

Audited Financial Statements of

School District No. 5 (Southeast Kootenay)

June 30, 2014

School District No. 5 (Southeast Kootenay)

June 30, 2014

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School District No. 5 (Southeast Kootenay)

MANAGEMENT REPORT

Version: 6199-5454-3471

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 the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.


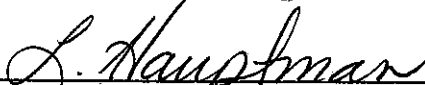
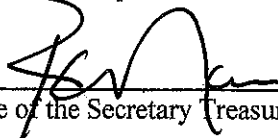
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The Board of Education of School District No. 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 externally 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	September 9, 2014 _____ Date Signed
 _____ Signature of the Superintendent	September 9, 2014 _____ Date Signed
 _____ Signature of the Secretary Treasurer	September 9, 2014 _____ Date Signed



Tel: 250 426 4285
Fax: 250 426 3886
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BDO Canada LLP
35 - 10th Avenue S
Cranbrook BC V1C 2M9 Canada

Independent Auditor's Report

To the Board of Education 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 statement of financial position as at June 30, 2014 and the statements of operations, changes in net debt and cash flows for the years ended June 30, 2014, 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 year ended June 30, 2014 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 Note 2(a) to the financial statements which describes 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.

signed "BDO Canada LLP"

Chartered Accountants

Cranbrook, BC
September 9, 2014



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35 - 10th Avenue S
Cranbrook BC V1C 2A9 Canada

September 9, 2014

Mr. R. G. Norum, AAT, Secretary - Treasurer
School District No. 5 Southeast Kootenay
940 Industrial Road #1
Cranbrook BC V1C 4C6

Dear Mr. Norum:

**Re: Management Letter
School District No. 5 Southeast Kootenay**

During the course of our audit of the financial statements of School District No. 5 Southeast Kootenay for the year ended June 30, 2014, we identified matters which may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

The responsibility for producing financial statements and ensuring adequate internal controls and sound business practices is the responsibility of the Board of Directors through management and is a part of management's overall responsibility for the ongoing activities of the School District. Policies and procedures developed by the School District to safeguard its assets and to provide reasonable assurance that errors and irregularities or illegal acts are promptly identified, must be properly monitored to ensure that all staff are complying with the guidelines provided. Where we determined, from our testing, that there exists a need for improvement in existing systems of internal control or if we detected that the School District's staff are not complying with the critical accounting policies and procedures provided by management, we increased our year-end testing of account balances to ensure that audit risk was kept to an appropriate low level.

The comments and concerns expressed herein did not have a material effect on the School District's financial statements and, as such, our opinion thereon was without reservation. However, in order for the School District to ensure the safeguarding of its assets and the accuracy of its records, we believe our comments and concerns should be taken into consideration by management. Our comments are not intended to reflect upon the honesty or competence of the School District's employees.



The matters we have identified are discussed below.

GST on School Generated Funds

During the course of our audit we observed that school generated revenue and miscellaneous revenue combine for over \$2 million which would include amounts considered taxable supplies for GST purposes. Canada Revenue Agency has a small supplier threshold of \$50,000 in relation to taxable supplies for not-for-profit organizations of which the School District as a whole would likely exceed the threshold. There is an election that can be put in place that designates each individual school as a taxable entity and as such, would mitigate the risk of exceeding the \$50,000 small supplier threshold and the requirement to collect and remit GST.

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

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from yourself, Darlene Soper and John Paul.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

"Harley Lee, CA"

Harley Lee, CA
Partner
BDO Canada LLP
Chartered Accountants
HL\so

School District No. 5 (Southeast Kootenay)


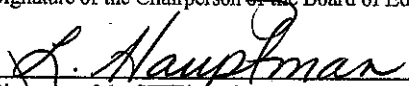
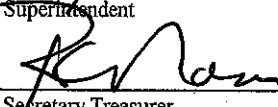
Statement of Financial Position

As at June 30, 2014

	2014 Actual	2013 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	9,589,387	9,182,654
Accounts Receivable		
Due from Province - Ministry of Education	543,955	
Due from LEA/Direct Funding	167,001	332,715
Other (Note 3)	554,590	904,882
Total Financial Assets	<u>10,854,933</u>	<u>10,420,251</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education	1,312,434	
Other (Note 4)	3,376,433	4,000,398
Unearned Revenue (Note 5)	599,610	637,720
Deferred Revenue (Note 6)	1,871,050	1,918,734
Deferred Capital Revenue (Note 7)	57,973,931	58,283,833
Employee Future Benefits (Note 8)	313,247	338,191
Total Liabilities	<u>65,446,705</u>	<u>65,178,876</u>
Net Financial Assets (Debt)	<u>(54,591,772)</u>	<u>(54,758,625)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 9)	73,374,754	73,695,482
Prepaid Expenses	470,312	297,724
Total Non-Financial Assets	<u>73,845,066</u>	<u>73,993,206</u>
Accumulated Surplus (Deficit)	<u>19,253,294</u>	<u>19,234,581</u>

Contractual Obligations and Contingencies (Note 12,13)

Approved by the Board

 Signature of the Chairperson of the Board of Education	Sept 9/14 Date Signed
 Signature of the Superintendent	Sept 9, 2014 Date Signed
 Signature of the Secretary Treasurer	Sept 9, 2014 Date Signed

School District No. 5 (Southeast Kootenay)

Statement 2

Statement of Operations
Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	51,582,407	50,233,516	51,299,918
Other	114,360	224,450	339,780
Tuition	1,276,640	1,407,115	1,428,396
Other Revenue	2,066,174	2,894,769	3,283,986
Rentals and Leases	101,875	126,646	134,812
Investment Income	40,000	77,615	77,307
Amortization of Deferred Capital Revenue	2,441,110	2,542,533	2,561,902
MBSS Bus Loan	8,000	8,000	8,000
Total Revenue	57,630,566	57,514,644	59,134,101
Expenses			
Instruction	45,560,209	45,038,842	46,980,121
District Administration	1,682,760	1,741,704	1,717,086
Operations and Maintenance	8,878,133	9,022,168	8,801,954
Transportation and Housing	1,618,395	1,625,117	1,629,928
Scholarships	86,500	68,100	58,709
Total Expense	57,825,997	57,495,931	59,187,798
Surplus (Deficit) for the year	(195,431)	18,713	(53,697)
Accumulated Surplus (Deficit) from Operations, beginning of year		19,234,581	19,288,278
Accumulated Surplus (Deficit) from Operations, end of year		19,253,294	19,234,581

School District No. 5 (Southeast Kootenay)

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>(195,431)</u>	<u>18,713</u>	<u>(53,697)</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(2,325,163)	(2,852,400)	(3,323,135)
Amortization of Tangible Capital Assets	2,936,581	3,173,128	2,936,581
Total Effect of change in Tangible Capital Assets	<u>611,418</u>	<u>320,728</u>	<u>(386,554)</u>
Acquisition of Prepaid Expenses	(280,905)	(470,312)	(297,724)
Use of Prepaid Expenses	280,905	297,724	280,905
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(172,588)</u>	<u>(16,819)</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>415,987</u>	<u>166,853</u>	<u>(457,070)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>166,853</u>	<u>(457,070)</u>
Net Financial Assets (Debt), beginning of year		<u>(54,758,625)</u>	<u>(54,301,555)</u>
Net Financial Assets (Debt), end of year		<u>(54,591,772)</u>	<u>(54,758,625)</u>

School District No. 5 (Southeast Kootenay)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2014

	2014 Actual \$	2013 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	18,713	(53,697)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(27,950)	(446,657)
Prepaid Expenses	(172,589)	(16,819)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	688,470	526,885
Unearned Revenue	(38,109)	275,214
Deferred Revenue	(47,684)	8,889
Employee Future Benefits	(24,944)	2,501
Amortization of Tangible Capital Assets	3,173,128	2,936,581
Amortization of Deferred Capital Revenue	(2,542,533)	(2,561,902)
Total Operating Transactions	<u>1,026,502</u>	<u>670,995</u>
Capital Transactions		
Tangible Capital Assets Purchased	(2,852,400)	(3,323,135)
Total Capital Transactions	<u>(2,852,400)</u>	<u>(3,323,135)</u>
Financing Transactions		
Capital Revenue Received (Note 7)	2,232,631	1,379,179
Total Financing Transactions	<u>2,232,631</u>	<u>1,379,179</u>
Net Increase (Decrease) in Cash and Cash Equivalents	406,733	(1,272,961)
Cash and Cash Equivalents, beginning of year	9,182,654	10,455,615
Cash and Cash Equivalents, end of year	<u>9,589,387</u>	<u>9,182,654</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	4,704,605	5,412,830
Cash Equivalents	4,884,782	3,769,824
	<u>9,589,387</u>	<u>9,182,654</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

As noted in notes 2 (e) and 2 (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:

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, 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Year-ended June 30, 2014 - overstatement of revenue and annual surplus of \$465,570

June 30, 2014 - understatement of accumulated surplus and an overstatement of deferred capital revenue by \$57,121,938

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 2 (j).

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 2 (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, 2014

NOTE 2 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.

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, 2014

NOTE 2 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 15 – Internally Restricted Surplus).

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 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 2 (a) for the impact of this policy on these financial statements.

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

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 **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, 2014

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

l) Financial Instruments

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

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

Financial instruments have been accounted for prospectively since June 30, 2013 in accordance with public sector accounting standards as described above.

m) Measurement Uncertainty

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

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2014	June 30, 2013
Due from Federal Government	\$172,483	\$218,163
Other	382,107	686,719
	\$554,590	\$904,882

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2014	June 30, 2013
Trade payables	\$777,314	\$ 558,903
Salaries and benefits payable	1,988,581	3,441,495
Other	610,538	0
	\$3,376,433	\$4,000,398

NOTE 5 UNEARNED REVENUE

	June 30, 2014	June 30, 2013
Balance, beginning of year	\$637,720	\$362,506
Changes for the year:		
Increase:		
Tuition fees received	1,369,005	1,703,610
Decrease:		
Tuition fees recognized	(1,407,115)	(1,428,396)
Balance, end of year	\$599,610	\$637,720

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

NOTE 6 DEFERRED REVENUE

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

	June 30, 2014	June 30 2013
Ministry of Education Grants	\$242,634	314,401
Province of BC Grants	61,386	40,311
School Generated	833,811	815,243
Federal French	137,810	136,873
Scholarships	595,409	611,100
Other	0	806
	<u>1,871,050</u>	<u>1,918,734</u>

	June 30, 2014	June 30, 2013
Balance, beginning of year	\$1,918,734	\$1,909,845
Changes for the year:		
Increase: Grants and contributions received		
Provincial	1,476,980	1,599,976
Other	2,381,341	3,112,350
Decrease: Grants and contributions recognized		
Provincial	(1,527,307)	(1,861,415)
Other	(2,378,698)	(2,842,022)
Balance, end of year	<u>\$1,871,050</u>	<u>\$1,918,734</u>

NOTE 7 DEFERRED CAPITAL REVENUE

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

	June 30, 2014	June 30, 2013
Balance, beginning of year	\$58,283,833	\$59,466,556
Changes for the year:		
Increase:		
Grants and contributions received	2,232,631	1,379,179
Decrease:		
Amortization of deferred capital revenue	(2,542,533)	(2,561,902)
Balance, end of year	<u>\$57,973,931</u>	<u>\$58,283,833</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 8 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, 2014	June 30, 2013
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	547,490	354,177
Service Cost	28,822	21,988
Interest Cost	16,042	15,065
Benefit Payments	(54,222)	(36,863)
Actuarial (Gain) Loss	(36,992)	193,123
Accrued Benefit Obligation – March 31	501,140	547,490
Reconciliation of Funded Status at End of Fiscal Year		
Funded Status - Surplus (Deficit)	(501,140)	(547,490)
Employer Contributions After Measurement Date	48,229	0
Benefit Expenses After Measurement Date	(11,211)	0
Unamortized Net Actuarial (Gain) Loss	150,875	209,299
Accrued Benefit Asset (Liability) - June 30	(313,247)	(338,191)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability (Asset) - July 1	338,191	335,690
Net Expense for Fiscal Year	77,507	39,364
Employer Contributions	(102,451)	(36,863)
Accrued Benefit Liability (Asset) - June 30	313,247	338,191
Components of Net Benefit Expense		
Adjusted expense April to June 2013	11,216	0
Service Cost	28,815	21,988
Interest Cost	16,044	15,065
Amortization of Net Actuarial (Gain)/Loss	21,432	2,311
Net Benefit Expense (Income)	77,507	39,364

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 8 EMPLOYEE FUTURE BENEFITS (Continued)

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

	June 30, 2014	June 30, 2013
Discount Rate – April 1	3.00%	4.25%
Discount Rate – March 31	3.25%	3.00%
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	10.1

NOTE 9 TANGIBLE CAPITAL ASSETS

June 30, 2014

Cost:	Balance at June 30, 2013	Additions	Disposals	Balance at June 30, 2014
Sites	\$ 5,987,977	\$	\$	\$5,987,977
Buildings	122,629,381	2,404,103		125,033,484
Furniture & Equipment	1,154,767	23,249	1,048	1,176,968
Vehicles	3,458,230	106,846	268,444	3,296,632
Computer Hardware	1,160,311	318,202		1,478,513
Total	\$134,390,666	\$2,852,400	\$269,492	\$136,973,574

Accumulated Amortization:	Balance at June 30, 2013	Additions	Disposals	Balance at June 30, 2014
Sites	\$	\$	\$	\$
Buildings	58,855,676	2,479,766		61,335,442
Furniture & Equipment	413,970	115,477	1,048	528,399
Vehicles	1,380,958	345,823	268,444	1,458,337
Computer Hardware	44,580	232,062		276,642
Total	\$60,695,184	\$3,173,128	\$269,492	\$63,598,820

Net Book Value	Net Book Value June 30, 2013	Net Book Value June 30, 2014
Sites	\$5,987,977	\$5,987,977
Buildings	63,773,705	63,698,042
Furniture & Equipment	740,797	648,569
Vehicles	2,077,272	1,838,295
Computer Hardware	1,115,731	1,201,871
Total	\$73,695,482	\$73,374,754

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 19 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2013

Cost:	Balance at July 1, 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 July 1, 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 July 1, 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, 2014

NOTE 10 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 \$4,612,469 (2013 - \$ 4,643,528) for employer contributions to these plans in the year ended June 30, 2014.

NOTE 11 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 12 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
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, 2014

NOTE 13 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 14 EXPENSE BY OBJECT

	June 30, 2014	June 30, 2013
Salaries and benefits	\$45,242,477	\$46,954,865
Services and supplies	9,080,326	9,296,352
Amortization	<u>3,173,128</u>	<u>2,936,581</u>
	<u>\$57,495,931</u>	<u>\$59,187,798</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 15 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

Internally Restricted (appropriated) by Board for:

Subtotal Internally Restricted (see below)	\$1,943,528
Unrestricted Operating Surplus (Deficit)	<u>398,135</u>
Total Available for Future Operations	\$2,341,663

Appropriations June 30, 2014

Summary	<u>June 2014</u>	<u>June 2013</u>
Admin Pro-D	\$ 88,287	\$ 103,191
Aboriginal Education	181,273	216,156
Special Education		
District	94,152	115,608
District 0707	8,608	154,965
Schools	66,988	79,990
		<u>350,563</u>
Schools		
Operating	233,934	235,539
Learning Resources	96,613	77,199
Growth Plans	76,079	78,793
	<u>406,626</u>	<u>391,531</u>
Operating Projects (see following)	144,179	187,523
Resource Centre	12,322	7,196
International Education	8,814	
Technology Plan	589,123	143,150
Communication/Tech Upgrade	60,000	120,000
Software Upgrades (complete callout)		60,000
Achievement Contract	283,156	122,787
Funds Allocated to future year	0	277,965
	<u>1,943,528</u>	<u>1,980,062</u>
Appropriations - Restricted		
Reserve Allocation		
ST01 30 June 2014	3,209,671	1,844,704
ST04 30 June 2013	(868,006)	525,231
Operating Surplus (Acct: 87000)	0	(125,722)
	<u>2,341,665</u>	<u>2,244,213</u>
Appropriations – Restricted	1,943,528	1,980,062
Appropriations - Unrestricted	398,135	264,151
	<u>2,341,663</u>	<u>2,244,213</u>

SCHOOL DISTRICT NO. 5 (SOUTHEAST KOOTENAY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

NOTE 15 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

(Continued)

**Appropriations
Operating Projects
June 30, 2014**

	<u>June 2014</u>	<u>June 2013</u>
450 Hockey School	5,156	3,128
452 Ready Set Learn		(4,349)
456 Found Skill Asst - FSA	16,901	15,145
534 Speech to Text		(1,221)
540 WIATT-III Level 2		660
545 Literacy Innovation 08/09		5,283
546 Sound Connections	5,857	(1,595)
548 Literacy Resources	5,561	
560 Climate Action		93,902
563 Yes-to-it		599
566 Wild Voices for Kids	5,702	(834)
569 Reference and Regulate	1,597	(2,327)
570 Teck Coal AED Units		-
621 Ace-It Training		(26,471)
622 Roots of Empathy		6,610
805 Art Starts in Schools	(528)	55
807 One to One Reading	543	1,587
460 CES SEC School Appr		(16,133)
463 Non-violent Crisis Intervention	49,336	59,045
464 At Risk ERASE	38,650	71,149
468 Dist Stud Adv Council	386	7,445
539 Strong Start Centres		(19,200)
561 SSEAC		(15,576)
830 Elementary Band	15,018	10,621
	<u>\$144,179</u>	<u>\$187,523</u>

NOTE 16 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, 2014

NOTE 17 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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Cranbrook BC V1C 2M9 Canada

Independent Auditor's Comments on Supplementary Financial Information

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

We have audited the financial statements of School District No.5 (Southeast Kootenay), which comprise the statement of financial position as at June 30, 2014 and the statement 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 9, 2014 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.

signed "*BDO Canada LLP*"

Chartered Accountants

Cranbrook, BC
September 9, 2014

School District No. 5 (Southeast Kootenay)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund

Year Ended June 30, 2014

	Operating Fund	Special Purpose Fund	Capital Fund	2014 Actual	2013 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	2,244,213		16,990,368	19,234,581	19,288,278
Changes for the year					
Surplus (Deficit) for the year	377,450	188,714	(547,451)	18,713	(53,697)
Interfund Transfers					
Tangible Capital Assets Purchased	(280,000)	(188,714)	188,714	-	-
Local Capital	97,450	-	(78,737)	18,713	(53,697)
Net Changes for the year					
	2,341,663	-	16,911,631	19,253,294	19,234,581

Accumulated Surplus (Deficit), end of year - Statement 2

School District No. 5 (Southeast Kootenay)

Schedule of Operating Operations

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	49,584,854	48,930,659	49,778,283
Tuition	1,276,640	1,407,115	1,428,396
Other Revenue	367,674	451,128	447,552
Rentals and Leases	101,875	126,646	134,812
Investment Income	30,000	67,414	50,920
Total Revenue	51,361,043	50,982,962	51,839,963
Expenses			
Instruction	42,308,301	41,402,458	42,972,269
District Administration	1,682,760	1,741,704	1,704,398
Operations and Maintenance	5,929,552	5,836,233	5,865,373
Transportation and Housing	1,618,395	1,625,117	1,629,928
Total Expense	51,539,008	50,605,512	52,171,968
Operating Surplus (Deficit) for the year	(177,965)	377,450	(332,005)
Budgeted Appropriation (Retirement) of Surplus (Deficit)	277,965		
Net Transfers (to) from other funds			
Local Capital	(100,000)	(280,000)	(795,107)
Other			(56,142)
Total Net Transfers	(100,000)	(280,000)	(851,249)
Total Operating Surplus (Deficit), for the year	-	97,450	(1,183,254)
Operating Surplus (Deficit), beginning of year		2,244,213	3,427,467
Operating Surplus (Deficit), end of year		2,341,663	2,244,213
Operating Surplus (Deficit), end of year			
Internally Restricted		1,943,528	1,980,062
Unrestricted		398,135	264,151
Total Operating Surplus (Deficit), end of year		2,341,663	2,244,213

School District No. 5 (Southeast Kootenay)

Schedule of Operating Revenue by Source

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	49,399,277	50,048,928	49,542,853
AANDC/LEA Recovery	(335,894)	(261,218)	(335,894)
Other Ministry of Education Grants			
Pay Equity	457,171	457,171	457,171
Education Guarantee		7,199	20,076
Carbon Tax Rebate	45,000	92,054	85,381
FSA Scorer		8,696	8,696
Art Starts		10,800	
BCTF Job Action Recovery		(1,432,971)	
School Age Enrollment Difference	220,800		
Special Ed Enrollment Difference	(201,500)		
Total Provincial Grants - Ministry of Education	49,584,854	48,930,659	49,778,283
Tuition			
Offshore Tuition Fees	1,276,640	1,407,115	1,428,396
Total Tuition	1,276,640	1,407,115	1,428,396
Other Revenues			
LEA/Direct Funding from First Nations	335,894	233,355	341,488
Miscellaneous			
Hockey School	21,780	22,995	23,414
Miscellaneous	10,000	147,500	20,256
Industry Training Authority		47,278	40,000
Utility Rebates			22,394
Total Other Revenue	367,674	451,128	447,552
Rentals and Leases	101,875	126,646	134,812
Investment Income	30,000	67,414	50,920
Total Operating Revenue	51,361,043	50,982,962	51,839,963

School District No. 5 (Southeast Kootenay)

Schedule of Operating Expense by Object

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
Salaries			
Teachers	22,348,768	20,098,825	22,359,596
Principals and Vice Principals	2,833,392	2,991,146	2,823,976
Educational Assistants	2,919,804	3,638,376	3,250,280
Support Staff	4,894,690	4,111,989	5,052,988
Other Professionals	1,743,121	2,762,318	1,696,871
Substitutes	1,682,398	1,475,073	1,759,649
Total Salaries	36,422,173	35,077,727	36,943,360
Employee Benefits	9,222,661	9,068,972	8,922,781
Total Salaries and Benefits	45,644,834	44,146,699	45,866,141
Services and Supplies			
Services	1,479,537	1,781,842	2,086,504
Student Transportation	42,500	53,268	56,773
Professional Development and Travel	539,185	557,167	535,019
Rentals and Leases	60,100	59,167	65,577
Dues and Fees	73,800	63,133	60,304
Insurance	236,300	219,404	228,804
Supplies	2,321,752	2,599,701	2,236,660
Utilities	1,141,000	1,125,131	1,036,186
Total Services and Supplies	5,894,174	6,458,813	6,305,827
Total Operating Expense	51,539,008	50,605,512	52,171,968

School District No. 5 (Southeast Kootenay)

Operating Expense by Function, Program and Object

Year Ended June 30, 2014

	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	16,534,435	1,242,936		279,725	166,552	954,075	19,177,723
1.03 Career Programs	74,457					3,580	78,037
1.07 Library Services	488,734			125,813		26,640	641,187
1.08 Counselling	655,217					31,504	686,721
1.10 Special Education	2,318,207		3,166,693	11,088	376,310	293,427	6,165,725
1.30 English Language Learning						42,226	42,226
1.31 Aboriginal Education			471,683		135,463	299	607,445
1.41 School Administration		1,748,210		790,585		23,056	2,561,851
1.60 Summer School	18,840					213	19,053
1.62 Off Shore Students	8,935				212,519	430	221,884
Total Function 1	20,098,825	2,991,146	3,638,376	1,207,211	890,844	1,375,450	30,201,852
4 District Administration							
4.11 Educational Administration					189,434		189,434
4.40 School District Governance					116,001		116,001
4.41 Business Administration				298,231	476,412	13,135	787,778
Total Function 4				298,231	781,847	13,135	1,093,213
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				62,336	173,293	1,578	237,207
5.50 Maintenance Operations				2,445,269		59,188	2,504,457
5.52 Maintenance of Grounds				98,942		175	99,117
5.56 Utilities							
Total Function 5				2,606,547	173,293	60,941	2,840,781
7 Transportation and Housing							
7.41 Transportation and Housing Administration					45,088	25,547	70,635
7.70 Student Transportation					871,246		871,246
Total Function 7					916,334	25,547	941,881
9 Debt Services							
Total Function 9							
Total Functions 1 - 9	20,098,825	2,991,146	3,638,376	4,111,989	2,762,318	1,475,073	35,077,727

School District No. 5 (Southeast Kootenay)

Operating Expense by Function, Program and Object

Year Ended June 30, 2014

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2014 Actual	2014 Budget	2013 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	19,177,723	4,857,729	24,035,452	2,268,124	26,303,576	28,186,028	28,260,033
1.03 Career Programs	78,037	18,856	96,893	53,218	150,111	167,196	163,405
1.07 Library Services	641,187	164,902	806,089	90,524	896,613	857,429	1,008,929
1.08 Counselling	686,721	165,936	852,657	3,845	856,502	869,124	851,020
1.10 Special Education	6,165,725	1,631,870	7,797,595	213,226	8,010,821	7,120,281	7,307,797
1.30 English Language Learning	42,226	7,273	49,499	351	49,850	55,940	55,378
1.31 Aboriginal Education	607,445	172,636	780,081	129,370	909,451	801,560	828,819
1.41 School Administration	2,561,851	711,103	3,272,954	12,032	3,284,986	3,353,903	3,392,202
1.60 Summer School	19,053	4,060	23,113	1,206	24,319	39,600	30,243
1.62 Off Shore Students	221,884	62,514	284,398	631,831	916,229	857,240	1,074,443
Total Function 1	30,201,852	7,796,879	37,998,731	3,403,727	41,402,458	42,308,301	42,972,269
4 District Administration							
4.11 Educational Administration	189,434	50,530	239,964	51,322	291,286	293,702	305,857
4.40 School District Governance	116,001	1,960	117,961	84,623	202,584	206,877	206,855
4.41 Business Administration	787,778	171,623	959,401	288,433	1,247,834	1,182,181	1,191,686
Total Function 4	1,093,213	224,113	1,317,326	424,378	1,741,704	1,682,760	1,704,398
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	237,207	65,614	302,821	109,871	412,692	442,943	458,268
5.50 Maintenance Operations	2,504,457	678,800	3,183,257	772,806	3,956,063	3,935,585	3,943,020
5.52 Maintenance of Grounds	99,117	26,662	125,779	216,568	342,347	330,024	340,539
5.56 Utilities	-	-	-	1,125,131	1,125,131	1,221,000	1,123,546
Total Function 5	2,840,781	771,076	3,611,857	2,224,376	5,836,233	5,929,552	5,865,373
7 Transportation and Housing							
7.41 Transportation and Housing Administration	70,635	16,247	86,882	3,101	89,983	81,267	85,822
7.70 Student Transportation	871,246	260,657	1,131,903	403,231	1,535,134	1,537,128	1,544,106
Total Function 7	941,881	276,904	1,218,785	406,332	1,625,117	1,618,395	1,629,928
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	35,077,727	9,068,972	44,146,699	6,458,813	50,605,512	51,539,008	52,171,968

School District No. 5 (Southeast Kootenay)

Schedule of Special Purpose Operations

Year Ended June 30, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	1,997,553	1,302,857	1,521,635
Other	114,360	224,450	339,780
Other Revenue	1,698,500	2,378,698	2,836,434
Investment Income			5,588
Total Revenue	<u>3,810,413</u>	<u>3,906,005</u>	<u>4,703,437</u>
Expenses			
Instruction	3,251,908	3,636,384	4,007,852
District Administration			12,688
Operations and Maintenance	12,000	12,807	
Scholarships	86,500	68,100	58,709
Total Expense	<u>3,350,408</u>	<u>3,717,291</u>	<u>4,079,249</u>
Special Purpose Surplus (Deficit) for the year	<u>460,005</u>	<u>188,714</u>	<u>624,188</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(460,005)	(188,714)	(680,330)
Other			56,142
Total Net Transfers	<u>(460,005)</u>	<u>(188,714)</u>	<u>(624,188)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year	<u>-</u>	<u>-</u>	<u>-</u>

School District No. 5 (Southeast Kootenay)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2014

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community-LINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	248,168	-	26,140	611,100	815,243	2,292	37,801	136,873	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education	84,229		7,229			128,000	26,950	147,102	348,001
Provincial Grants - Other	39,436	636,109		42,618	2,255,238			21,685	
Other	572			9,791					
Investment Income									
Less: Allocated to Revenue	124,237	636,109	7,229	52,409	2,255,238	128,000	26,950	168,787	348,001
Deferred Revenue, end of year	188,714	633,142	10,597	68,100	2,236,670	130,292	32,200	167,850	347,348
	183,691	2,967	22,772	595,409	833,811	-	32,551	137,810	653
Revenues	149,278	633,142	10,597			130,292	32,200	146,165	347,348
Provincial Grants - Ministry of Education									
Provincial Grants - Other	39,436			68,100	2,236,670			21,685	
Other Revenue	188,714	633,142	10,597	68,100	2,236,670	130,292	32,200	167,850	347,348
Expenses									
Salaries									
Teachers		252,918						14,608	
Educational Assistants		222,098						46,203	
Other Professionals									
Substitutes		19,986						695	1,026
Employee Benefits		495,002						61,506	240,372
Services and Supplies		138,140						17,604	75,538
Net Revenue (Expense) before Interfund Transfers		633,142	10,597	68,100	2,236,670	130,292	32,200	88,740	31,438
Interfund Transfers	188,714							167,850	347,348
Tangible Capital Assets Purchased	(188,714)								
Net Revenue (Expense)	(188,714)								

School District No. 5 (Southeast Kootenay)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2014

	Key City Theatre	MCF Programs	TOTAL
	\$	\$	\$
Deferred Revenue, beginning of year	806	40,311	1,918,734
Add: Restricted Grants			
Provincial Grants - Ministry of Education			246,408
Provincial Grants - Other		99,360	1,230,572
Other	12,001		2,370,978
Investment Income			10,363
	12,001	99,360	3,858,321
	12,807	78,285	3,906,005
Less: Allocated to Revenue			
Deferred Revenue, end of year	-	61,386	1,871,050
Revenues			
Provincial Grants - Ministry of Education			1,302,857
Provincial Grants - Other	12,807	78,285	224,450
Other Revenue	12,807	78,285	2,378,698
			3,906,005
Expenses			
Salaries			
Teachers			267,526
Educational Assistants			507,647
Other Professionals		51,837	51,837
Substitutes			21,707
		51,837	848,717
Employee Benefits		15,779	247,061
Services and Supplies	12,807	10,669	2,621,513
	12,807	78,285	3,717,291
Net Revenue (Expense) before Interfund Transfers	-	-	188,714
Interfund Transfers			
Tangible Capital Assets Purchased			(188,714)
			(188,714)
Net Revenue (Expense)	-	-	-

School District No. 5 (Southeast Kootenay)

Schedule of Capital Operations

Year Ended June 30, 2014

	2014 Budget	2014 Actual			2013 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Other Revenue			64,943	64,943	
Investment Income	10,000		10,201	10,201	20,799
Amortization of Deferred Capital Revenue	2,441,110	2,542,533		2,542,533	2,561,902
MBSS Bus Loan	8,000		8,000	8,000	8,000
Total Revenue	2,459,110	2,542,533	83,144	2,625,677	2,590,701
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	2,936,581	3,173,128		3,173,128	2,936,581
Total Expense	2,936,581	3,173,128	-	3,173,128	2,936,581
Capital Surplus (Deficit) for the year	(477,471)	(630,595)	83,144	(547,451)	(345,880)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	460,005	188,714		188,714	680,330
Local Capital	100,000		280,000	280,000	795,107
Total Net Transfers	560,005	188,714	280,000	468,714	1,475,437
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		586,723	(586,723)	-	
Total Other Adjustments to Fund Balances		586,723	(586,723)	-	
Total Capital Surplus (Deficit) for the year	82,534	144,842	(223,579)	(78,737)	1,129,557
Capital Surplus (Deficit), beginning of year		16,107,974	882,394	16,990,368	15,860,811
Capital Surplus (Deficit), end of year		16,252,816	658,815	16,911,631	16,990,368

School District No. 5 (Southeast Kootenay)

Tangible Capital Assets

Year Ended June 30, 2014

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	5,987,977	122,629,381	1,154,767	3,458,230	-	1,160,311	134,390,666
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		2,066,251	3,273				2,069,524
Deferred Capital Revenue - Other		7,439					7,439
Special Purpose Funds		188,714					188,714
Local Capital		141,699	19,976	106,846		318,202	586,723
Decrease:							
Deemed Disposals			1,048	268,444			269,492
Cost, end of year	5,987,977	125,033,484	1,176,968	3,296,632		1,478,513	136,973,574
Work in Progress, end of year							
Cost and Work in Progress, end of year	5,987,977	125,033,484	1,176,968	3,296,632		1,478,513	136,973,574
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year		58,855,676	413,970	1,380,958		44,580	60,695,184
Decrease:							
Deemed Disposals		2,479,766	115,477	345,823		232,062	3,173,128
Accumulated Amortization, end of year		61,335,442	528,399	1,458,337		276,642	63,598,820
Tangible Capital Assets - Net	5,987,977	63,698,042	648,569	1,838,295		1,201,871	73,374,754

School District No. 5 (Southeast Kootenay)

Deferred Capital Revenue
Year Ended June 30, 2014

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	55,251,544	1,875,667	460,297	57,587,508
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,069,524	7,439	-	2,076,963
	2,069,524	7,439	-	2,076,963
Decrease:				
Amortization of Deferred Capital Revenue	2,421,741	48,750	72,042	2,542,533
	2,421,741	48,750	72,042	2,542,533
Net Changes for the Year	(352,217)	(41,311)	(72,042)	(465,570)
Deferred Capital Revenue, end of year	54,899,327	1,834,356	388,255	57,121,938
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	54,899,327	1,834,356	388,255	57,121,938

School District No. 5 (Southeast Kootenay)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2014

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	50,000	646,325				696,325
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	2,221,790	10,841				2,221,790
Investment Income	2,221,790	10,841	-	-	-	2,232,631
Decrease:						
Transferred to DCR - Capital Additions	2,069,524	7,439				2,076,963
	2,069,524	7,439	-	-	-	2,076,963
Net Changes for the Year	152,266	3,402	-	-	-	155,668
Balance, end of year	202,266	649,727	-	-	-	851,993