

Audited Financial Statements of

School District No. 68 (Nanaimo-Ladysmith)

June 30, 2014

School District No. 68 (Nanaimo-Ladysmith)

June 30, 2014

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School District No. 68 (Nanaimo-Ladysmith)

MANAGEMENT REPORT

Version: 7243-6497-4515

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 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. 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 externally 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 Dot Neary, Chairperson of the Board of Education	September 10, 2014
Original signed by the Dave Hutchinson, Superintendent	September 24, 2014
Original signed by Phil Turin, Secretary-Treasurer	September 24, 2014

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, 2014, and the statements of change in net financial assets (debt), operations, cash flows and remeasurement gains and losses for the year then ended 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 audit. We conducted our audit 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 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, 2014 and the results of its operations, change in net financial assets (debt), cash flows and remeasurement gains and losses for the year then ended 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 2 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 10, 2014

MNP LLP
Chartered Accountants

School District No. 68 (Nanaimo-Ladysmith)

Statement 1

Statement of Financial Position

As at June 30, 2014

	2014 Actual	2013 Actual (Recast - Note 26)
	\$	\$
Financial Assets		
Cash and Cash Equivalents	28,352,275	22,369,344
Accounts Receivable		
Due from Province - Ministry of Education (Note 3)	1,064,758	2,225,968
Due from Province - Other	3,823	48,032
Due from LEA/Direct Funding	395,591	158,049
Other (Note 3)	681,104	505,173
Mortgage Receivable (Note 4)	128,902	136,037
Total Financial Assets	<u>30,626,453</u>	<u>25,442,603</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education (Note 5)	2,941,342	
Other (Note 5)	7,272,883	11,060,746
Unearned Revenue (Note 6)	1,865,470	1,357,975
Deferred Revenue (Note 7)	2,220,923	2,288,946
Deferred Capital Revenue (Note 8)	107,472,667	103,495,149
Employee Future Benefits (Note 9)	1,703,609	1,626,589
Capital Lease Obligations (Note 10)	2,046,705	1,776,375
Other Liabilities	1,147,840	985,458
Total Liabilities	<u>126,671,439</u>	<u>122,591,238</u>
Net Financial Assets (Debt)	<u>(96,044,986)</u>	<u>(97,148,635)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 11)	143,962,473	139,931,043
Prepaid Expenses (Note 12)	217,445	148,394
Supplies Inventory		41,986
Total Non-Financial Assets	<u>144,179,918</u>	<u>140,121,423</u>
Accumulated Surplus (Deficit) (Note 23)	<u>48,134,932</u>	<u>42,972,788</u>
Contractual Obligations and Contingencies (Notes 18 and 20)		

Approved by the Board

Original signed by Dot Neary, Chairperson of the Board of Education September 10, 2014

Original signed by the Dave Hutchinson, Superintendent September 24, 2014

Original signed by Phil Turin, Secretary-Treasurer September 24, 2014

School District No. 68 (Nanaimo-Ladysmith)

Statement 2

Statement of Operations
Year Ended June 30, 2014

	2014 Budget (Note 19)	2014 Actual	2013 Actual (Recast - Note 26)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	117,216,855	114,369,638	120,277,372
Other	354,846	425,842	455,352
Tuition	2,427,659	2,765,062	3,036,473
Other Revenue	6,360,627	5,836,356	5,697,344
Rentals and Leases	706,558	663,666	709,271
Investment Income	127,650	269,755	162,252
Gain (Loss) on Disposal of Tangible Capital Assets		2,498,697	1,527,359
Amortization of Deferred Capital Revenue	4,478,653	4,475,386	4,385,710
Total Revenue	<u>131,672,848</u>	<u>131,304,402</u>	<u>136,251,133</u>
Expenses			
Instruction	105,650,485	97,658,747	105,072,124
District Administration	4,847,316	5,028,581	5,384,700
Operations and Maintenance	22,346,587	21,728,455	21,736,472
Transportation and Housing	1,716,026	1,690,699	1,732,203
Debt Services	60,600	35,776	33,463
Total Expense	<u>134,621,014</u>	<u>126,142,258</u>	<u>133,958,962</u>
Surplus (Deficit) for the year	<u>(2,948,166)</u>	<u>5,162,144</u>	<u>2,292,171</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		42,972,788	40,680,617
Accumulated Surplus (Deficit) from Operations, end of year		<u>48,134,932</u>	<u>42,972,788</u>

School District No. 68 (Nanaimo-Ladysmith)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2014

	2014 Budget (Note 19) \$	2014 Actual \$	2013 Actual (Recast - Note 26) \$
Surplus (Deficit) for the year	(2,948,166)	5,162,144	2,292,171
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(11,574,000)	(10,340,254)	(7,832,707)
Amortization of Tangible Capital Assets	6,220,426	6,289,505	6,138,700
Net carrying value of Tangible Capital Assets disposed of		19,319	370,266
Total Effect of change in Tangible Capital Assets	<u>(5,353,574)</u>	<u>(4,031,430)</u>	<u>(1,323,741)</u>
Use of Prepaid Expenses		(69,051)	203,250
Use of Supplies Inventory		41,986	6,218
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(27,065)</u>	<u>209,468</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(8,301,740)</u>	1,103,649	1,177,898
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		1,103,649	1,177,898
Net Financial Assets (Debt), beginning of year		(97,148,635)	(98,326,533)
Net Financial Assets (Debt), end of year		<u>(96,044,986)</u>	<u>(97,148,635)</u>

School District No. 68 (Nanaimo-Ladysmith)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2014

	2014 Actual	2013 Actual (Recast - Note 26)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	5,162,144	2,292,171
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	791,949	(2,126,440)
Supplies Inventories	41,986	6,218
Prepaid Expenses	(69,051)	203,250
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(846,521)	1,870,768
Unearned Revenue	507,495	54,320
Deferred Revenue	(68,023)	(143,312)
Employee Future Benefits	77,020	38,660
Other Liabilities	162,382	49,193
Loss (Gain) on Disposal of Tangible Capital Assets	(2,498,697)	(1,527,359)
Amortization of Tangible Capital Assets	6,289,505	6,138,700
Amortization of Deferred Capital Revenue	(4,475,386)	(4,385,710)
Recognition of Deferred Capital Revenue Spent on Sites		(153,655)
Total Operating Transactions	<u>5,074,803</u>	<u>2,316,804</u>
Capital Transactions		
Tangible Capital Assets Purchased	(5,137,319)	(4,767,715)
Tangible Capital Assets -WIP Purchased	(4,409,716)	(2,329,490)
District Portion of Proceeds on Disposal	2,518,013	1,897,626
Total Capital Transactions	<u>(7,029,022)</u>	<u>(5,199,579)</u>
Financing Transactions		
Capital Revenue Received	8,452,904	5,111,627
Capital Lease Principal Payments	(522,889)	(383,508)
Total Financing Transactions	<u>7,930,015</u>	<u>4,728,119</u>
Investing Transactions		
Decrease (Increase) in Mortgage Receivable	7,135	(136,037)
Total Investing Transactions	<u>7,135</u>	<u>(136,037)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>5,982,931</u>	<u>1,709,307</u>
Cash and Cash Equivalents, beginning of year	<u>22,369,344</u>	<u>20,660,037</u>
Cash and Cash Equivalents, end of year	<u>28,352,275</u>	<u>22,369,344</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	<u>28,352,275</u>	<u>22,369,344</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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)" and "Nanaimo Ladysmith Public Schools." 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 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(l).

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.

As noted in notes 2 (e) and 2 (l), 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 - increase in annual surplus by \$4,677,584

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

Year-ended June 30, 2014 - increase in annual surplus by \$8,165,157

June 30, 2014 - increase in accumulated surplus and decrease in deferred contributions by - \$103,230,541

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Cash and Cash Equivalents

Cash and cash equivalents include deposits held in commercial banks as well as deposits 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 2 (l).

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. 68 (NANAIMO-LADYSMITH)
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.

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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 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 licenses, postage and other dues and 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.

k) 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) 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 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. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) 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 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.

n) 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) 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.

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

p) 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) 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.

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School district:
 - is directly responsible; or
 - accepts responsibility; and
- a reasonable estimate of the amount can be made.

NOTE 3 ACCOUNTS RECEIVABLE

Due From Province – Ministry of Education

	2014	2013
Bylaw – Capital Funding	\$ 940,883	\$ 1,305,000
Carbon Tax Rebate	63,100	58,000
French Programs	60,775	61,636
LEA Nominal Roll Recount	-	801,332
	\$ 1,064,758	\$ 2,225,968

Other Receivables

	2014	2013
Due from Federal Government	\$ 67,753	\$ 212,767
Other	613,351	292,406
	\$ 681,104	\$ 505,173

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 4 MORTGAGE RECEIVABLE

The District holds a mortgage on former Diamond Elementary School (Lot 1, District Lot 77, Oyster District Plan 15004). 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, 2014 is \$140,550 (2013: \$148,350). This carrying value has been discounted to \$128,902 (2013: \$136,037) which reflects the present value of the payments using a 2% (prime less 1%) discount rate.

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The amount due to Province – Ministry of Education represents 80% of the saving in wages and benefits on teacher salaries for June as a result of strike/lockout actions.

Other Accounts Payable and Accrued Liabilities

	2014	2013
Trade payables	\$ 2,285,146	\$ 3,339,677
Salaries and benefits payable	3,647,586	6,228,783
Accrued vacation pay	1,331,928	1,356,028
Construction holdbacks	8,223	136,258
	\$ 7,272,883	\$ 11,060,746

NOTE 6 UNEARNED REVENUE

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

	2014	2013
Balance, beginning of year	\$ 1,357,975	\$ 1,303,655
Changes for the year:		
Increase:		
Tuition fees	3,077,121	2,928,875
Decrease:		
Tuition fees	2,569,626	2,874,555
Net changes for the year	507,495	54,320
Balance, end of year	\$ 1,865,470	\$ 1,357,975

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 7 DEFERRED REVENUE

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

	2014	2013
Balance, beginning of year	\$ 2,288,946	\$ 2,432,258
Changes for the year:		
Increase:		
Provincial Grants – Ministry of Education	4,349,503	4,939,444
Provincial Grants - Other	128,606	177,976
Other	2,995,777	3,068,782
Investment income	18,388	23,750
Transfer to Ministry of Education – Restricted Capital	(153,875)	-
	7,338,399	8,209,952
Decrease:		
Expenses	7,282,311	8,064,824
Transfers – tangible capital assets purchased	124,111	288,440
	7,406,422	8,353,264
Net changes for the year	(68,023)	(143,312)
Balance, end of year	\$ 2,220,923	\$ 2,288,946

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 8 DEFERRED CAPITAL REVENUE

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

	Deferred Capital 2014	Unspent Capital 2014	Total Deferred Capital Revenue 2014	Total Deferred Capital Revenue 2013
Balance, beginning of year	\$ 99,540,770	\$3,954,379	\$103,495,149	\$102,922,887
Changes for the year:				
Increase:				
Transfer from Unspent – Capital Additions	3,755,441	-	3,755,441	2,348,094
Transfer from Unspent – Work in Progress	4,409,716	-	4,409,716	2,329,490
Provincial Grants – Ministry of Education	-	8,249,479	8,249,479	5,071,044
Investment income	-	49,550	49,550	40,583
Transfer from AFG - Seismic	-	153,875	153,875	-
	8,165,157	8,452,904	16,618,061	9,216,949
Decrease:				
Amortization of Deferred Capital	4,475,386	-	4,475,386	4,385,710
Capital additions – transfer to Deferred Capital	-	3,755,441	3,755,441	2,348,094
Work in Progress – transfer to Deferred Capital	-	4,409,716	4,409,716	2,329,490
Site Purchases - transfer to Revenue	-	-	-	153,655
	4,475,386	8,165,157	12,640,543	9,216,949
Net changes for the year	3,689,771	387,747	3,977,518	572,262
Balance, end of year	\$103,230,541	\$4,242,126	\$107,472,667	\$103,495,149

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 9 EMPLOYEE FUTURE BENEFITS

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

	2014	2013 (Recast–Note 26)
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 2,024,205	\$ 1,605,004
Service Cost	132,953	125,456
Interest Cost	60,941	69,577
Benefit Payments	(168,655)	(155,440)
Increase (Decrease) in obligation due to Plan Amendment	-	2,617
Actuarial (Gain) Loss	(112,539)	376,991
Accrued Benefit Obligation – March 31	<u>\$ 1,936,905</u>	<u>\$ 2,024,205</u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 1,936,905	\$ 2,024,205
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	(1,936,905)	(2,204,025)
Employer Contributions After Measurement Date	15,336	18,056
Benefits Expense After Measurement Date	(49,266)	(48,473)
Unamortized Net Actuarial (Gain) Loss	267,226	428,034
Accrued Benefit Asset (Liability) – June 30	<u>\$ 1,703,609</u>	<u>\$ 1,626,589</u>
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 1,626,589	\$ 1,539,170
Recognize Benefit Expense April 1 – June 30, 2012	-	48,758
Accrued Benefit Liability – July 1 (restated)	1,626,589	1,587,928
Net expense for Fiscal Year	242,955	203,746
Employer Contributions	(165,935)	(165,085)
Accrued Benefit Liability – June 30	<u>\$ 1,703,609</u>	<u>\$ 1,626,589</u>
Components of Net Benefit Expense		
Service Cost	\$ 133,039	\$ 127,330
Interest Cost	61,648	67,418
Immediate Recognition of Plan Amendment	-	2,617
Amortization of Net Actuarial (Gain)/Loss	48,268	6,380
Net Benefit Expense (Income)	<u>\$ 242,955</u>	<u>\$ 203,746</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 9 EMPLOYEE FUTURE BENEFITS (Continued)

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

	2014	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	9.0 years	9.0 years

NOTE 10 CAPITAL LEASE OBLIGATIONS

The School District has entered into various capital lease agreements for vehicles and equipment. 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:

2015	\$ 588,118
2016	542,682
2017	498,400
2018	292,711
2019	124,794
	\$ 2,046,705

Total interest on leases for the year was \$35,776 (2013: \$33,463).

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 11 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2014	Net Book Value 2013
Sites	\$ 15,635,776	\$ 14,837,632
Buildings	117,557,639	117,626,188
Buildings – work in progress	5,517,532	2,666,316
Furniture & Equipment	1,361,205	1,383,533
Vehicles	2,449,839	2,226,552
Computer Software	178,084	158,944
Computer Hardware	1,262,398	1,031,878
Total	\$ 143,962,473	\$ 139,931,043

June 30, 2014

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 2014
Sites	\$14,837,632	\$817,463	\$19,319	\$ -	\$15,635,776
Buildings	220,148,193	3,394,602	3,000	1,558,500	225,098,295
Buildings – work in progress	2,666,316	4,409,716		(1,558,500)	5,517,532
Furniture & Equipment	2,603,044	250,499	204,510	-	2,649,033
Vehicles	3,806,925	635,768	302,464	-	4,140,229
Computer Software	541,130	141,518	171,503	-	511,145
Computer Hardware	1,955,495	690,688	355,447	-	2,290,736
Total	\$246,558,735	\$10,340,254	\$1,056,243	\$ -	\$255,842,746

	Opening Accumulated Amortization	Additions	Disposals	Total 2014
Buildings	\$102,522,005	\$5,021,651	\$3,000	\$107,540,656
Furniture & Equipment	1,219,511	272,827	204,510	1,287,828
Vehicles	1,580,373	412,481	302,464	1,690,390
Computer Software	382,186	122,378	171,503	333,061
Computer Hardware	923,617	460,168	355,447	1,028,338
Total	\$106,627,692	\$6,289,505	\$1,036,924	\$111,880,273

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 11 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2013

	Opening Cost	Additions	Disposals	Transfers (WIP)	Total 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

	Opening Accumulated Amortization	Additions	Disposals	Total 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

- Buildings – work in progress having a value of \$5,517,532 (2013: \$2,666,316) have not been amortized. Amortization of these assets will commence when the asset is put into service.
- Per note 25, the Board has approved the sale of the former Princess Royal School. Included in the above amounts is the net book value of \$304,000 for Princess Royal School.

NOTE 12 PREPAID EXPENSES

	2014	2013
Software and Licenses	\$ 163,864	\$ 71,707
Insurance	45,599	44,464
Other	7,982	32,223
	\$ 217,445	\$ 148,394

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 13 DISPOSAL OF SITES AND BUILDINGS

a) City of Nanaimo

In the prior year, the School District and the City of Nanaimo entered into a two-part land exchange agreement. In the current year, the final transfer was completed on January 24, 2014 with the School District exchanging the Dickson Road lands (6780 Dickinson Rd) and the Oliver Woods lands (approximately 16.3 acres of the 201 acres site at 5101 Rutherford Rd) for City lands at Pauline Haarer Elementary School (400 Campbell St and portion of Comox Park) and Bayview Elementary School (140 View 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 Dickson Road lands were acquired in 1997 with a District cost of \$16,317 and the Oliver Woods lands was acquired in 2000 for \$1.

b) Remaining portion of Oliver Woods land

During the year, the remaining portion of the Oliver Woods land (approximately 4.7 acres) was sold for \$1,500,000. As the purchase price was funded by the School District, all the proceeds have been allocated to local capital.

c) Old Waterloo School

During the year Old Waterloo School was sold for net proceeds of \$200,550. The Old Waterloo School was purchased for \$6,000 in 1951. The building has been fully amortized with the cost of the land being \$3,000. As the purchase price was funded by the School District, all the proceeds have been allocated to local capital.

Dispositions

Property	Proceeds	Cost	Gain
City of Nanaimo Land Exchange (Dickson and Oliver Wood lands)	\$ 817,463	\$ 16,317	\$ 801,146
Remaining Oliver Woods land	1,500,000	1	1,499,999
Old Waterloo School	200,550	3,000	197,550
	<u>\$ 2,518,013</u>	<u>\$ 19,318</u>	<u>\$ 2,498,697</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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 45,000 active members from school districts, and approximately 32,000 retired members from school districts. The Municipal Pension Plan has about 179,000 active members, of which approximately 24,000 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, 2012 indicated a \$1.37 billion funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual employers participating in the Plan.

The School District paid \$11,094,273 for employer contributions to these plans in the year ended June 30, 2014 (2013: \$11,095,643).

NOTE 15 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds for the year ended June 30, 2014, were as follows:

- A transfer in the amount of \$398,477 was made from the operating fund to the capital fund for capital purchases made during the year.
- A transfer in the amount of \$124,111 was made from the special purpose fund to the capital fund for capital purchase made during the year.
- A transfer in the amount of \$674,600 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 FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2014**

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 \$142,055 (2013: \$166,704) 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	2015	2016	2017
Future operating lease payments	\$ 151,500	\$ 151,500	\$ 15,150
Wellington Seismic Project	8,424,097	1,895,520	-
Other	342,705	-	-
	\$ 8,918,302	\$ 2,047,020	\$ 15,150

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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 29, 2014. 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:

	2014 Amended	2014 Preliminary	Difference
Revenues			
Provincial Grants			
Ministry of Education	\$117,216,855	\$117,141,652	\$75,203
Other	354,846	305,375	49,741
Tuition	2,427,659	2,316,450	108,209
Other Revenue	6,360,627	5,833,874	526,753
Rentals and Leases	706,558	541,258	165,300
Investment Income	127,650	86,000	41,650
Amortization of Deferred Capital Revenue	4,478,653	4,343,111	135,542
Total Revenue	131,672,848	130,570,720	1,102,128
Expenses			
Instruction	105,650,485	104,696,092	954,393
District Administration	4,847,316	4,833,813	13,503
Operations and Maintenance	22,346,587	22,260,057	86,530
Transportation and Housing	1,716,026	1,673,172	42,854
Interest	60,600	60,660	-
Total Expenses	134,621,014	133,523,734	1,097,280
Deficit for the year	(2,948,166)	(2,953,014)	4,848
Effects of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(11,574,000)	(12,959,046)	1,385,046
Amortization of Tangible Capital Assets	6,220,426	6,095,237	125,189
Total Effect of change in Tangible Capital Assets	(5,353,574)	(6,863,809)	1,510,235
(Increase) Decrease in Net Financial Assets (Debt)	\$(8,301,740)	\$(9,816,823)	\$1,515,083

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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.

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

	2014	2013 (Recast-Note 26)
Salaries	\$ 83,060,274	\$ 90,010,501
Benefits	21,732,579	22,051,011
Services and supplies	15,024,124	15,725,287
Interest	35,776	33,463
Amortization	6,289,505	6,138,700
	\$ 126,142,258	\$ 133,958,962

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 23 ACCUMULATED SURPLUS

OPERATING	2014	2013 (Recast-Note 26)
Internally Restricted (appropriated) by Board for:		
2014/15 Operating Budget	\$ 2,288,555	\$ 2,024,520
Assessment Initiatives	384,000	298,500
Aboriginal Education Programs	315,667	153,889
School Supplies	260,478	207,341
Community Schools	140,254	93,473
Equipment Replacement	89,000	128,500
Wellington Upgrade - Equipment Replacement	71,000	-
Facilities Projects	58,000	-
Other	61,500	173,600
Subtotal Internally Restricted	3,668,454	3,079,823
Unrestricted Operating Surplus	4,169,155	1,454,698
Total Available for Future Operations	7,837,609	4,534,521
CAPITAL		
Investment in Tangible Capital Assets	38,048,913	37,977,581
Local Capital	2,248,410	460,686
Capital Surplus	40,297,323	38,438,267
ACCUMULATED SURPLUS	\$ 48,134,932	\$ 42,972,788

NOTE 24 ECONOMIC DEPENDENCE

The operations of the 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.

NOTE 25 SUBSEQUENT EVENTS

a) Ratification of CUPE Local 606 Collective Agreement

The Collective Agreement between the District and CUPE Local 606 was ratified on July 22, 2014. The term of the agreement is from July 1, 2014 to June 30, 2019. Included in the agreement is an Employee Support Grant (ESG). The ESG pays lost wages to support staff union members who did not cross lawful picket lines during the BC Teachers Federation (BCTF) strike /BCPSEA lockout. 12 work days were lost for the year ended June 30, 2014. These financial statements recognize the ESG as a payable and an expense for the year ended in the amount of \$1,073,317.

b) Former Princess Royal Elementary School

On September 3, 2014 the Board approved the sale of the former Princess Royal Elementary School with the passage of the Disposal of Real Property Bylaw 2014-01.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 26 PRIOR PERIOD ADJUSTMENT

In prior years school districts reported annual Employee Future Benefit (EFB) expense equal to the 12 months ended March 31 expenses as determined by the actuary rather than the 12 months ended June 30. An adjustment was made to increase the Employee Future Benefit (EFB) liability to include benefits expense incurred after the early measurement date of March 31 (see Note 9). The June 30, 2013 EFB liability increased by \$48,473 representing the EFB expenses April 1 to June 30, 2013. The opening surplus as at July 1, 2012 was decreased by \$48,758 representing the April 1 – June 2012 EFB expenses. The surplus for the year ended June 30, 2013 was increased by \$285 representing the April 1 – June 2013 EFB expense minus the April 1 – June 2012 EFB expense.

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 and investments 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. It is management's opinion that the School District is not exposed to significant interest rate risk.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 27 RISK MANAGEMENT (*Continued*)

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)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2014

Schedule 1 (Unaudited)

	Operating Fund	Special Purpose Fund	Capital Fund	2014 Actual	2013 Actual (Recast - Note 26)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	4,534,521		38,438,267	42,972,788	40,729,375
Prior Period Adjustments					(48,758)
Accumulated Surplus (Deficit), beginning of year, as restated	4,534,521	-	38,438,267	42,972,788	40,680,617
Changes for the year					
Surplus (Deficit) for the year	4,376,165	124,111	661,868	5,162,144	2,292,171
Interfund Transfers	(398,477)	(124,111)	522,588	-	-
Tangible Capital Assets Purchased	(674,600)		674,600	-	-
Local Capital	3,303,088	-	1,859,056	5,162,144	2,292,171
Net Changes for the year	7,837,609	-	40,297,323	48,134,932	42,972,788
Accumulated Surplus (Deficit), end of year - Statement 2					

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2014

	2014 Budget (Note 19)	2014 Actual	2013 Actual (Recast - Note 26)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	112,074,056	110,136,986	115,106,271
Other	170,000	236,561	302,761
Tuition	2,427,659	2,765,062	3,036,473
Other Revenue	3,410,877	2,862,464	2,511,942
Rentals and Leases	616,558	578,997	606,246
Investment Income	111,000	235,437	135,742
Total Revenue	118,810,150	116,815,507	121,699,435
Expenses			
Instruction	98,182,643	90,770,790	97,616,375
District Administration	4,847,316	5,028,581	5,384,700
Operations and Maintenance	15,350,608	14,949,272	14,965,308
Transportation and Housing	1,716,026	1,690,699	1,732,203
Total Expense	120,096,593	112,439,342	119,698,586
Operating Surplus (Deficit) for the year	(1,286,443)	4,376,165	2,000,849
Budgeted Appropriation (Retirement) of Surplus (Deficit)	3,079,754		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(124,000)	(398,477)	(161,634)
Local Capital	(674,600)	(674,600)	(467,400)
Total Net Transfers	(798,600)	(1,073,077)	(629,034)
Total Operating Surplus (Deficit), for the year	994,711	3,303,088	1,371,815
Operating Surplus (Deficit), beginning of year		4,534,521	3,211,464
Prior Period Adjustments			
April - June 2012 EFB Expense Restatement			(48,758)
Operating Surplus (Deficit), beginning of year, as restated		4,534,521	3,162,706
Operating Surplus (Deficit), end of year		7,837,609	4,534,521
Operating Surplus (Deficit), end of year			
Internally Restricted		3,668,454	3,079,823
Unrestricted		4,169,155	1,454,698
Total Operating Surplus (Deficit), end of year		7,837,609	4,534,521

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2014

	2014 Budget (Note 19) \$	2014 Actual \$	2013 Actual (Recast - Note 26) \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	114,057,222	111,407,348	116,187,499
AANDC/LEA Recovery	(2,278,166)	(1,640,363)	(1,480,217)
Other Ministry of Education Grants			
Pay Equity	160,000	160,000	160,000
Carbon Tax	135,000	131,312	135,929
Education Guarantee		53,021	
Other		25,668	103,060
Total Provincial Grants - Ministry of Education	112,074,056	110,136,986	115,106,271
Provincial Grants - Other	170,000	236,561	302,761
Tuition			
Offshore Tuition Fees	2,427,659	2,765,062	3,036,473
Total Tuition	2,427,659	2,765,062	3,036,473
Other Revenues			
Other School District/Education Authorities	528,436	533,287	544,140
LEA/Direct Funding from First Nations	2,278,166	1,640,363	1,480,217
Miscellaneous			
Cafeteria	205,000	202,308	220,079
Energy Grants	49,365	80,000	31,907
VIU Secondment	92,450	79,003	
Other	257,460	327,503	235,599
Total Other Revenue	3,410,877	2,862,464	2,511,942
Rentals and Leases	616,558	578,997	606,246
Investment Income	111,000	235,437	135,742
Total Operating Revenue	118,810,150	116,815,507	121,699,435

School District No. 68 (Nanaimo-Ladysmith)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2014

	2014 Budget (Note 19)	2014 Actual	2013 Actual (Recast - Note 26)
	\$	\$	\$
Salaries			
Teachers	52,307,248	48,251,919	53,291,711
Principals and Vice Principals	5,888,865	5,928,722	5,835,552
Educational Assistants	8,111,478	7,949,447	8,107,202
Support Staff	11,507,295	11,546,589	11,578,572
Other Professionals	3,027,063	3,154,766	3,578,004
Substitutes	4,762,256	3,438,615	4,659,346
Total Salaries	85,604,205	80,270,058	87,050,387
Employee Benefits	22,320,423	21,019,610	21,335,119
Total Salaries and Benefits	107,924,628	101,289,668	108,385,506
Services and Supplies			
Services	2,528,836	2,472,808	2,495,689
Student Transportation	146,252	108,080	155,866
Professional Development and Travel	857,576	688,956	725,811
Rentals and Leases	20,038	15,844	33,584
Dues and Fees	404,015	488,728	457,612
Insurance	322,155	303,132	313,188
Supplies	5,449,199	4,619,487	4,758,523
Utilities	2,443,894	2,452,639	2,372,807
Total Services and Supplies	12,171,965	11,149,674	11,313,080
Total Operating Expense	120,096,593	112,439,342	119,698,586

School District No. 68 (Nanaimo-Ladysmith)

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	39,461,463	1,153,866	571,388	16,438		2,606,778	43,809,933
1.03 Career Programs	34,380		110,303			2,368	147,051
1.07 Library Services	1,368,521	552		228,955		13,189	1,611,217
1.08 Counselling	935,825					2,602	938,427
1.10 Special Education	5,296,633	154,121	6,383,228			316,992	12,150,974
1.30 English Language Learning	373,133	45,197				218	418,548
1.31 Aboriginal Education	566,753	122,947	822,969	42,054		104,504	1,659,227
1.41 School Administration	43,151	4,333,705		2,606,430		140,191	7,123,477
1.62 Off Shore Students	139,652	109,693		66,047	118,031	8,424	441,847
1.64 Other			19,781	9,255			29,036
Total Function 1	48,219,511	5,920,081	7,907,669	2,969,179	118,031	3,195,266	68,329,737
4 District Administration							
4.11 Educational Administration	32,408	8,641		176,632	914,977	1,245	1,133,903
4.40 School District Governance				44,296	235,771		280,067
4.41 Business Administration				775,447	1,122,969	52,638	1,951,054
Total Function 4	32,408	8,641	-	996,375	2,273,717	53,883	3,365,024
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration			41,778	418,831	421,409	15,460	897,478
5.50 Maintenance Operations				5,619,576	257,013	151,758	6,028,347
5.52 Maintenance of Grounds				590,557			590,557
5.56 Utilities				89,869			89,869
Total Function 5	-	-	41,778	6,718,833	678,422	167,218	7,606,251
7 Transportation and Housing							
7.41 Transportation and Housing Administration				47,549	84,596		132,145
7.70 Student Transportation				814,653		22,248	836,901
Total Function 7	-	-	-	862,202	84,596	22,248	969,046
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	48,251,919	5,928,722	7,949,447	11,546,589	3,154,766	3,438,615	80,270,058

School District No. 68 (Nanaimo-Ladysmith)

Operating Expense by Function, Program and Object

Year Ended June 30, 2014

Schedule 2C (Unaudited)

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2014 Actual	2014 Budget	2013 Actual
	\$	\$	\$	\$	\$	(Note 19)	(Recast - Note 26)
1 Instruction							
1.02 Regular Instruction	43,809,933	11,588,354	55,398,287	2,886,361	58,284,648	64,648,530	62,446,713
1.03 Career Programs	147,051	43,290	190,341	202,759	393,100	493,233	417,195
1.07 Library Services	1,611,217	424,599	2,035,816	62,366	2,098,182	2,012,605	2,377,894
1.08 Counselling	938,427	247,744	1,186,171	2,401	1,188,572	1,226,175	1,217,796
1.10 Special Education	12,150,974	3,555,595	15,706,569	185,703	15,892,272	16,595,758	18,072,102
1.30 English Language Learning	418,548	116,702	535,250	1,894	537,144	498,035	572,074
1.31 Aboriginal Education	1,659,227	405,456	2,064,683	158,268	2,222,951	2,543,489	2,341,335
1.41 School Administration	7,123,477	1,771,869	8,895,346	177,997	9,073,343	8,978,256	8,922,151
1.62 Off Shore Students	441,847	110,202	552,049	430,929	982,978	1,080,169	1,173,342
1.64 Other	29,036	4,825	33,861	63,739	97,600	106,393	75,773
Total Function 1	68,329,737	18,268,636	86,598,373	4,172,417	90,770,790	98,182,643	97,616,375
4 District Administration							
4.11 Educational Administration	1,133,903	228,713	1,362,616	119,301	1,481,917	1,327,191	2,030,311
4.40 School District Governance	280,067	48,487	328,554	318,205	646,759	534,655	501,815
4.41 Business Administration	1,951,054	421,805	2,372,859	527,046	2,899,905	2,985,470	2,852,574
Total Function 4	3,365,024	699,005	4,064,029	964,552	5,028,581	4,847,316	5,384,700
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	897,478	174,790	1,072,268	479,223	1,551,491	1,689,326	1,603,364
5.50 Maintenance Operations	6,028,347	1,483,971	7,512,318	2,182,337	9,694,655	9,917,741	9,806,547
5.52 Maintenance of Grounds	590,557	139,821	730,378	277,516	1,007,894	1,078,605	1,011,081
5.56 Utilities	89,869	17,831	107,700	2,587,532	2,695,232	2,664,936	2,544,316
Total Function 5	7,606,251	1,816,413	9,422,664	5,226,608	14,949,272	15,350,608	14,965,308
7 Transportation and Housing							
7.41 Transportation and Housing Administration	132,145	28,463	160,608	56,779	217,387	241,820	198,654
7.70 Student Transportation	836,901	207,093	1,043,994	429,318	1,473,312	1,474,206	1,533,549
Total Function 7	969,046	235,556	1,204,602	486,097	1,690,699	1,716,026	1,732,203
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	80,270,058	21,019,610	101,289,668	11,149,674	112,439,342	120,096,593	119,698,586

School District No. 68 (Nanaimo-Ladysmith)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2014

	2014 Budget (Note 19)	2014 Actual	2013 Actual (Recast - Note 26)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	5,142,799	4,232,652	5,017,446
Other	184,846	189,281	152,591
Other Revenue	2,949,750	2,966,101	3,159,477
Investment Income	16,000	18,388	23,750
Total Revenue	8,293,395	7,406,422	8,353,264
Expenses			
Instruction	7,467,842	6,887,957	7,455,749
Operations and Maintenance	775,553	394,354	609,075
Total Expense	8,243,395	7,282,311	8,064,824
Special Purpose Surplus (Deficit) for the year	50,000	124,111	288,440
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(50,000)	(124,111)	(288,440)
Total Net Transfers	(50,000)	(124,111)	(288,440)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

School District No. 68 (Nanaimo-Ladysmith)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2014

	Annual Facility Grant	Learning Improvement Fund	Aboriginal Education Technology	Special Education Equipment	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	Community-LINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	541,535	-	58,049	138,989	1,166,257	-	21,682	90,415	73,558
Add: Restricted Grants									
Provincial Grants - Ministry of Education	234,018	1,468,702	-	16,645	256,000	256,000	71,050	209,200	2,146,757
Provincial Grants - Other									
Other	591				2,735,917				
Investment Income	(153,875)				17,797				
Transfer to Restricted MoE Capital									
Less: Allocated to Revenue	80,734	1,468,702	-	16,645	2,753,714	256,000	71,050	209,200	2,146,757
Strike Savings Recovery	447,269	1,322,580	4,852	19,271	2,798,107	256,000	37,117	225,738	2,046,434
Deferred Revenue, end of year	175,000	112,797	53,197	136,363	1,121,864	-	55,615	73,877	154,337
Revenues									
Provincial Grants - Ministry of Education	320,660	1,322,580	4,852	19,271	256,000	256,000	37,117	225,738	2,046,434
Provincial Grants - Other	52,915								
Other Revenue	73,103				2,780,310				
Investment Income	591				17,797				
Deferred Revenue, beginning of year	447,269	1,322,580	4,852	19,271	2,798,107	256,000	37,117	225,738	2,046,434
Expenses									
Salaries									
Teachers		752,016							
Principals and Vice Principals						19,373		32,306	270,204
Educational Assistants		187,196			13,121	171,408		22,660	11,596
Support Staff									1,013,653
Other Professionals		125,000							8,730
Substitutes					22,401		4,580	8,380	25,974
Employee Benefits		1,064,212			35,522	190,781	4,580	63,346	1,330,157
Services and Supplies	394,354	256,142			7,771	65,219	945	11,948	340,688
Deferred Revenue, beginning of year	394,354	1,322,580	4,852	19,271	2,683,618	256,000	31,592	150,444	375,589
Deferred Revenue, end of year								225,738	2,046,434
Net Revenue (Expense) before Interfund Transfers	52,915	-	-	-	71,196	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(52,915)				(71,196)				
Net Revenue (Expense)	(52,915)				(71,196)				

School District No. 68 (Nanaimo-Ladysmith)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2014

	Other Ministries	Other Misc Grants	TOTAL
Deferred Revenue, beginning of year	\$ 49,471	\$ 148,990	\$ 2,288,946
Add: Restricted Grants			
Provincial Grants - Ministry of Education	128,606		4,402,372
Provincial Grants - Other		259,860	128,606
Other			2,995,777
Investment Income			18,388
Transfer to Restricted MoE Capital			(153,875)
Less: Allocated to Revenue	128,606	259,860	7,391,268
Strike Savings Recovery	136,366	112,688	7,406,422
Deferred Revenue, end of year	41,711	296,162	2,220,923
Revenues			
Provincial Grants - Ministry of Education	136,366		4,232,652
Provincial Grants - Other			189,281
Other Revenue		112,688	2,966,101
Investment Income	136,366	112,688	18,388
Expenses			
Salaries			
Teachers	37,589		1,092,115
Principals and Vice Principals	21,450		75,079
Educational Assistants	38,637		1,424,015
Support Staff			8,730
Other Professionals			125,000
Substitutes		3,942	65,277
Employee Benefits	97,676	3,942	2,790,216
Services and Supplies	29,470	786	712,969
	9,220	107,960	3,779,126
	136,366	112,688	7,282,311
Net Revenue (Expense) before Interfund Transfers	-	-	124,111
Interfund Transfers			
Tangible Capital Assets Purchased			(124,111)
Net Revenue (Expense)	-	-	(124,111)

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2014

	2014	2014 Actual			2013
	Budget (Note 19)	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual (Recast - Note 26)
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education				-	153,655
Other Revenue			7,791	7,791	25,925
Rentals and Leases	90,000		84,669	84,669	103,025
Investment Income	650		15,930	15,930	2,760
Gain (Loss) on Disposal of Tangible Capital Assets		2,498,697		2,498,697	1,527,359
Amortization of Deferred Capital Revenue	4,478,653	4,475,386		4,475,386	4,385,710
Total Revenue	4,569,303	6,974,083	108,390	7,082,473	6,198,434
Expenses					
Operations and Maintenance			95,324	95,324	23,389
Amortization of Tangible Capital Assets					
Operations and Maintenance	6,220,426	6,289,505		6,289,505	6,138,700
Debt services					
Capital Lease Interest	60,600		35,776	35,776	33,463
Total Expense	6,281,026	6,289,505	131,100	6,420,605	6,195,552
Capital Surplus (Deficit) for the year	(1,711,723)	684,578	(22,710)	661,868	2,882
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	174,000	522,588		522,588	450,074
Local Capital	674,600		674,600	674,600	467,400
Total Net Transfers	848,600	522,588	674,600	1,197,188	917,474
Other Adjustments to Fund Balances					
District Portion of Proceeds on Disposal		(2,518,013)	2,518,013	-	
Tangible Capital Assets Purchased from Local Capital		859,290	(859,290)	-	
Principal Payment					
Capital Lease		522,889	(522,889)	-	
Total Other Adjustments to Fund Balances		(1,135,834)	1,135,834	-	
Total Capital Surplus (Deficit) for the year	(863,123)	71,332	1,787,724	1,859,056	920,356
Capital Surplus (Deficit), beginning of year		37,977,581	460,686	38,438,267	37,517,911
Capital Surplus (Deficit), end of year		38,048,913	2,248,410	40,297,323	38,438,267

School District No. 68 (Nanaimo-Ladysmith)

Tangible Capital Assets
Year Ended June 30, 2014

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	14,837,632	220,148,193	2,603,044	3,806,925	541,130	1,955,495	243,892,419
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw Operating Fund		3,341,687	203,430	413,754	141,518	53,529	3,755,441
Special Purpose Funds		52,915	47,069			24,127	124,111
Local Capital	817,463			2,500		39,327	859,290
Capital Leases		1,558,500		219,514		573,705	793,219
Transferred from Work in Progress		4,953,102	250,499	635,768	141,518	690,688	1,558,500
Decrease:							
Disposed of	19,319	3,000					22,319
Deemed Disposals			204,510	302,464	171,503	355,447	1,033,924
Cost, end of year	19,319	3,000	204,510	302,464	171,503	355,447	1,056,243
Work in Progress, end of year	15,635,776	225,098,295	2,649,033	4,140,229	511,145	2,290,736	250,325,214
Cost and Work in Progress, end of year	15,635,776	230,615,827	2,649,033	4,140,229	511,145	2,290,736	255,842,746
Accumulated Amortization, beginning of year			1,219,511	1,580,373	382,186	923,617	106,627,692
Changes for the Year							
Increase: Amortization for the Year		5,021,651	272,827	412,481	122,378	460,168	6,289,505
Decrease:							
Disposed of		3,000					3,000
Deemed Disposals			204,510	302,464	171,503	355,447	1,033,924
Accumulated Amortization, end of year		107,540,656	1,287,828	1,690,390	333,061	1,028,338	111,880,273
Tangible Capital Assets - Net	15,635,776	123,075,171	1,361,205	2,449,839	178,084	1,262,398	143,962,473

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2014

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	2,666,316				2,666,316
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	4,409,716				4,409,716
	4,409,716	-	-	-	4,409,716
Decrease:					
Transferred to Tangible Capital Assets	1,558,500				1,558,500
	1,558,500	-	-	-	1,558,500
Net Changes for the Year	2,851,216	-	-	-	2,851,216
Work in Progress, end of year	5,517,532	-	-	-	5,517,532

School District No. 68 (Nanaimo-Ladysmith)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2014

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	95,576,658	1,297,796		96,874,454
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	3,755,441			3,755,441
Transferred from Work in Progress	1,558,500			1,558,500
	5,313,941	-	-	5,313,941
Decrease:				
Amortization of Deferred Capital Revenue	4,439,780	35,606		4,475,386
	4,439,780	35,606	-	4,475,386
Net Changes for the Year	874,161	(35,606)	-	838,555
Deferred Capital Revenue, end of year	96,450,819	1,262,190	-	97,713,009
Work in Progress, beginning of year	2,666,316			2,666,316
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	4,409,716			4,409,716
	4,409,716	-	-	4,409,716
Decrease				
Transferred to Deferred Capital Revenue	1,558,500			1,558,500
	1,558,500	-	-	1,558,500
Net Changes for the Year	2,851,216	-	-	2,851,216
Work in Progress, end of year	5,517,532	-	-	5,517,532
Total Deferred Capital Revenue, end of year	101,968,351	1,262,190	-	103,230,541

School District No. 68 (Nanaimo-Ladysmith)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2014

Schedule 4D (Unaudited)

	Bylaw Capital	Med Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	542,766	3,287,234	-	124,379	-	3,954,379
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	8,249,479					8,249,479
Investment Income		49,550				49,550
Transfer from Bylaw to Restricted Capital	(624,063)	624,063				-
Transfer from AFG - Seismic		153,875				153,875
	7,625,416	827,488	-	-	-	8,452,904
Decrease:						
Transferred to DCR - Capital Additions	3,755,441					3,755,441
Transferred to DCR - Work in Progress	4,409,716					4,409,716
	8,165,157	-	-	-	-	8,165,157
	(539,741)	827,488	-	-	-	287,747
Net Changes for the Year	3,025	4,114,722	-	124,379	-	4,242,126
Balance, end of year						