | (335,894) | (335,894) | (335,894) |
| Other Ministry of Education Grants | | | |
| Pay Equity | 457,171 | 457,171 | 457,171 |
| Education Guarantee | | 20,076 | 12,737 |
| Ready Set Learn | | | 29,400 |
| Strong Start Centre | | | 128,000 |
| Carbon Tax Rebate | 45,000 | 85,381 | 67,490 |
| FSA Scorer | | 8,696 | 8,696 |
| February/May CE FTE Adjustments | (194,945) | 164,426 | |
| Total Provincial Grants - Ministry of Education | 49,406,668 | 49,778,283 | 50,285,542 |
| Tuition | | | |
| Offshore Tuition Fees | 1,432,550 | 1,428,396 | 1,376,589 |
| Total Tuition | 1,432,550 | 1,428,396 | 1,376,589 |
| Other Revenues | | | |
| LEA/Direct Funding from First Nations | 335,894 | 341,488 | 316,831 |
| Miscellaneous | | | |
| Hockey School | 21,780 | 23,414 | 9,123 |
| Miscellaneous | 11,000 | 20,256 | 68,748 |
| Industry Training Authority | | 40,000 | 75,000 |
| Career Education Society | | - | 21,070 |
| Utility Rebates | | 22,394 | 80,429 |
| Total Other Revenue | 368,674 | 447,552 | 571,201 |
| Rentals and Leases | 101,875 | 134,812 | 68,174 |
| Investment Income | 30,000 | 50,920 | 48,744 |
| Total Operating Revenue | 51,339,767 | 51,839,963 | 52,350,250 |

School District No. 5 (Southeast Kootenay)

Schedule 2B

Schedule of Operating Expense by Object
Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated) |
|-------------------------------------|-------------------|-------------------|------------------------------|
| | \$ | \$ | \$ |
| Salaries | | | |
| Teachers | 22,499,376 | 22,359,596 | 22,005,644 |
| Principals and Vice Principals | 2,832,096 | 2,823,976 | 2,832,563 |
| Educational Assistants | 2,909,206 | 3,250,280 | 3,263,915 |
| Support Staff | 5,031,364 | 5,052,988 | 4,781,165 |
| Other Professionals | 1,802,781 | 1,696,871 | 1,858,880 |
| Substitutes | 1,695,069 | 1,759,649 | 1,530,136 |
| Total Salaries | 36,769,892 | 36,943,360 | 36,272,303 |
| Employee Benefits | 9,051,875 | 8,922,781 | 8,892,952 |
| Total Salaries and Benefits | 45,821,767 | 45,866,141 | 45,165,255 |
| Services and Supplies | | | |
| Services | 1,570,787 | 2,086,504 | 2,117,936 |
| Student Transportation | 42,500 | 56,773 | 54,291 |
| Professional Development and Travel | 538,760 | 535,019 | 486,439 |
| Rentals and Leases | 55,600 | 65,577 | 50,363 |
| Dues and Fees | 70,300 | 60,304 | 59,596 |
| Insurance | 242,100 | 228,804 | 187,715 |
| Supplies | 2,788,331 | 2,236,660 | 2,113,497 |
| Utilities | 1,137,500 | 1,036,186 | 1,149,435 |
| Total Services and Supplies | 6,445,878 | 6,305,827 | 6,219,272 |
| Total Operating Expense | 52,267,645 | 52,171,968 | 51,384,527 |

School District No. 5 (Southeast Kootenay)

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 | 18,839,031 | 969,167 | | 274,319 | 195,049 | 1,133,267 | 21,410,833 |
| 1.03 Career Programs | 75,080 | | | | 4,885 | 4,885 | 79,965 |
| 1.07 Library Services | 574,134 | | | 122,692 | | 32,313 | 729,139 |
| 1.08 Counselling | 657,175 | | | | | 31,160 | 688,335 |
| 1.10 Special Education | 2,143,985 | | 2,783,161 | 13,762 | 345,767 | 331,553 | 5,618,228 |
| 1.30 English Language Learning | 18,770 | | 416,979 | | | 25,745 | 44,515 |
| 1.31 Aboriginal Education | | 1,854,809 | | 783,531 | | | 545,001 |
| 1.41 School Administration | | | | | 128,022 | | 2,672,365 |
| 1.60 Summer School | 23,287 | | | | | 34,025 | 23,834 |
| 1.62 Off Shore Students | 28,134 | | 50,140 | 211,988 | | 547 | 292,280 |
| Total Function 1 | 22,359,596 | 2,823,976 | 3,250,280 | 1,406,292 | 668,838 | 1,595,513 | 32,104,495 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | | | | | 223,352 | | 223,352 |
| 4.40 School District Governance | | | | | 116,001 | | 116,001 |
| 4.41 Business Administration | | | | 281,214 | 420,144 | 17,888 | 719,246 |
| Total Function 4 | - | - | - | 281,214 | 759,497 | 17,888 | 1,058,599 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | | | | 65,974 | 205,247 | 1,024 | 272,245 |
| 5.50 Maintenance Operations | | | | 2,363,798 | | 106,281 | 2,470,079 |
| 5.52 Maintenance of Grounds | | | | 105,011 | | 942 | 105,953 |
| 5.56 Utilities | | | | | | | - |
| Total Function 5 | - | - | - | 2,534,783 | 205,247 | 108,247 | 2,848,277 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | | | | | 63,289 | 339 | 63,628 |
| 7.70 Student Transportation | | | | 830,699 | | 37,662 | 868,361 |
| Total Function 7 | - | - | - | 830,699 | 63,289 | 38,001 | 931,989 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 22,359,596 | 2,823,976 | 3,250,280 | 5,052,988 | 1,696,871 | 1,759,649 | 36,943,360 |

School District No. 5 (Southeast Kootenay)

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) |
|--|-------------------|-------------------|-----------------------------|-----------------------|-------------------|-------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | |
| 1.02 Regular Instruction | 21,410,833 | 4,971,898 | 26,382,731 | 1,877,302 | 28,260,033 | 28,815,822 | 28,141,068 |
| 1.03 Career Programs | 79,965 | 18,360 | 98,325 | 65,080 | 163,405 | 212,872 | 151,442 |
| 1.07 Library Services | 729,139 | 182,895 | 912,034 | 96,895 | 1,008,929 | 914,711 | 944,459 |
| 1.08 Counselling | 688,335 | 160,706 | 849,041 | 1,979 | 851,020 | 856,115 | 900,151 |
| 1.10 Special Education | 5,618,228 | 1,483,579 | 7,101,807 | 205,990 | 7,307,797 | 6,780,314 | 7,153,519 |
| 1.30 English Language Learning | 44,515 | 9,025 | 53,540 | 1,838 | 55,378 | 58,420 | 59,949 |
| 1.31 Aboriginal Education | 545,001 | 157,729 | 702,730 | 126,089 | 828,819 | 839,840 | 719,922 |
| 1.41 School Administration | 2,672,365 | 708,957 | 3,381,322 | 10,880 | 3,392,202 | 3,446,496 | 3,326,263 |
| 1.60 Summer School | 23,834 | 4,037 | 27,871 | 2,372 | 30,243 | 39,800 | 29,627 |
| 1.62 Off Shore Students | 292,280 | 75,744 | 368,024 | 706,419 | 1,074,443 | 993,725 | 972,772 |
| Total Function 1 | 32,104,495 | 7,772,930 | 39,877,425 | 3,094,844 | 42,972,269 | 42,958,115 | 42,399,172 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | 223,352 | 42,092 | 265,444 | 40,413 | 305,857 | 292,702 | 289,580 |
| 4.40 School District Governance | 116,001 | 2,188 | 118,189 | 88,666 | 206,855 | 204,877 | 224,678 |
| 4.41 Business Administration | 719,246 | 161,791 | 881,037 | 310,649 | 1,191,686 | 1,092,349 | 1,168,315 |
| Total Function 4 | 1,058,599 | 206,071 | 1,264,670 | 439,728 | 1,704,398 | 1,589,928 | 1,682,573 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | 272,245 | 65,121 | 337,366 | 120,902 | 458,268 | 450,880 | 434,211 |
| 5.50 Maintenance Operations | 2,470,079 | 601,969 | 3,072,048 | 870,972 | 3,943,020 | 4,043,128 | 3,874,272 |
| 5.52 Maintenance of Grounds | 105,953 | 24,938 | 130,891 | 209,648 | 340,539 | 327,724 | 278,641 |
| 5.56 Utilities | - | - | - | 1,123,546 | 1,123,546 | 1,246,000 | 1,149,435 |
| Total Function 5 | 2,848,277 | 692,028 | 3,540,305 | 2,325,068 | 5,865,373 | 6,067,732 | 5,736,559 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Maintenance Administration | 63,628 | 17,041 | 80,669 | 5,153 | 85,822 | 81,567 | 79,437 |
| 7.70 Student Transportation | 868,361 | 234,711 | 1,103,072 | 441,034 | 1,544,106 | 1,570,303 | 1,486,786 |
| Total Function 7 | 931,989 | 251,752 | 1,183,741 | 446,187 | 1,629,928 | 1,651,870 | 1,566,223 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 36,943,360 | 8,922,781 | 45,866,141 | 6,305,827 | 52,171,968 | 52,267,645 | 51,384,527 |

School District No. 5 (Southeast Kootenay)

Schedule of Special Purpose Operations

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated) |
|---|------------------|------------------|------------------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 2,170,355 | 1,521,635 | 1,233,754 |
| Other | 109,720 | 339,780 | 550,811 |
| Other Revenue | 1,704,500 | 2,836,434 | 2,041,077 |
| Investment Income | 2,500 | 5,588 | 10,327 |
| Total Revenue | 3,987,075 | 4,703,437 | 3,835,969 |
| Expenses | | | |
| Instruction | 3,314,109 | 4,066,561 | 3,202,707 |
| District Administration | 65,000 | 12,688 | |
| Operations and Maintenance | 14,500 | | |
| Total Expense | 3,393,609 | 4,079,249 | 3,202,707 |
| Special Purpose Surplus (Deficit) for the year | 593,466 | 624,188 | 633,262 |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | (593,466) | (680,330) | (633,262) |
| Other | | 56,142 | |
| Total Net Transfers | (593,466) | (624,188) | (633,262) |
| 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. 5 (Southeast Kootenay)

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

| | Annual Facility Grant | Learning Improvement Fund | Special Education Equipment | School Generated Funds | Strong Start | Ready, Set, Learn |
|---|-----------------------------|---------------------------------|-----------------------------------|------------------------------|-----------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | 331,142 | | 26,330 | 732,515 | | |
| Add: | | | | | | |
| Restricted Grants | | | | | | |
| Provincial Grants - Ministry of Education | 199,983 | 635,216 | 11,926 | | 132,000 | 26,950 |
| Provincial Grants - Other | | | | | | |
| Other | 201,232 | | | 2,625,033 | | |
| Investment Income | 5,588 | | | | | |
| District Entered | 190,553 | | | | | |
| Less: Allocated to Revenue | 597,356 | 635,216 | 11,926 | 2,625,033 | 132,000 | 26,950 |
| Deferred Revenue, end of year | 680,330 | 635,216 | 12,116 | 2,542,305 | 129,708 | (10,851) |
| | 248,168 | - | 26,140 | 815,243 | 2,292 | 37,801 |
| Revenues | | | | | | |
| Provincial Grants - Ministry of Education | 473,510 | 635,216 | 12,116 | | | |
| Provincial Grants - Other | | | | | 129,708 | (10,851) |
| Other Revenue | 201,232 | | | 2,542,305 | | |
| Investment Income | 5,588 | | | | | |
| | 680,330 | 635,216 | 12,116 | 2,542,305 | 129,708 | (10,851) |
| Expenses | | | | | | |
| Salaries | | | | | | |
| Teachers | | 206,861 | | | | |
| Principals and Vice Principals | | 13,580 | | | | |
| Educational Assistants | | 220,582 | | | | |
| Other Professionals | | | | | | |
| Substitutes | | 17,539 | | | | |
| Employee Benefits | | 458,562 | | | | |
| Services and Supplies | | 125,981 | | | | |
| | | 50,673 | 12,116 | 2,542,305 | 129,708 | 22,616 |
| | | 635,216 | 12,116 | 2,542,305 | 129,708 | 22,616 |
| Net Revenue (Expense) before Interfund Transfers | 680,330 | - | - | - | - | (33,467) |
| Interfund Transfers | | | | | | |
| Tangible Capital Assets Purchased | (680,330) | | | | | 33,467 |
| Other | (680,330) | | | | | 33,467 |
| Net Revenue (Expense) | - | - | - | - | - | - |

School District No. 5 (Southeast Kootenay)

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

| | OLEP | Community-LINK | Key City Theatre | Journey With Elders | Dietmar Sobieroy | Scholarships | MCF Programs |
|---|----------------|-----------------|------------------|---------------------|------------------|----------------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | 138,929 | 52,792 | 1,493 | | | 613,366 | 13,278 |
| Add: Restricted Grants | | | | | | | |
| Provincial Grants - Ministry of Education | | 348,001 | | | | | 99,360 |
| Provincial Grants - Other | 146,540 | | 12,001 | 20,000 | 1,500 | 47,260 | |
| Other | | | | | | 9,183 | |
| Investment Income | | | | | | | |
| District Entered | | | | | | | |
| Less: Allocated to Revenue | 146,540 | 348,001 | 12,001 | 20,000 | 1,500 | 56,443 | 99,360 |
| Deferred Revenue, end of year | 148,596 | 400,793 | 12,688 | 20,000 | 1,500 | 58,709 | 72,327 |
| | 136,873 | - | 806 | - | - | 611,100 | 40,311 |
| Revenues | | | | | | | |
| Provincial Grants - Ministry of Education | | 400,793 | | | | | 72,327 |
| Provincial Grants - Other | 148,596 | | 12,688 | 20,000 | 1,500 | 58,709 | |
| Other Revenue | | | | | | | |
| Investment Income | | | | | | | |
| Expenses | | | | | | | |
| Salaries | | | | | | | |
| Teachers | 14,704 | | | | | | |
| Principals and Vice Principals | | | | | | | |
| Educational Assistants | 14,913 | 294,543 | | | 137 | | |
| Other Professionals | | | | | | | |
| Substitutes | 7,496 | 1,260 | | | | | 42,296 |
| Employee Benefits | 37,113 | 295,803 | - | - | 137 | - | 42,296 |
| Services and Supplies | 11,003 | 101,057 | | | 4 | | 16,768 |
| | 100,480 | 26,608 | 12,688 | 20,000 | 1,359 | 58,709 | 13,263 |
| | 148,596 | 423,468 | 12,688 | 20,000 | 1,500 | 58,709 | 72,327 |
| Net Revenue (Expense) before Interfund Transfers | - | (22,675) | - | - | - | - | - |
| Interfund Transfers | | | | | | | |
| Tangible Capital Assets Purchased | | 22,675 | | | | | |
| Other | - | 22,675 | - | - | - | - | - |
| Net Revenue (Expense) | - | - | - | - | - | - | - |

School District No. 5 (Southeast Kootenay)

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

| | <u>TOTAL</u> |
|---|-------------------------|
| Deferred Revenue, beginning of year | \$ 1,909,845 |
| Add: Restricted Grants | |
| Provincial Grants - Ministry of Education | 1,354,076 |
| Provincial Grants - Other | 245,900 |
| Other | 2,907,026 |
| Investment Income | 14,771 |
| District Entered | 190,553 |
| | <u>4,712,326</u> |
| | <u>4,703,437</u> |
| Less: Allocated to Revenue | <u>1,918,734</u> |
| Deferred Revenue, end of year | <u><u>2,784,703</u></u> |
| Revenues | |
| Provincial Grants - Ministry of Education | 1,521,635 |
| Provincial Grants - Other | 339,780 |
| Other Revenue | 2,836,434 |
| Investment Income | 5,588 |
| | <u>4,703,437</u> |
| Expenses | |
| Salaries | |
| Teachers | 221,565 |
| Principals and Vice Principals | 13,580 |
| Educational Assistants | 530,175 |
| Other Professionals | 42,296 |
| Substitutes | 26,295 |
| | <u>833,911</u> |
| Employee Benefits | 254,813 |
| Services and Supplies | 2,990,525 |
| | <u>4,079,249</u> |
| Net Revenue (Expense) before Interfund Transfers | <u>624,188</u> |
| Interfund Transfers | |
| Tangible Capital Assets Purchased | (680,330) |
| Other | 56,142 |
| | <u>(624,188)</u> |
| Net Revenue (Expense) | <u><u>-</u></u> |

School District No. 5 (Southeast Kootenay)

Schedule of Capital Operations

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | | | 2012 Actual (Restated) |
|--|------------------|--|--------------------|-------------------|------------------------------|
| | | Invested in Tangible Capital Assets | Local Capital | Fund Balance | |
| | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | |
| Provincial Grants | | | | | |
| Investment Income | 18,000 | | 20,799 | 20,799 | 19,196 |
| Amortization of Deferred Capital Revenue | 2,523,448 | 2,561,902 | | 2,561,902 | 2,523,448 |
| MBSS Bus Loan | 8,000 | | 8,000 | 8,000 | 8,000 |
| Total Revenue | 2,549,448 | 2,561,902 | 28,799 | 2,590,701 | 2,550,644 |
| Expenses | | | | | |
| Amortization of Tangible Capital Assets | | | | | |
| Operations and Maintenance | 2,810,798 | 2,936,581 | | 2,936,581 | 2,810,798 |
| Total Expense | 2,810,798 | 2,936,581 | - | 2,936,581 | 2,810,798 |
| Capital Surplus (Deficit) for the year | (261,350) | (374,679) | 28,799 | (345,880) | (260,154) |
| Net Transfers (to) from other funds | | | | | |
| Tangible Capital Assets Purchased | 593,466 | 680,330 | | 680,330 | 633,262 |
| Local Capital | | | 795,107 | 795,107 | |
| Total Net Transfers | 593,466 | 680,330 | 795,107 | 1,475,437 | 633,262 |
| Other Adjustments to Fund Balances | | | | | |
| Tangible Capital Assets Purchased from Local Capital | | 1,308,171 | (1,308,171) | - | |
| Total Other Adjustments to Fund Balances | | 1,308,171 | (1,308,171) | - | |
| Total Capital Surplus (Deficit) for the year | 332,116 | 1,613,822 | (484,265) | 1,129,557 | 373,108 |
| Capital Surplus (Deficit), beginning of year | | 14,494,152 | 1,366,659 | 15,860,811 | 15,487,703 |
| Capital Surplus (Deficit), end of year | | 16,107,974 | 882,394 | 16,990,368 | 15,860,811 |

School District No. 5 (Southeast Kootenay)

Tangible Capital Assets
Year Ended June 30, 2013

| | Sites | Buildings | Furniture and Equipment | Vehicles | Computer Software | Computer Hardware | Total |
|--|-----------|-------------|-------------------------|-----------|-------------------|-------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost, beginning of year | 5,987,977 | 120,733,901 | 1,502,293 | 3,189,355 | - | 142,899 | 131,556,425 |
| Changes for the Year | | | | | | | |
| Increase: | | | | | | | |
| Purchases from: | | | | | | | |
| Deferred Capital Revenue - Bylaw | | 1,013,453 | 41,070 | 270,262 | | | 1,324,785 |
| Deferred Capital Revenue - Other | | | 9,849 | | | | 9,849 |
| Special Purpose Funds | | 680,330 | | | | | 680,330 |
| Local Capital | | 201,697 | 14,352 | 74,710 | | 1,017,412 | 1,308,171 |
| | - | 1,895,480 | 65,271 | 344,972 | - | 1,017,412 | 3,323,135 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 412,797 | 76,097 | | | 488,894 |
| | | | 412,797 | 76,097 | | | 488,894 |
| Cost, end of year | 5,987,977 | 122,629,381 | 1,154,767 | 3,458,230 | - | 1,160,311 | 134,390,666 |
| Work in Progress, end of year | | | | | | | |
| Cost and Work in Progress, end of year | 5,987,977 | 122,629,381 | 1,154,767 | 3,458,230 | - | 1,160,311 | 134,390,666 |
| Accumulated Amortization, beginning of year | | | | | | | |
| Changes for the Year | | | | | | | |
| Increase: Amortization for the Year | | 2,438,836 | 150,229 | 318,936 | | 28,580 | 2,936,581 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 412,797 | 76,097 | | | 488,894 |
| | | | 412,797 | 76,097 | | | 488,894 |
| Accumulated Amortization, end of year | | 58,855,676 | 413,970 | 1,380,958 | | 44,580 | 60,695,184 |
| Tangible Capital Assets - Net | 5,987,977 | 63,773,705 | 740,797 | 2,077,272 | - | 1,115,731 | 73,695,482 |

School District No. 5 (Southeast Kootenay)

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. 5 (Southeast Kootenay)

Deferred Capital Revenue

Year Ended June 30, 2013

| | Bylaw Capital | Other Provincial | Other Capital | Total Capital |
|---|------------------|---------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Deferred Capital Revenue, beginning of year | 56,367,869 | 1,924,417 | 522,490 | 58,814,776 |
| Changes for the Year | | | | |
| Increase: | | | | |
| Transferred from Deferred Revenue - Capital Additions | 1,324,785 | | 9,849 | 1,334,634 |
| | 1,324,785 | - | 9,849 | 1,334,634 |
| Decrease: | | | | |
| Amortization of Deferred Capital Revenue | 2,441,110 | 48,750 | 72,042 | 2,561,902 |
| | 2,441,110 | 48,750 | 72,042 | 2,561,902 |
| Net Changes for the Year | (1,116,325) | (48,750) | (62,193) | (1,227,268) |
| Deferred Capital Revenue, end of year | 55,251,544 | 1,875,667 | 460,297 | 57,587,508 |
| Work in Progress, beginning of year | | | | - |
| Changes for the Year | | | | |
| Net Changes for the Year | - | - | - | - |
| Work in Progress, end of year | - | - | - | - |
| Total Deferred Capital Revenue, end of year | 55,251,544 | 1,875,667 | 460,297 | 57,587,508 |

School District No. 5 (Southeast Kootenay)

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

| | Bylaw Capital | MEd Restricted Capital | Other Provincial Capital | Land Capital | Other Capital | Total |
|---|------------------|------------------------------|--------------------------------|-----------------|------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, beginning of year | 16,070 | 635,710 | | | | 651,780 |
| Changes for the Year | | | | | | |
| Increase: | | | | | | |
| Provincial Grants - Ministry of Education | 1,358,715 | | | | 9,849 | 1,358,715 |
| Other | | 10,615 | | | | 9,849 |
| Investment Income | 1,358,715 | 10,615 | - | - | 9,849 | 1,379,179 |
| Decrease: | | | | | | |
| Transferred to DCR - Capital Additions | 1,324,785 | | | | 9,849 | 1,334,634 |
| | 1,324,785 | - | - | - | 9,849 | 1,334,634 |
| Net Changes for the Year | 33,930 | 10,615 | - | - | - | 44,545 |
| Balance, end of year | 50,000 | 646,325 | - | - | - | 696,325 |