

Audited Financial Statements of

School District No. 68 (Nanaimo-Ladysmith)

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

School District No. 68 (Nanaimo-Ladysmith)

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

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School District No. 68 (Nanaimo-Ladysmith)

MANAGEMENT REPORT

Version: 7791-7045-5063

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 68 (Nanaimo-Ladysmith) 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. 68 (Nanaimo-Ladysmith) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly.

The external auditors, MNP LLP, Chartered Accountants, 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. 68 (Nanaimo-Ladysmith) 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. 68 (Nanaimo-Ladysmith)

Original signed by Jamie Brennan	September 11, 2013
Signature of the Chairperson of the Board of Education	Date Signed

Original signed by Dave Hutchinson	September 16, 2013
Signature of the Superintendent	Date Signed

Original signed by Phil Turin	September 11, 2013
Signature of the Secretary-Treasurer	Date Signed

Independent Auditors' Report

To the Board of Education of School District No. 68 (Nanaimo-Ladysmith) and the Minister of Education:

We have audited the accompanying financial statements of School District No. 68 (Nanaimo-Ladysmith), which comprise the statement of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011, and the statements of changes in net debt, operations, cash flows and remeasurement gains and losses for the years ended June 30, 2013 and June 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present the financial position of School District No. 68 (Nanaimo-Ladysmith) as at June 30, 2013, June 30, 2012 and July 1, 2011 and the results of its operations, changes in net debt, cash flows and remeasurement gains and losses in compliance with, in all material respects, the financial reporting framework based on Section 23.1 of the Budget Transparency and Accountability Act and the Province of British Columbia's Treasury Board Regulations 257/2010 and 198/2011.

Emphasis of Matter

We draw attention to Note 3 which describes the financial reporting framework being followed by School District No. 68 (Nanaimo-Ladysmith).

Other Matter

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

Nanaimo, British Columbia

September 11, 2013

MNP LLP
Chartered Accountants

School District No. 68 (Nanaimo-Ladysmith)

Statement 1

Statement of Financial Position

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

	June 30, 2013	June 30, 2012	July 1, 2011
	\$	(Restated-Note 2)	(Restated-Note 2)
	\$	\$	\$
Financial Assets			
Cash and Cash Equivalents	22,369,344	20,660,037	17,940,552
Accounts Receivable			
Due from Province - Ministry of Education (Note 4)	2,225,968	101,636	91,636
Due from Province - Other	48,032	59,388	86,973
Due from LEA/Direct Funding	158,049	38,713	93,396
Other (Note 4)	505,173	611,045	755,219
Mortgage Receivable (Note 5)	136,037		
Total Financial Assets	25,442,603	21,470,819	18,967,776
Liabilities			
Accounts Payable and Accrued Liabilities			
Other (Note 6)	11,060,746	9,189,978	9,232,655
Unearned Revenue (Note 7)	1,357,975	1,303,655	1,020,015
Deferred Revenue (Note 8)	2,288,946	2,432,258	1,887,880
Deferred Capital Revenue (Note 9)	103,495,149	102,922,887	105,346,581
Employee Future Benefits (Note 10)	1,578,116	1,539,171	1,520,923
Capital Lease Obligations (Note 11)	1,776,375	1,424,380	458,740
Other Liabilities	985,458	936,265	776,198
Total Liabilities	122,542,765	119,748,594	120,242,992
Net Financial Assets (Debt)	(97,100,162)	(98,277,775)	(101,275,216)
Non-Financial Assets			
Tangible Capital Assets (Note 12)	139,931,043	138,607,302	140,891,124
Prepaid Expenses	148,394	351,644	190,638
Supplies Inventory	41,986	48,204	49,906
Total Non-Financial Assets	140,121,423	139,007,150	141,131,668
Accumulated Surplus (Deficit) (Note 23)	43,021,261	40,729,375	39,856,452

Contractual Obligations and Contingencies (Notes 18 and 20)

Approved by The Board

Original signed by Jamie Brennan September 11, 2013

 Signature of the Chairperson of the Board of Education Date Signed

Original signed by Dave Hutchinson September 16, 2013

 Signature of the Superintendent Date Signed

Original signed by Phil Turin September 11, 2013

 Signature of the Secretary-Treasurer Date Signed

School District No. 68 (Nanaimo-Ladysmith)

Statement 2

Statement of Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget (Note 19)	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	120,160,333	120,277,372	118,499,201
Other	170,000	455,352	356,761
Tuition	2,550,279	3,036,473	2,665,823
Other Revenue	5,170,431	5,697,344	6,660,717
Rentals and Leases	491,653	709,271	547,261
Investment Income	86,000	162,252	141,625
Gain (Loss) on Disposal of Tangible Capital Assets (Note 13)		1,527,359	
Amortization of Deferred Capital Revenue	4,427,964	4,385,710	4,430,798
Total Revenue	<u>133,056,660</u>	<u>136,251,133</u>	<u>133,302,186</u>
Expenses			
Instruction	107,609,441	105,072,409	104,224,306
District Administration	5,016,734	5,384,700	4,529,532
Operations and Maintenance	22,358,143	21,736,472	21,920,833
Transportation and Housing	1,689,888	1,732,203	1,738,617
Debt Services	30,000	33,463	15,975
Total Expense	<u>136,704,206</u>	<u>133,959,247</u>	<u>132,429,263</u>
Surplus (Deficit) for the year	<u>(3,647,546)</u>	<u>2,291,886</u>	<u>872,923</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		40,729,375	39,856,452
Accumulated Surplus (Deficit) from Operations, end of year		<u>43,021,261</u>	<u>40,729,375</u>

School District No. 68 (Nanaimo-Ladysmith)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget (Note 19)	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Surplus (Deficit) for the year	(3,647,546)	2,291,886	872,923
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(5,894,071)	(7,832,707)	(4,084,096)
Amortization of Tangible Capital Assets	6,329,385	6,138,700	6,367,918
Net carrying value of Tangible Capital Assets disposed of		370,266	
Total Effect of change in Tangible Capital Assets	435,314	(1,323,741)	2,283,822
Acquisition of Prepaid Expenses			(161,006)
Use of Prepaid Expenses		203,250	
Use of Supplies Inventory		6,218	1,702
Total Effect of change in Other Non-Financial Assets	-	209,468	(159,304)
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	(3,212,232)	1,177,613	2,997,441
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		1,177,613	2,997,441
Net Financial Assets (Debt), beginning of year		(98,277,775)	(101,275,216)
Net Financial Assets (Debt), end of year		(97,100,162)	(98,277,775)

School District No. 68 (Nanaimo-Ladysmith)

Statement 5

Statement of Cash Flows

Years Ending June 30, 2013 and June 30, 2012

	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	2,291,886	872,923
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(2,126,440)	216,442
Supplies Inventories	6,218	1,702
Prepaid Expenses	203,250	(161,006)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,870,768	(42,677)
Unearned Revenue	54,320	283,640
Deferred Revenue	(143,312)	544,378
Employee Future Benefits	38,945	18,248
Other Liabilities	49,193	160,067
Loss (Gain) on Disposal of Tangible Capital Assets	(1,527,359)	
Amortization of Tangible Capital Assets	6,138,700	6,367,918
Amortization of Deferred Capital Revenue	(4,385,710)	(4,430,798)
Recognition of Deferred Capital Revenue Spent on Sites	(153,655)	
Total Operating Transactions	<u>2,316,804</u>	<u>3,830,837</u>
Capital Transactions		
Tangible Capital Assets Purchased	(4,767,715)	(2,618,091)
Tangible Capital Assets -WIP Purchased	(2,329,490)	(336,826)
District Portion of Proceeds on Disposal	1,897,626	
Total Capital Transactions	<u>(5,199,579)</u>	<u>(2,954,917)</u>
Financing Transactions		
Capital Revenue Received	5,111,627	2,007,104
Capital Lease Principal Payments	(383,508)	(163,539)
Total Financing Transactions	<u>4,728,119</u>	<u>1,843,565</u>
Investing Transactions		
Decrease (Increase) in Mortgage Receivable	(136,037)	
Total Investing Transactions	<u>(136,037)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,709,307</u>	<u>2,719,485</u>
Cash and Cash Equivalents, beginning of year	20,660,037	17,940,552
Cash and Cash Equivalents, end of year	<u>22,369,344</u>	<u>20,660,037</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	22,369,344	20,660,037
	<u>22,369,344</u>	<u>20,660,037</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 12, 1946, 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. 68(Nanaimo-Ladysmith)", and operates as "School District No. 68(Nanaimo -Ladysmith)." 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. School District No. 68 (Nanaimo-Ladysmith) is exempt from federal and provincial corporate income taxes.

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

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

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

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

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

- Previously, the School District was not required to record an accrued benefit obligation related to sick leave benefits as the benefits do not vest. PSA standards require that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services to the School District in return for the benefits. An adjustment was made to recognize a liability and an expense related to accumulated sick leave entitlements. The adjustment to the liability for employee future benefits at July 1, 2011 was \$154,581 resulting in a revised liability of \$1,520,923. An additional expense of \$58,178 was recognized in the 2012 fiscal year resulting in a revised liability for employee future benefits at June 30, 2012 of \$1,539,171 related to the accrual for accumulated sick leave entitlements, determined by an actuarial valuation.
- In accordance with the first time elections, the School District recognized all previous cumulative actuarial gains and losses relating to employee future benefits of \$556,179 at July 1, 2011 resulting in a decrease to the Employee Future Benefits liability and an increase in accumulated surplus.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS (Continued)

	Previously stated July 1, 2011	Adjustment July 1, 2011	Restated July 1, 2011
Deferred Revenue (formerly Deferred Contribution)	\$1,793,880	\$94,000	\$1,887,880
Employee Future Benefits	\$1,675,504	\$(154,581)	\$1,520,923

	Previously stated June 30, 2012	Adjustment June 30, 2012	Restated June 30, 2012
Deferred Revenue (formerly Deferred Contribution)	\$1,993,127	\$102,305	\$2,095,432 *
Employee Future Benefits	\$1,635,574	\$(96,403)	\$1,539,171

*For further adjustments due to a prior period restatement, see Note 26.

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	\$39,795,871
Adjustments to accumulated surplus (deficit)	
Add non-vested benefits to Employee Future Benefits	(401,598)
Recognize cumulative unamortized actuarial gain/loss on Employee Future Benefits	556,179
Reclassify Deferred Contributions	(94,000)
Accumulated surplus (deficit) as restated, July 1, 2011	<u>\$39,856,452</u>
Annual surplus (deficit) as originally reported for the year ended June 30, 2012	\$1,276,232
Adjustments to annual surplus (deficit) for the year	
Employee Future Benefits amortization expense/revenue	(58,178)
Reclassify Deferred Contributions to revenue	(8,305)
Annual surplus (deficit) for the year as restated for the year ended June 30, 2012	<u>1,209,749</u>
Accumulated surplus (deficit), end of year as restated, June 30, 2012	<u>\$41,066,201*</u>

*For further adjustments due to a prior period restatement, see Note 26.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared in accordance with the financial reporting framework specified in 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(m).

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(m).

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

July 1, 2011 - increase in accumulated surplus and decrease in deferred contributions by \$101,428,331

Year-ended June 30, 2012 - increase in annual surplus by \$1,914,537

June 30, 2012 - increase in accumulated surplus and decrease in deferred contributions by \$98,912,070

Year-ended June 30, 2013 – increase in annual surplus by \$2,348,094

June 30, 2013 – increase in accumulated surplus and decrease in deferred contributions by \$99,540,770

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Cash and Cash Equivalents

Cash and cash equivalents include money held in commercial banks, as well as money held by the Provincial Treasurer.

c) Accounts and Mortgage Receivables

Accounts and mortgage receivables 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 services or products to be delivered in a future period. Revenue will be recognized in that future period when the courses, services, or products are provided.

e) Deferred Revenue and Deferred Capital Revenue

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

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

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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. See note 14.

g) Asset Retirement Obligations

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

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

h) Tangible Capital Assets

The following criteria apply:

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

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

- In the year of acquisition amortization is recorded as half of the annual rate for the year.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

i) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the School District are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the School District's rate for incremental borrowing or the interest rate implicit in the lease.

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

j) Prepaid Expenses

Insurance premiums, software licensing and support, tuition and postage are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

k) Supplies Inventory

Supplies inventory held for consumption or use include maintenance supplies and are recorded at the lower of historical cost and replacement cost.

l) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Notes 15 – Interfund Transfers and Note 23 – Accumulated Surplus).

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

m) Revenue Recognition

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

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

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

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

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

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished. See note 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. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

n) Expenditures

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Interest expense includes interest payments made on capital leases.

Categories of Salaries

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

Allocation of Costs

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

o) 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, mortgage receivable, accounts payable and accrued liabilities and other liabilities.

All financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

o) Financial Instruments (cont'd)

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

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

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

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

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

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

p) 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, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

q) Statement of Remeasurement Gains and Losses

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

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Future Change in Accounting Policies

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 Liability for Contaminated Sites to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements. PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The District does not expect the adoption of the new section to have a material impact on its financial statements.

NOTE 4 ACCOUNTS RECEIVABLE

Due from Province – Ministry of Education

	June 30, 2013	June 30, 2012	July 1, 2011
Bylaw – Capital funding	\$ 1,305,000	\$ -	\$ -
LEA Nominal Roll recount	801,332	-	-
French Programs	61,636	61,636	61,636
Carbon Tax rebate	58,000	40,000	30,000
	<u>\$ 2,225,968</u>	<u>\$ 101,636</u>	<u>\$ 91,636</u>

Other Receivables

	June 30, 2013	June 30, 2012	July 1, 2011
Due from Federal Government	\$ 212,767	\$ 284,612	\$ 284,359
Schools Protection Program	-	99,350	131,872
Other	292,406	227,083	338,988
	<u>\$ 505,173</u>	<u>\$ 611,045</u>	<u>\$ 755,219</u>

NOTE 5 MORTGAGE RECEIVABLE

Five year mortgage held on former Diamond Elementary School (Lot 1, District Lot 77, Oyster District Plan 15004) which was disposed of during the year (see note 13 for more information). The mortgage is interest free with monthly payments of \$650 with the last payment due May 1, 2018 including the outstanding balance of \$110,000. The principal outstanding at June 30, 2013 is \$148,350. This carrying value has been discounted to \$136,037 which reflects the present value of the payments using a 2% (prime less 1%) discount rate.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	June 30, 2013	June 30, 2012	July 1, 2011
Trade payables	\$ 3,339,677	\$ 2,082,569	\$2,189,329
Salaries and benefits payable	6,228,783	6,101,819	5,682,390
Accrued vacation pay	1,356,028	1,005,590	1,360,936
Construction holdbacks	136,258	-	-
	<u>\$11,060,746</u>	<u>\$ 9,189,978</u>	<u>\$9,232,655</u>

NOTE 7 UNEARNED REVENUE

Unearned revenue consists of contributions received for services to be delivered in a future period. Changes in unearned revenue are as follows:

	June 30, 2013	June 30, 2012	July 1, 2011
Balance, beginning of year	\$1,303,655	\$1,020,015	\$1,020,015
Changes for the year:			
Increase:			
Tuition fees	2,928,875	2,951,803	-
Decrease:			
Tuition fees	2,874,555	2,665,823	-
Other	-	2,340	-
	<u>2,874,555</u>	<u>2,668,163</u>	<u>-</u>
Net changes for the year	54,320	283,640	-
Balance, end of year	<u>\$1,357,975</u>	<u>\$1,303,655</u>	<u>\$1,020,015</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 8 DEFERRED REVENUE

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

	June 30, 2013	June 30, 2012 (restated notes 2 and 26)	July 1, 2011 (restated notes 2 and 26)
Balance, beginning of year	\$ 2,432,258	\$ 1,887,880	\$ 1,793,880
PSA adjustment (see note 2)			94,000
Restated balance, beginning of year	2,432,258	1,887,880	1,887,880
Changes for the year:			
Increase: Contributions received			
Provincial Grants – Ministry of Education	4,939,444	3,819,085	-
Provincial Grants - Other	177,976	107,755	-
Other	3,068,782	3,316,062	-
Investment income	23,750	20,176	-
	8,209,952	7,263,078	-
Decrease:			
Expenses	8,064,824	6,468,210	-
Transfers – tangible capital assets purchased	288,440	250,490	-
	8,353,264	6,718,700	-
Net changes for the year	(143,312)	544,378	-
Balance, end of year	\$ 2,288,946	\$ 2,432,258	\$ 1,887,880

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 9 DEFERRED CAPITAL REVENUE

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

	Deferred Capital 2013	Unspent Capital 2013	Total Deferred Capital Revenue 2013	Total Deferred Capital Revenue 2012
Balance, beginning of year	\$98,912,070	\$4,010,817	\$102,922,887	\$105,346,581
Prior period adjustment (see note 26)	336,826	(336,826)	-	-
Restated balance, beginning of year	99,248,896	3,673,991	102,922,887	105,346,581
Changes for the year:				
Increase:				
Transfer from Unspent – Capital Additions	2,348,094	-	2,348,094	1,914,537
Transfer from Unspent – Work in Progress	2,329,490	-	2,329,490	-
Provincial Grants – Ministry of Education	-	5,071,044	5,071,044	1,966,872
Investment income	-	40,583	40,583	40,232
	4,677,584	5,111,627	9,789,211	3,921,641
Decrease:				
Amortization of Deferred Capital	4,385,710	-	4,385,710	4,430,798
Capital additions – transfer to Deferred Capital	-	2,348,094	2,348,094	1,914,537
Work in Progress – transfer to Deferred Capital	-	2,329,490	2,329,490	-
Site Purchases - transfer to Revenue	-	153,655	153,655	-
	4,385,710	4,831,239	9,216,949	6,345,335
Net changes for the year	291,874	280,388	572,262	(2,423,694)
Balance, end of year	\$99,540,770	\$3,954,379	\$103,495,149	\$102,922,887

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 10 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 (restated note 2)
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 1,605,004	\$ 1,146,752
Non-vested Benefit Obligation – July 1, 2011	-	401,598
Service Cost	125,456	117,244
Interest Cost	69,577	74,859
Benefit Payments	(155,440)	(192,872)
Increase (Decrease) in obligation due to Plan Amendment	2,617	-
Actuarial (Gain) Loss	376,991	57,423
Accrued Benefit Obligation – March 31	<u>\$ 2,024,205</u>	<u>\$ 1,605,004</u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 2,024,205	\$ 1,605,004
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	(2,024,205)	(1,605,004)
Employer Contributions After Measurement Date	18,055	8,410
Unamortized Net Actuarial (Gain) Loss	428,034	57,423
Accrued Benefit Asset (Liability) – June 30	<u>\$ (1,578,116)</u>	<u>\$ (1,539,171)</u>
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 1,539,171	\$ 1,675,504
Recognize Non-Vested Benefits – July 1, 2011	-	401,598
Recognize Unamortized (Gains) Losses – July 1, 2011	-	(556,179)
Accrued Benefit Liability – July 1 (restated)	1,539,171	1,520,923
Net expense for Fiscal Year	204,030	192,103
Employer Contributions	(165,085)	(173,855)
Accrued Benefit Liability – June 30	<u>\$ 1,578,116</u>	<u>\$ 1,539,171</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 10 EMPLOYEE FUTURE BENEFITS (Continued)

	June 30, 2013	June 30, 2012 (restated note 2)
Components of Net Benefit Expense		
Service Cost	\$ 125,456	\$ 117,244
Interest Cost	69,577	74,859
Immediate Recognition of Plan Amendment	2,617	-
Amortization of Net Actuarial (Gain)/Loss	6,380	-
Net Benefit Expense (Income)	<u>\$ 204,030</u>	<u>\$ 192,103</u>

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	9.0 years	9.0 years

NOTE 11 CAPITAL LEASE OBLIGATIONS

The School District has entered into various capital lease agreements for vehicles and equipment. Substantially all of these capital leases are financed through the Municipal Finance Authority, which charges interest at prime less 1.0%. The principal repayments due are as follows:

	June 30, 2013
2014	\$ 485,253
2015	434,928
2016	386,136
2017	339,619
2018	130,439
Thereafter	-
	<u>\$1,776,375</u>

Total interest on leases for the year was \$33,463 (2012: \$15,975).

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 12 TANGIBLE CAPITAL ASSETS

June 30, 2013

Cost:	Balance at July 1, 2012	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2013
Sites	\$13,294,243	\$1,913,655	\$370,266	\$ -	\$14,837,632
Buildings	217,987,801	2,162,892	2,500	-	220,148,193
Buildings – work in progress	336,826	2,329,490	-	-	2,666,316
Furniture & Equipment	2,430,928	231,855	59,739	-	2,603,044
Vehicles	3,118,974	788,151	100,200	-	3,806,925
Computer Software	582,672	-	41,542	-	541,130
Computer Hardware	2,053,738	406,664	504,907	-	1,955,495
Total	\$239,805,182	\$7,832,707	\$1,079,154	\$ -	\$246,558,735

Accumulated Amortization:	Balance at July 1, 2012	Additions	Disposals	Balance at June 30, 2013
Buildings	\$97,559,751	\$4,964,754	\$2,500	\$102,522,005
Furniture & Equipment	1,024,561	254,689	59,739	1,219,511
Vehicles	1,329,262	351,311	100,200	1,580,373
Computer Software	307,196	116,532	41,542	382,186
Computer Hardware	977,110	451,414	504,907	923,617
Total	\$101,197,880	\$6,138,700	\$708,888	\$106,627,692

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 12 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2012

Cost:	Balance at July 1, 2011	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2012
Sites	\$13,272,434	\$21,809	\$ -	\$ -	\$13,294,243
Buildings	215,880,115	2,107,686	-	-	217,987,801
Buildings – work in progress	-	336,826	-	-	336,826
Furniture & Equipment	5,534,307	188,012	3,291,391	-	2,430,928
Vehicles	2,970,985	657,524	509,535	-	3,118,974
Computer Software	617,191	88,227	122,746	-	582,672
Computer Hardware	1,804,073	684,012	434,347	-	2,053,738
Total	\$240,079,105	\$4,084,096	\$4,358,019	\$ -	\$239,805,182

Accumulated Amortization:	Balance at July 1, 2011	Additions	Disposals	Balance at June 30, 2012
Buildings	\$92,645,993	\$4,913,758	\$ -	\$97,559,751
Furniture & Equipment	3,753,123	562,829	3,291,391	1,024,561
Vehicles	1,508,950	329,847	509,535	1,329,262
Computer Software	297,675	132,267	122,746	307,196
Computer Hardware	982,240	429,217	434,347	977,110
Total	\$99,187,981	\$6,367,918	\$4,358,019	\$101,197,880

Net Book Value:

	Net Book Value June 30, 2013	Net Book Value June 30, 2012	Net Book Value July 1, 2011
Sites	\$14,837,632	\$13,294,243	\$13,272,434
Buildings	117,626,188	120,428,050	123,234,122
Buildings – work in progress	2,666,316	336,826	-
Furniture & Equipment	1,383,533	1,406,367	1,781,184
Vehicles	2,226,552	1,789,712	1,462,035
Computer Software	158,944	275,476	319,516
Computer Hardware	1,031,878	1,076,628	821,833
Total	\$139,931,043	\$138,607,302	\$140,891,124

- Buildings – work in progress having a value of \$2,666,316 (2012: \$336,826) have not been amortized. Amortization of these assets will commence when the asset is put into service.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 13 DISPOSAL OF SITES AND BUILDINGS

a) Diamond Elementary School

During the year the former Diamond Elementary School was sold for \$150,000. Part of the consideration received was an interest free mortgage receivable with a face value of \$149,000. Per note 5, the mortgage receivable has been discounted to reflect the present value of its payments. The effect of this discount was to reduce the proceeds from \$150,000 to \$137,625.

Diamond Elementary was closed as a school commencing September 1989 and was originally purchased for \$5,000 in 1951. In 1961 a ½ acre lot was added to the site at a cost of \$1,000. The building is fully amortized and the cost of the land is valued at \$3,500. As the purchase price was funded by the School District, all the proceeds have been allocated to local capital.

b) City of Nanaimo

During the year, the School District and the City of Nanaimo entered into a two-part land exchange agreement. This is a multi-year agreement with the second transfer to be completed on or before December 31, 2014.

In the current year, the School District completed the first transfer by exchanging Harewood Field (502 Howard Ave) and Northfield School (2249 Northfield Rd) for City lands at Princess Royal School (260 Irwin St) and Quennell Square (421 Franklyn St, 430 and 436 Selby St). This land transfer was a non-monetary transaction. For reporting purposes, the value assigned as proceeds, and thus the cost of the acquired properties, was based on an independent third party August 2012 property appraisal.

The Harewood Field was acquired in 1958 at a cost of \$1,000. The Northfield property was acquired in 2007 for \$365,766. As the original purchase prices were funded by the School District, all the proceeds have been allocated to local capital.

Dispositions

Property	Proceeds	Cost	Gain
Diamond Elementary	\$ 137,625	\$ 3,500	\$ 134,125
Harewood Field and Northfield	1,760,000	366,766	1,393,234
	<u>\$ 1,897,625</u>	<u>\$ 370,266</u>	<u>\$ 1,527,359</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 14 EMPLOYEE PENSION PLANS

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

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2011 indicated an \$855 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2014 with results available in 2015. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2009 indicated a \$1.024 billion funding deficit for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan.

The School District paid \$11,095,643 for employer contributions to these plans in the year ended June 30, 2013 (2012: \$11,128,960).

NOTE 15 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2013, were as follows:

- A transfer in the amount of \$161,634 was made from the operating fund to the capital fund for capital purchases made during the year.
- A transfer in the amount of \$288,440 was made from the special purpose fund to the capital fund for capital purchase made during the year.
- A transfer in the amount of \$467,000 was made from the operating fund to the capital fund for capital lease commitments made during the year.

NOTE 16 RELATED PARTY TRANSACTIONS

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

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 17 NANAIMO-LADYSMITH SCHOOLS FOUNDATION

The School District and the Nanaimo-Ladysmith Schools Foundation (the "Foundation") have a mutually supportive relationship whereby the Foundation acts as a fundraising agency for the students in School District No. 68, and the School District provided the Foundation with financial and administrative support. The Foundation is a separate legal entity, has its own Board of Directors and is a registered charity under the provisions of the Income Tax Act of Canada.

The School District provided contributions of \$166,704 (2012: \$166,607) to provided administrative assistance and support to the Foundation and also provided office space. The Foundation provided miscellaneous grants directly to Schools

NOTE 18 CONTRACTUAL OBLIGATIONS

The School District has entered into a number of multiple-year contracts for the delivery of services and the construction of tangible capital assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

Contractual obligations	2014	2015	2016
Future operating lease payments	\$ 228,884	\$ -	\$ -
Wellington Seismic Project	661,141	661,141	661,141
Other Capital Projects	1,921,142	-	-
	<u>\$ 2,811,167</u>	<u>\$ 661,141</u>	<u>\$ 661,141</u>

As mentioned in note 13, the School District and the City of Nanaimo have entered into a land exchange agreement. A second land transfer will occur on or before December 31, 2014 with the School District exchanging the Oliver Woods lands (approximately 13.5 acres of the 19.5 acres site at 5101 Rutherford Rd), and Dickinson Road lands (6780 Dickinson Rd) with the City of Nanaimo for City lands at both Pauline Haarer Elementary School (400 Campbell St and portion of Comox Park) and Bayview Elementary School (140 View St). An integral part of this land transfer is for the City to have completed the construction of a major collector road to the Oliver Woods lands and to have installed sewer and water services to the 6 acre parcel in the Oliver Woods lands. This land transfer is a non-monetary transaction. For reporting purposes, the value assigning as proceeds, and thus the cost of the acquired properties, will be the appraised value of the land received by the School District.

For the remaining 6 acres of the Oliver Woods lands, the District has entered into a contract of purchase and sale with a third party for \$1,500,000 subject to the City of Nanaimo rezoning the property by March 31, 2014.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 19 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget on January 30, 2013. The Board adopted a preliminary annual budget on May 2, 2012. The amended budget is used for comparison purposes, as these are based on actual student enrollments. The difference between the two budgets is as follows:

	2013 Amended	2013 Preliminary	Difference
Revenues			
Provincial Grants			
Ministry of Education	\$120,160,333	\$118,565,589	\$1,594,744
Other	170,000	170,000	-
Tuition	2,550,279	2,227,900	322,379
Other Revenue	5,170,431	5,836,273	(665,842)
Rentals and Leases	491,653	491,653	-
Investment Income	86,000	86,000	-
Amortization of Deferred Capital Revenue	4,427,964	4,380,001	47,963
Total Revenue	133,056,660	131,757,416	1,299,244
Expenses			
Instruction	107,609,441	106,114,519	1,494,922
District Administration	5,016,734	4,758,136	258,598
Operations and Maintenance	22,358,143	21,744,913	613,230
Transportation and Housing	1,689,888	1,696,665	(6,777)
Interest	30,000	20,000	10,000
Total Expenses	136,704,206	134,334,233	2,369,973
Deficit for the year	(3,647,546)	(2,576,817)	(1,070,729)
Effects of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(5,894,071)	(209,632)	(5,684,439)
Amortization of Tangible Capital Assets	6,329,385	5,867,474	461,911
Total Effect of change in Tangible Capital Assets	435,314	5,657,842	(5,222,528)
(Increase) Decrease in Net Financial Assets (Debt)	\$(3,212,232)	\$3,081,025	\$(6,293,257)

NOTE 20 CONTINGENCIES

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

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 21 ASSET RETIREMENT OBLIGATION

The District is subject to environmental laws and regulations enacted by the Province and local authorities.

The District currently provides educational programs in 40 schools. It also operates a number of administrative support buildings. Many of these schools and buildings were constructed prior to the implementation of current asbestos removal regulations and asbestos containing materials were utilized in their construction. The nature and extent of asbestos construction material varies from building to building.

Upon the retirement of these District buildings, either through demolition or sale, the District may incur removal costs or realize reduced sale proceeds because of the presence of asbestos. The District has made no provision for the financial impact of removal costs or reduced sale proceeds as they cannot be reasonably estimated due to the indeterminate nature and date of potential future retirements

NOTE 22 EXPENSE BY OBJECT

	June 30, 2013	June 30, 2012 (restated note 2)
Salaries	\$ 90,010,786	\$ 88,935,476
Benefits	22,051,011	21,622,201
Services and supplies	15,725,287	15,487,693
Interest	33,463	15,975
Amortization	6,138,700	6,367,918
	<u>\$ 133,959,247</u>	<u>\$132,429,263</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 23 ACCUMULATED SURPLUS

OPERATING	June 30, 2013	June 30, 2012 (restated notes 2 and 26)
Internally Restricted (appropriated) by Board for:		
2013/2014 Operating Budget	\$ 2,024,520	\$ 1,578,976
Assessment Initiatives	298,500	-
School Supplies and Learning Resources	207,341	196,107
Aboriginal Education Programs	153,889	176,383
Equipment Replacement	128,500	281,500
Community Schools	93,473	111,439
Management Tools	83,000	25,000
School Closure Costs	50,000	-
Enhanced Facilities for Learning	30,000	-
Other	10,600	265,539
Subtotal Internally Restricted	3,079,823	2,634,944
Unrestricted Operating Surplus	1,503,171	576,520
Total Available for Future Operations	4,582,994	3,211,464
CAPITAL		
Investment in Tangible Capital Assets	37,977,581	37,297,709
Local Capital	460,686	220,202
Capital Surplus	38,438,267	37,517,911
ACCUMULATED SURPLUS	43,021,261	40,729,375

NOTE 24 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. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 25 SUBSEQUENT EVENTS

On June 26, the Board of Education took the following steps in relation to the 10-Year Enhanced Facilities for Learning Plan:

- Close South Wellington Elementary, June 30, 2013
- Close the Junior Learning Alternatives site (Five Acres), June 30, 2013
- Close Cedar Community Secondary on June 30, 2014
- Close the Senior Learning Alternatives Site (VAST), June 30, 2014
- For North Oyster Elementary, extend the consultation period to December 1, 2013, to allow time to consider alternatives, with a proposal to close the school on June 30, 2014
- For Ecole Davis Road Elementary, extend the consultation period to December 1, 2013, to allow time to consider alternatives, with a proposal to close the school on June 30, 2014.
- Reconfigure Ladysmith Secondary School as a Grades 7-12 school in September 2014.
- Close Woodbank Primary and North Cedar Intermediate, June 2015. The two schools will be consolidated into the renovated Cedar Secondary building, September 2015.

No financial impact of the above mentioned closures have been recorded in the current year. Per note 23, \$50,000 of internally restricted surplus has been ear marked to assists in any closure cost which may incur in 2014.

NOTE 26 PRIOR PERIOD ADJUSTMENT

During the year a capital project bylaw for the Wellington Seismic Project was adopted. In prior periods, the School District had incurred costs to develop this project. These costs totaling \$336,826 were original reported as a capital addition transfer from the Special Purpose Fund. The prior period adjustment removes the building asset, transfers this amount to work in progress, replenishes the special purpose fund and funds the expenditures from bylaw capital. These changes have been applied retrospectively with restatement of prior period as follows:

	Restated per Note 2 June 30, 2012	Adjustment June 30, 2012	Restated June 30, 2012
Deferred Revenue (formerly Deferred Contribution)	\$2,095,432	\$336,826	\$2,432,258
Accumulated Surplus	\$41,066,201	\$(336,826)	\$40,729,375

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 27 RISK MANAGEMENT

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

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

a) Credit risk

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

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

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

b) Market risk

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its investments and capital leases. It is management's opinion that the School District is not exposed to significant interest rate risk.

c) Liquidity risk

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

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

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

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 28 COMPARATIVE AMOUNTS

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

School District No. 68 (Nanaimo-Ladysmith)

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

Schedule 1 (Unaudited)

	Operating Fund	Special Purpose Fund	Capital Fund	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	3,211,464		37,517,911	40,729,375	39,795,871
Change in Accounting Policies/Prior Period Adjustments					
Add non-vested benefits to Employee Future Benefits					(401,598)
Recognize unamortized gain (loss) on Employee Future Benefits					556,179
Reclassify Deferred Contributions					(94,000)
Accumulated Surplus (Deficit), beginning of year, as restated	3,211,464	-	37,517,911	40,729,375	39,856,452
Changes for the year					
Surplus (Deficit) for the year	2,000,564	288,440	2,882	2,291,886	872,923
Interfund Transfers					
Tangible Capital Assets Purchased	(161,634)	(288,440)	450,074	-	-
Local Capital	(467,400)		467,400	-	-
Net Changes for the year	1,371,530	-	920,356	2,291,886	872,923
Accumulated Surplus (Deficit), end of year - Statement 2	4,582,994	-	38,438,267	43,021,261	40,729,375

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget \$	2013 Actual \$	2012 Actual (Restated-Note 2) \$
Revenues			
Provincial Grants			
Ministry of Education	114,552,089	115,106,271	115,131,154
Other	170,000	302,761	249,006
Tuition	2,550,279	3,036,473	2,665,823
Other Revenue	2,451,974	2,511,942	3,351,151
Rentals and Leases	491,653	606,246	494,408
Investment Income	70,000	135,742	118,281
Total Revenue	120,285,995	121,699,435	122,009,823
Expenses			
Instruction	100,139,891	97,616,660	98,260,329
District Administration	5,016,734	5,384,700	4,529,532
Operations and Maintenance	15,506,141	14,965,308	15,048,682
Transportation and Housing	1,689,888	1,732,203	1,738,617
Total Expense	122,352,654	119,698,871	119,577,160
Operating Surplus (Deficit) for the year	(2,066,659)	2,000,564	2,432,663
Budgeted Appropriation (Retirement) of Surplus (Deficit)	2,686,944		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(152,885)	(161,634)	(340,712)
Local Capital	(467,400)	(467,400)	(180,753)
Total Net Transfers	(620,285)	(629,034)	(521,465)
Total Operating Surplus (Deficit), for the year	-	1,371,530	1,911,198
Operating Surplus (Deficit), beginning of year		3,211,464	1,239,685
Change in Accounting Policies/Prior Period Adjustments			
Add non-vested benefits to Employee Future Benefits			(401,598)
Recognize unamortized gain (loss) on Employee Future Benefits			556,179
Reclassify Deferred Contributions			(94,000)
Operating Surplus (Deficit), beginning of year, as restated		3,211,464	1,300,266
Operating Surplus (Deficit), end of year		4,582,994	3,211,464
Operating Surplus (Deficit), end of year			
Internally Restricted		3,079,823	2,523,505
Unrestricted		1,503,171	687,959
Total Operating Surplus (Deficit), end of year		4,582,994	3,211,464

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	115,776,687	116,187,499	117,050,247
AANDC/LEA Recovery	(1,451,266)	(1,480,217)	(2,278,166)
Other Ministry of Education Grants			
Pay Equity	160,000	160,000	160,000
Carbon Tax	50,000	135,929	105,432
Other	16,668	103,060	93,641
Total Provincial Grants - Ministry of Education	114,552,089	115,106,271	115,131,154
Provincial Grants - Other	170,000	302,761	249,006
Tuition			
Offshore Tuition Fees	2,550,279	3,036,473	2,665,823
Total Tuition	2,550,279	3,036,473	2,665,823
Other Revenues			
Other School District/Education Authorities	537,843	544,140	545,561
LEA/Direct Funding from First Nations	1,451,266	1,480,217	2,229,844
Miscellaneous			
Cafeteria	210,000	220,079	233,130
BC Hydro	49,365	31,907	90,934
Other	203,500	235,599	251,682
Total Other Revenue	2,451,974	2,511,942	3,351,151
Rentals and Leases	491,653	606,246	494,408
Investment Income	70,000	135,742	118,281
Total Operating Revenue	120,285,995	121,699,435	122,009,823

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Salaries			
Teachers	54,653,205	53,291,711	54,063,984
Principals and Vice Principals	5,840,243	5,835,552	6,127,109
Educational Assistants	7,870,671	8,107,202	8,043,764
Support Staff	11,596,358	11,578,572	11,936,844
Other Professionals	3,083,878	3,578,004	2,449,416
Substitutes	4,972,366	4,659,346	4,566,319
Total Salaries	88,016,721	87,050,387	87,187,436
Employee Benefits	21,488,378	21,335,404	21,168,275
Total Salaries and Benefits	109,505,099	108,385,791	108,355,711
Services and Supplies			
Services	2,764,506	2,495,689	1,866,046
Student Transportation	170,959	155,866	152,570
Professional Development and Travel	825,514	725,811	732,122
Rentals and Leases	71,250	33,584	67,117
Dues and Fees	465,890	457,612	420,047
Insurance	378,155	313,188	331,986
Supplies	5,836,959	4,758,523	5,292,083
Utilities	2,334,322	2,372,807	2,359,478
Total Services and Supplies	12,847,555	11,313,080	11,221,449
Total Operating Expense	122,352,654	119,698,871	119,577,160

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2C (Unaudited)

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

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	42,815,572	1,132,526	582,346	60,724		3,232,905	47,824,073
1.03 Career Programs	43,380		106,312			2,003	151,695
1.07 Library Services	1,508,691	21,272		303,111		423	1,833,497
1.08 Counselling	972,527						972,527
1.10 Special Education	6,714,291	258,561	6,486,750	28,412		579,360	14,067,374
1.30 English Language Learning	392,064	62,855					454,919
1.31 Aboriginal Education	629,442	107,248	865,597	42,235		81,601	1,726,123
1.41 School Administration	60,877	4,138,804		2,528,086		304,751	7,032,518
1.62 Off Shore Students	151,075	114,286		73,686	112,575	15,398	467,020
1.64 Other			14,698	3,694			18,392
Total Function 1	53,287,919	5,835,552	8,055,703	3,039,948	112,575	4,216,441	74,548,138
4 District Administration							
4.11 Educational Administration	3,792			142,126	1,414,058		1,559,976
4.40 School District Governance				46,974	235,951		282,925
4.41 Business Administration				774,022	1,042,378	52,906	1,869,306
Total Function 4	3,792	-	-	963,122	2,692,387	52,906	3,712,207
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration			51,499	453,918	450,042	19,351	974,810
5.50 Maintenance Operations				5,615,532	240,000	332,603	6,188,135
5.52 Maintenance of Grounds				621,837			621,837
5.56 Utilities				25,062			25,062
Total Function 5	-	-	51,499	6,716,349	690,042	351,954	7,809,844
7 Transportation and Housing							
7.41 Transportation and Housing Administration				42,006	83,000		125,006
7.70 Student Transportation				817,147		38,045	855,192
Total Function 7	-	-	-	859,153	83,000	38,045	980,198
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	53,291,711	5,835,552	8,107,202	11,578,572	3,578,004	4,659,346	87,050,387

School District No. 68 (Nanaimo-Ladysmith)

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

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2013 Actual	2013 Budget	2012 Actual
	\$	\$	\$	\$	\$	\$	(Restated>Note 2) \$
1 Instruction							
1.02 Regular Instruction	47,824,073	11,624,248	59,448,321	2,998,677	62,446,998	65,302,778	65,070,611
1.03 Career Programs	151,695	44,255	195,950	221,245	417,195	412,063	476,408
1.07 Library Services	1,833,497	460,133	2,293,630	84,264	2,377,894	2,460,359	2,361,921
1.08 Counselling	972,527	242,751	1,215,278	2,518	1,217,796	1,236,166	1,479,710
1.10 Special Education	14,067,374	3,660,759	17,728,133	343,969	18,072,102	17,546,659	17,581,644
1.30 English Language Learning	454,919	114,570	569,489	2,585	572,074	524,006	634,964
1.31 Aboriginal Education	1,726,123	488,794	2,214,917	126,418	2,341,335	2,495,222	2,303,818
1.41 School Administration	7,032,518	1,699,562	8,732,080	190,071	8,922,151	8,875,211	9,201,884
1.62 Off Shore Students	467,020	113,081	580,101	593,241	1,173,342	1,145,138	1,102,670
1.64 Other	18,392	3,354	21,746	54,027	75,773	142,289	46,699
Total Function 1	74,548,138	18,451,507	92,999,645	4,617,015	97,616,660	100,139,891	98,260,329
4 District Administration							
4.11 Educational Administration	1,559,976	323,449	1,883,425	146,886	2,030,311	1,501,275	1,196,594
4.40 School District Governance	282,925	44,630	327,555	174,260	501,815	522,858	503,379
4.41 Business Administration	1,869,306	392,047	2,261,353	591,221	2,852,574	2,992,601	2,829,559
Total Function 4	3,712,207	760,126	4,472,333	912,367	5,384,700	5,016,734	4,529,532
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	974,810	198,976	1,173,786	429,578	1,603,364	1,768,537	1,517,481
5.50 Maintenance Operations	6,188,135	1,542,801	7,730,936	2,075,611	9,806,547	9,961,104	9,997,790
5.52 Maintenance of Grounds	621,837	144,150	765,987	245,094	1,011,081	1,204,702	1,045,030
5.56 Utilities	25,062	5,065	30,127	2,514,189	2,544,316	2,571,798	2,488,381
Total Function 5	7,809,844	1,890,992	9,700,836	5,264,472	14,965,308	15,506,141	15,048,682
7 Transportation and Housing							
7.41 Transportation and Maintenance Administration	125,006	27,692	152,698	45,956	198,654	189,988	226,218
7.70 Student Transportation	855,192	205,087	1,060,279	473,270	1,533,549	1,499,900	1,512,399
Total Function 7	980,198	232,779	1,212,977	519,226	1,732,203	1,689,888	1,738,617
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	87,050,387	21,335,404	108,385,791	11,313,080	119,698,871	122,352,654	119,577,160

School District No. 68 (Nanaimo-Ladysmith)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget \$	2013 Actual \$	2012 Actual (Restated-Note 2) \$
Revenues			
Provincial Grants			
Ministry of Education	5,608,244	5,017,446	3,368,047
Other		152,591	107,755
Other Revenue	2,718,457	3,159,477	3,222,722
Investment Income	16,000	23,750	20,176
Total Revenue	<u>8,342,701</u>	<u>8,353,264</u>	<u>6,718,700</u>
Expenses			
Instruction	7,469,550	7,455,749	5,963,977
Operations and Maintenance	522,617	609,075	504,233
Total Expense	<u>7,992,167</u>	<u>8,064,824</u>	<u>6,468,210</u>
Special Purpose Surplus (Deficit) for the year	<u>350,534</u>	<u>288,440</u>	<u>250,490</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(350,534)	(288,440)	(250,490)
Total Net Transfers	<u>(350,534)</u>	<u>(288,440)</u>	<u>(250,490)</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>
Special Purpose Surplus (Deficit), end of year			
Total Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 68 (Nanaimo-Ladysmith)

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

Schedule 3A (Unaudited)

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	School Generated Funds	Strong Start
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	329,322	-	65,839	167,938	1,260,979	10,000
Transfer (to) from Operating Surplus - as at July 1, 2011						(7,472)
Transfer to/from Operating Revenue/Expense - year ended June 30, 2012	336,826					
Wellington Seismic Project (Note 25)	666,148	-	65,839	167,938	1,260,979	2,528
Deferred Revenue, beginning of year, as restated						
Add: Restricted Grants						
Provincial Grants - Ministry of Education	742,600	1,487,664	-	29,919		256,000
Provincial Grants - Other					2,889,966	
Other	5,086				18,664	
Investment Income						
	747,686	1,487,664	-	29,919	2,908,630	256,000
Less: Allocated to Revenue	872,299	1,487,664	7,790	58,868	3,003,352	258,528
Deferred Revenue, end of year	541,535	-	58,049	138,989	1,166,257	-
Revenues						
Provincial Grants - Ministry of Education	867,213	1,487,664	7,790	58,868		258,528
Provincial Grants - Other					2,984,688	
Other Revenue	5,086				18,664	
Investment Income						
	872,299	1,487,664	7,790	58,868	3,003,352	258,528
Expenses						
Salaries						
Teachers		989,060				20,871
Principals and Vice Principals						168,519
Educational Assistants		201,434			13,026	
Support Staff						
Substitutes					21,768	3,283
Employee Benefits		1,190,494			34,794	192,673
Services and Supplies	609,075	275,456			7,722	52,249
	609,075	21,714	7,790	58,868	2,935,620	13,606
	609,075	1,487,664	7,790	58,868	2,978,136	258,528
Net Revenue (Expense) before Interfund Transfers	263,224	-	-	-	25,216	-
Interfund Transfers						
Tangible Capital Assets Purchased	(263,224)				(25,216)	
	(263,224)				(25,216)	
Net Revenue (Expense)	-	-	-	-	-	-

School District No. 68 (Nanaimo-Ladysmith)

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

Schedule 3A (Unaudited)

	Ready, Set, Learn	OLEP	Community- LINK	Other Ministries	Other Misc Grants	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	14,000	70,000	-	24,086	144,963	1,993,127
Transfer (to) from Operating Surplus - as at July 1, 2011	5,237	10,540				94,000
Transfer to/from Operating Revenue/Expense - year ended June 30, 2012						8,305
Wellington Seismic Project (Note 25)						336,826
Deferred Revenue, beginning of year, as restated	19,237	80,540	-	24,086	144,963	2,432,258
Add: Restricted Grants						
Provincial Grants - Ministry of Education	71,050	205,454	2,146,757			4,939,444
Provincial Grants - Other				147,976	30,000	177,976
Other					178,816	3,068,782
Investment Income						23,750
Less: Allocated to Revenue	71,050	205,454	2,146,757	147,976	208,816	8,209,952
Deferred Revenue, end of year	68,605	195,579	2,073,199	122,591	204,789	8,353,264
	21,682	90,415	73,558	49,471	148,990	2,288,946
Revenues						
Provincial Grants - Ministry of Education	68,605	195,579	2,073,199	122,591	30,000	5,017,446
Provincial Grants - Other					174,789	152,591
Other Revenue						3,159,477
Investment Income						23,750
Expenses						
Salaries						
Teachers		29,643	158,466	27,302		1,204,471
Principals and Vice Principals			30,394			51,265
Educational Assistants	10,000	2,616	1,063,881	41,527		1,501,003
Support Staff	729		46,547			47,276
Substitutes	11,434	10,876	57,463	21,147	30,413	156,384
Employee Benefits	22,163	43,135	1,356,751	89,976	30,413	2,960,399
Services and Supplies	4,753	10,253	333,855	25,056	6,263	715,607
	41,689	142,191	382,593	7,559	168,113	4,388,818
	68,605	195,579	2,073,199	122,591	204,789	8,064,824
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	288,440
Interfund Transfers						
Tangible Capital Assets Purchased						(288,440)
Net Revenue (Expense)	-	-	-	-	-	(288,440)

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual			2012 Actual (Restated-Note 2)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education		153,655		153,655	
Other Revenue			25,925	25,925	86,844
Rentals and Leases			103,025	103,025	52,853
Investment Income			2,760	2,760	3,168
Gain (Loss) on Disposal of Tangible Capital Assets		1,527,359		1,527,359	
Amortization of Deferred Capital Revenue	4,427,964	4,385,710		4,385,710	4,430,798
Total Revenue	4,427,964	6,066,724	131,710	6,198,434	4,573,663
Expenses					
Operations and Maintenance			23,389	23,389	
Amortization of Tangible Capital Assets					
Operations and Maintenance	6,329,385	6,138,700		6,138,700	6,367,918
Debt services					
Capital Lease Interest	30,000		33,463	33,463	15,975
Total Expense	6,359,385	6,138,700	56,852	6,195,552	6,383,893
Capital Surplus (Deficit) for the year	(1,931,421)	(71,976)	74,858	2,882	(1,810,230)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	503,419	450,074		450,074	591,202
Local Capital	467,400		467,400	467,400	180,753
Total Net Transfers	970,819	450,074	467,400	917,474	771,955
Other Adjustments to Fund Balances					
District Portion of Proceeds on Disposal		(1,897,626)	1,897,626	-	
Tangible Capital Assets Purchased from Local Capital		1,815,892	(1,815,892)	-	
Principal Payment					
Capital Lease		383,508	(383,508)	-	
Total Other Adjustments to Fund Balances		301,774	(301,774)	-	
Total Capital Surplus (Deficit) for the year	(960,602)	679,872	240,484	920,356	(1,038,275)
Capital Surplus (Deficit), beginning of year		37,297,709	220,202	37,517,911	38,556,186
Capital Surplus (Deficit), end of year		37,977,581	460,686	38,438,267	37,517,911

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4A (Unaudited)

Tangible Capital Assets

Year Ended June 30, 2013

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	13,294,243	218,324,627	2,430,928	3,118,974	582,672	2,053,738	239,805,182
Changes in Accounting Policies/Prior Period Adjustments Wellington Seismic Project		(336,826)					(336,826)
Cost, beginning of year, as restated	13,294,243	217,987,801	2,430,928	3,118,974	582,672	2,053,738	239,468,356
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	153,655	1,864,991	75,000	408,103			2,501,749
Operating Fund			89,671			71,963	161,634
Special Purpose Funds		263,225	17,625			7,590	288,440
Local Capital	1,760,000	34,676	18,320			2,896	1,815,892
Capital Leases			31,239	380,048		324,215	735,502
	1,913,655	2,162,892	231,855	788,151	-	406,664	5,503,217
Decrease:							
Disposed of	370,266	2,500	59,739	100,200	41,542	504,907	372,766
Deemed Disposals	370,266	2,500	59,739	100,200	41,542	504,907	706,388
Cost, end of year	14,837,632	220,148,193	2,603,044	3,806,925	541,130	1,955,495	1,079,154
Work in Progress, end of year		2,666,316					2,666,316
Cost and Work in Progress, end of year	14,837,632	222,814,509	2,603,044	3,806,925	541,130	1,955,495	246,558,735
Accumulated Amortization, beginning of year							
Changes for the Year							
Increase: Amortization for the Year	97,559,751		1,024,561	1,329,262	307,196	977,110	101,197,880
Decrease:							
Disposed of	4,964,754		254,689	351,311	116,532	451,414	6,138,700
Deemed Disposals	2,500						2,500
Accumulated Amortization, end of year			59,739	100,200	41,542	504,907	706,388
		2,500	59,739	100,200	41,542	504,907	708,888
	102,522,005		1,219,511	1,580,373	382,186	923,617	106,627,692
Tangible Capital Assets - Net	14,837,632	120,292,504	1,383,533	2,226,552	158,944	1,031,878	139,931,043

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2013

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year					-
Changes in Accounting Policies/Prior Period Adjustments					
Wellington Seismic Project	336,826				336,826
Work in Progress, beginning of year, as restated	336,826	-	-	-	336,826
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	2,329,490				2,329,490
	2,329,490	-	-	-	2,329,490
Net Changes for the Year	2,329,490	-	-	-	2,329,490
Work in Progress, end of year	2,666,316	-	-	-	2,666,316

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2013

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	97,578,668	1,333,402		98,912,070
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	2,348,094			2,348,094
	<u>2,348,094</u>	-	-	<u>2,348,094</u>
Decrease:				
Amortization of Deferred Capital Revenue	4,350,104	35,606		4,385,710
	<u>4,350,104</u>	<u>35,606</u>	-	<u>4,385,710</u>
Net Changes for the Year	<u>(2,002,010)</u>	<u>(35,606)</u>	-	<u>(2,037,616)</u>
Deferred Capital Revenue, end of year	<u>95,576,658</u>	<u>1,297,796</u>	-	<u>96,874,454</u>
Work in Progress, beginning of year	-			-
Changes in Accounting Policies/Prior Period Adjustments				
Wellington Seismic Project	336,826			336,826
Work in Progress, beginning of year, as restated	<u>336,826</u>	-	-	<u>336,826</u>
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	2,329,490			2,329,490
	<u>2,329,490</u>	-	-	<u>2,329,490</u>
Net Changes for the Year	<u>2,329,490</u>	-	-	<u>2,329,490</u>
Work in Progress, end of year	<u>2,666,316</u>	-	-	<u>2,666,316</u>
Total Deferred Capital Revenue, end of year	<u>98,242,974</u>	<u>1,297,796</u>	-	<u>99,540,770</u>

School District No. 68 (Nanaimo-Ladysmith)

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

Schedule 4D (Unaudited)

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	639,787	3,246,651	-	124,379	-	4,010,817
Changes in Accounting Policies/Prior Period Adjustments						
Wellington Seismic Project	(336,826)					(336,826)
Balance, beginning of year, as restated	302,961	3,246,651	-	124,379	-	3,673,991
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	5,071,044	40,583				5,071,044
Investment Income	5,071,044	40,583				40,583
Decrease:						
Transferred to DCR - Capital Additions	2,348,094					2,348,094
Transferred to DCR - Work in Progress	2,329,490					2,329,490
Transferred to Revenue - Site Purchases	153,655					153,655
	4,831,239	-				4,831,239
Net Changes for the Year	239,805	40,583				280,388
Balance, end of year	542,766	3,287,234		124,379		3,954,379