

Audited Financial Statements of

School District No. 54 (Bulkley Valley)

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

School District No. 54 (Bulkley Valley)

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

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School District No. 54 (Bulkley Valley)


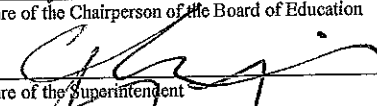
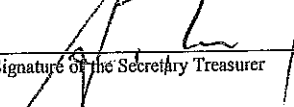
Statement of Financial Position

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

| | June 30, 2013 | June 30, 2012 (Restated-Note 2, 19) | July 1, 2011 (Restated-Note 2, 19) |
|---|--------------------|--|---------------------------------------|
| | \$ | \$ | \$ |
| Financial Assets | | | |
| Cash and Cash Equivalents | 6,394,955 | 5,977,488 | 5,772,090 |
| Accounts Receivable | | | |
| Due from Province - Ministry of Education | 400,209 | 27,442 | 25,640 |
| Due from LEA/Direct Funding | 429,563 | 298,018 | 700,483 |
| Other (Note 4) | 240,021 | 242,493 | 236,643 |
| Total Financial Assets | 7,464,748 | 6,545,441 | 6,734,856 |
| Liabilities | | | |
| Accounts Payable and Accrued Liabilities | | | |
| Other | 850,266 | 571,165 | 646,461 |
| Deferred Revenue (Note 6) | 976,298 | 954,119 | 1,286,286 |
| Deferred Capital Revenue (Note 7) | 11,808,269 | 11,038,983 | 11,066,834 |
| Employee Future Benefits (Note 8) | 451,102 | 433,746 | 450,728 |
| Other Liabilities (Note 5) | 1,632,352 | 1,453,232 | 1,513,467 |
| Total Liabilities | 15,718,287 | 14,451,245 | 14,963,776 |
| Net Financial Assets (Debt) | (8,253,539) | (7,905,804) | (8,228,920) |
| Non-Financial Assets | | | |
| Tangible Capital Assets (Note 9) | 19,514,760 | 18,955,721 | 18,679,630 |
| Prepaid Expenses | 9,116 | 10,274 | 26,636 |
| Other Assets | | | |
| Total Non-Financial Assets | 19,523,876 | 18,965,995 | 18,706,266 |
| Accumulated Surplus (Deficit) (Note 2, 17) | 11,270,337 | 11,060,191 | 10,477,346 |

Contractual Obligations and Contingencies (Note 13)

Approved by the Board

| | |
|---|-------------|
|  | Sept 26/13 |
| Signature of the Chairperson of the Board of Education | Date Signed |
|  | Sept 26/13 |
| Signature of the Superintendent | Date Signed |
|  | Sept 26/13 |
| Signature of the Secretary Treasurer | Date Signed |

School District No. 54 (Bulkley Valley)

Statement of Operations

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget (Note 15) | 2013 Actual | 2012 Actual (Restated-Note 2, 19) |
|---|-----------------------------|-------------------|---|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 22,411,425 | 23,110,808 | 22,932,241 |
| Tuition | 21,000 | 21,000 | |
| Other Revenue | 2,175,631 | 1,932,738 | 2,091,506 |
| Rentals and Leases | 10,000 | 9,738 | 5,358 |
| Investment Income | 45,260 | 47,948 | 49,584 |
| Amortization of Deferred Capital Revenue (Note 7) | 730,843 | 725,284 | 725,191 |
| Total Revenue | <u>25,394,159</u> | <u>25,847,516</u> | <u>25,803,880</u> |
| Expenses (Note 16) | | | |
| Instruction | 18,229,822 | 18,408,206 | 17,892,277 |
| District Administration | 1,001,624 | 982,370 | 1,000,046 |
| Operations and Maintenance | 5,211,268 | 4,803,855 | 4,965,771 |
| Transportation and Housing | 1,165,343 | 1,442,939 | 1,362,941 |
| Total Expense | <u>25,608,057</u> | <u>25,637,370</u> | <u>25,221,035</u> |
| Surplus (Deficit) for the year | <u>(213,898)</u> | <u>210,146</u> | <u>582,845</u> |
| Accumulated Surplus (Deficit) from Operations, beginning of year | | <u>11,060,191</u> | <u>10,477,346</u> |
| Accumulated Surplus (Deficit) from Operations, end of year | | <u>11,270,337</u> | <u>11,060,191</u> |

School District No. 54 (Bulkley Valley)

Statement of Changes in Net Financial Assets (Debt)

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|--------------------|--------------------|-----------------------|
| | (Note 15) | | (Restated-Note 2, 19) |
| | \$ | \$ | \$ |
| Surplus (Deficit) for the year | <u>(213,898)</u> | <u>210,146</u> | <u>582,845</u> |
| Effect of change in Tangible Capital Assets (Note 9) | | | |
| Acquisition of Tangible Capital Assets (Note 9) | (2,001,580) | (1,614,345) | (1,283,783) |
| Amortization of Tangible Capital Assets (Note 9) | <u>1,059,114</u> | <u>1,055,304</u> | <u>1,007,692</u> |
| Total Effect of change in Tangible Capital Assets | <u>(942,466)</u> | <u>(559,041)</u> | <u>(276,091)</u> |
| Use of Prepaid Expenses | | <u>1,160</u> | <u>16,362</u> |
| Total Effect of change in Other Non-Financial Assets | <u>-</u> | <u>1,160</u> | <u>16,362</u> |
| (Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses) | <u>(1,156,364)</u> | <u>(347,735)</u> | <u>323,116</u> |
| Net Remeasurement Gains (Losses) | | | |
| (Increase) Decrease in Net Financial Assets (Debt) | | <u>(347,735)</u> | <u>323,116</u> |
| Net Financial Assets (Debt), beginning of year | | <u>(7,905,804)</u> | <u>(8,228,920)</u> |
| Net Financial Assets (Debt), end of year | | <u>(8,253,539)</u> | <u>(7,905,804)</u> |

School District No. 54 (Bulkley Valley)

Statement of Cash Flows

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Actual | 2012 Actual (Restated-Note 2, 19) |
|---|--------------------|--|
| | \$ | \$ |
| Operating Transactions | | |
| Surplus (Deficit) for the year | 210,146 | 582,845 |
| Changes in Non-Cash Working Capital | | |
| Decrease (Increase) | | |
| Accounts Receivable | (501,840) | 394,815 |
| Prepaid Expenses | 1,158 | 16,361 |
| Increase (Decrease) | | |
| Accounts Payable and Accrued Liabilities | 279,102 | (75,296) |
| Deferred Revenue | 22,179 | (332,168) |
| Employee Future Benefits | 17,356 | (16,982) |
| Other Liabilities | 179,121 | (60,235) |
| Amortization of Tangible Capital Assets (Note 9) | 1,055,304 | 1,007,692 |
| Amortization of Deferred Capital Revenue | (725,284) | (725,191) |
| Total Operating Transactions | <u>537,242</u> | <u>791,841</u> |
| Capital Transactions | | |
| Tangible Capital Assets Purchased (Note 9) | <u>(1,614,345)</u> | <u>(1,283,783)</u> |
| Total Capital Transactions | <u>(1,614,345)</u> | <u>(1,283,783)</u> |
| Financing Transactions | | |
| Capital Revenue Received | <u>1,494,570</u> | 697,340 |
| Total Financing Transactions | <u>1,494,570</u> | <u>697,340</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 417,467 | 205,398 |
| Cash and Cash Equivalents, beginning of year | 5,977,488 | 5,772,090 |
| Cash and Cash Equivalents, end of year | <u>6,394,955</u> | <u>5,977,488</u> |
| Cash and Cash Equivalents, end of year, is made up of: | | |
| Cash Equivalents | <u>6,394,955</u> | <u>5,977,488</u> |
| | <u>6,394,955</u> | <u>5,977,488</u> |

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 1 AUTHORITY AND PURPOSE

The School District operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 54 (Bulkley Valley)", and operates as "School District No. 54 (Bulkley Valley)." 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. 54 (Bulkley Valley) 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 (deficit); and
- Tangible capital asset impairment:
 - a. The School District has elected to apply *Section PS 3150* on a prospective basis from the date of transition.

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

- Previously, the School District was not required to record an accrued benefit obligation related to sick leave benefits as the benefits do not vest. PSA standards require that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services to the School District in return for the benefits. An adjustment was made to recognize a liability and an expense related to accumulated sick leave entitlements. The adjustment to the liability for employee future benefits at July 1, 2011 was \$19,550 resulting in a revised liability of \$450,728. An additional expense of \$12,426 was recognized in the 2012 fiscal year resulting in a revised liability for employee future benefits at June 30, 2012 of \$433,746 related to the accrual for accumulated sick leave entitlements, determined by an actuarial valuation.

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS
(Continued)

- In accordance with the first time elections, the School District recognized all previous cumulative actuarial gains and losses relating to employee future benefits of \$135,786 at July 1, 2011 resulting in a decrease to the Employee Future Benefits liability and an increase in accumulated surplus. An additional expense of \$7,123 was recognized in the 2012 fiscal year as a result of removing the amortization of those cumulative actuarial gains and losses.

| | Previously stated July 1, 2011 | Adjustment July 1, 2011 | Restated July 1, 2011 |
|--|-----------------------------------|----------------------------|--------------------------|
| Deferred Capital Revenue (formerly Deferred Contribution) | 10,985,789 | 81,045 | 11,066,834 |
| Employee Future Benefits | 470,278 | (19,550) | 450,728 |

| | Previously stated June 30, 2012 | Adjustment June 30, 2012 | Restated June 30, 2012 |
|--|------------------------------------|-----------------------------|---------------------------|
| Deferred Capital Revenue (formerly Deferred Contribution) | 10,737,155 | 301,828 | 11,038,983 |
| Employee Future Benefits | 446,172 | (12,426) | 433,746 |

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 | \$10,457,796 |
| Adjustments to accumulated surplus (deficit) | |
| Add non-vested benefits to Employee Future Benefits | (116,236) |
| Recognize cumulative unamortized actuarial gain/loss on Employee Future Benefits | 135,786 |
| Accumulated surplus (deficit) as restated, July 1, 2011 | <u>\$10,477,346</u> |
| Annual surplus (deficit) as originally reported for the year ended June 30, 2012 | \$562,464 |
| Adjustments to annual surplus (deficit) for the year | |
| Employee Future Benefits amortization expense/revenue | (7,123) |
| Amortization of Deferred Capital Contributions | 21,949 |
| Amortization of Capital Assets | 5,555 |
| Annual surplus (deficit) for the year as restated for the year ended June 30, 2012 | <u>582,845</u> |
| Accumulated surplus (deficit), end of year as restated, June 30, 2012 | <u><u>\$11,060,190</u></u> |

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO 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 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(d) and 3(i).

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(d) and 3(i).

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

As noted in notes 3 (d) and 3 (i), 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 \$11,066,834

Year-ended June 30, 2012 - increase in annual surplus by \$27,851

June 30, 2012 - increase in accumulated surplus and decrease in deferred contributions by \$11,038,983

Year-ended June 30, 2013 – increase in annual surplus by \$769,286

June 30, 2013 – increase in accumulated surplus and decrease in deferred capital revenue by \$11,808,269

b) Cash and Cash Equivalents

Cash and cash equivalent include cash and interest bearing bank deposits.

c) Accounts Receivable

All accounts receivable are considered collectable.

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) 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 (i).

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.

e) 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 (EARS_L) 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.

f) 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

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred. As at June 30, 2013 the liability is not reasonably determinable, due to unknown timeline.

g) Tangible Capital Assets

The following criteria apply:

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

h) 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

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

the respective fund when approved (see Notes 11 – Interfund Transfers and Note 17 – Internally Restricted Surplus). Funds and reserves are disclosed on unaudited Schedules 2, 3 and 4.

i) 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.

j) Expenditures

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

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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.

k) Financial Instruments

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

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

Except for portfolio investments in equity instruments quoted in an active market that are recorded at fair value, all financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

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

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

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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.

l) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in note 3 a) requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the potential impairment of assets, liabilities for contaminated sites, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

m) School Funds

Funds collected and used at the school level are included in these financial statements and reported under the special purpose fund as other revenue. Contributions collected during the year are recorded as deferred revenue. The deferred revenue is recognized as revenue in the year which the related expense is incurred. The District reports these funds using an April 1 – March 31 reporting period.

NOTE 4 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

| | June 30, 2013 | June 30, 2012 | July 1, 2011 |
|-----------------------------|------------------|------------------|------------------|
| Due from Federal Government | \$144,806 | \$166,447 | \$172,174 |
| Other | 95,215 | 76,046 | 64,469 |
| | <u>\$240,021</u> | <u>\$242,493</u> | <u>\$236,643</u> |

NOTE 5 OTHER LIABILITIES

| | June 30, 2013 | June 30, 2012 | July 1, 2011 |
|-------------------------------|--------------------|--------------------|--------------------|
| Salaries and benefits payable | 1,313,751 | 1,175,803 | 1,236,038 |
| Accrued vacation pay | 318,601 | 277,429 | 277,429 |
| | <u>\$1,632,352</u> | <u>\$1,453,232</u> | <u>\$1,513,467</u> |

NOTE 6 DEFERRED REVENUE

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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.

| | <u>June 30,</u> <u>2013</u> | <u>June 30,</u> <u>2012</u> | <u>July 1,</u> <u>2011</u> |
|---|--------------------------------|--------------------------------|-------------------------------|
| Deferred Revenue, Beginning of Year | \$954,119 | \$1,286,286 | \$1,591,060 |
| Changes for the Year: | | | |
| Increase: | | | |
| Provincial Grants – Ministry of Education | 932,162 | 469,065 | 314,256 |
| Other | 990,968 | 1,137,188 | 1,140,553 |
| Investment Income | 2,050 | 2,064 | 6,857 |
| | <u>\$1,925,180</u> | <u>\$1,608,317</u> | <u>\$1,461,666</u> |
| Decrease: | | | |
| Allocation to Revenue | <u>(1,903,001)</u> | <u>(1,940,484)</u> | <u>(1,766,440)</u> |
| Net changes for the year | <u>22,176</u> | <u>(332,167)</u> | <u>(304,774)</u> |
| Deferred Revenue, End of Year | <u>\$976,298</u> | <u>\$954,116</u> | <u>\$1,286,286</u> |

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 7 DEFERRED CAPITAL REVENUE

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

| | June 30, 2013 | June 30, 2012 | June 30, 2011 |
|--|----------------------------|----------------------------|----------------------------|
| Deferred Capital Revenue, Beginning of Year | <u>\$10,715,206</u> | <u>\$10,985,789</u> | <u>\$11,256,993</u> |
| Changes for the Year: | | | |
| Increase: | | | |
| Transferred from Deferred Revenue – Capital Additions | <u>1,366,979</u> | <u>454,608</u> | <u>448,000</u> |
| Decrease: | | | |
| Amortization of Deferred Capital Revenue | <u>(725,284)</u> | <u>(703,242)</u> | <u>(719,204)</u> |
| Prior period adjustment | | <u>(21,949)</u> | |
| | <u>(725,284)</u> | <u>(725,191)</u> | <u>(719,204)</u> |
| Net changes for the year | <u>619,746</u> | <u>(270,583)</u> | <u>(271,204)</u> |
| Deferred Capital Revenue, End of Year | <u>\$11,356,901</u> | <u>\$10,715,206</u> | <u>\$10,985,789</u> |
| Unspent Deferred Capital Revenue, Beginning of Year | <u>323,777</u> | <u>81,045</u> | <u>80,308</u> |
| Increase: | | | |
| Provincial Grants – Ministry of Education | <u>1,493,716</u> | <u>696,508</u> | <u>448,000</u> |
| Investment Income | <u>854</u> | <u>832</u> | <u>737</u> |
| | <u>1,494,570</u> | <u>697,340</u> | <u>448,737</u> |
| Decrease: | | | |
| Transferred to Deferred Capital Revenue – Capital Additions | <u>(1,366,979)</u> | <u>(454,608)</u> | <u>(448,000)</u> |
| Net changes for the year | <u>127,591</u> | <u>242,732</u> | <u>737</u> |
| Unspent Deferred Capital Revenue, End of Year | <u>451,368</u> | <u>323,777</u> | <u>81,045</u> |
| Total Deferred Capital Revenue, End of Year | <u>\$11,808,269</u> | <u>\$11,038,983</u> | <u>\$11,066,834</u> |

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 8 EMPLOYEE FUTURE BENEFITS

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

| | June 30, 2013 | June 30, 2012 |
|---|------------------|------------------|
| Reconciliation of Accrued Benefit Obligation | | |
| Accrued Benefit Obligation – April 1 | \$489,139 | \$351,092 |
| Non-vested Benefit Obligation – July 1, 2011 | | 116,236 |
| Service Cost | 35,118 | 32,718 |
| Interest Cost | 21,191 | 22,625 |
| Benefit Payments | (49,031) | (75,085) |
| Increase (Decrease) in obligation due to Plan Amendment | | |
| Actuarial (Gain) Loss | 63,922 | 41,553 |
| Accrued Benefit Obligation – March 31 | <u>\$560,339</u> | <u>\$489,139</u> |

Reconciliation of Funded Status at End of Fiscal Year

| | | |
|---|--------------------|--------------------|
| Accrued Benefit Obligation – March 31 | \$560,339 | \$489,139 |
| Market Value of Plan Assets – March 31 | | |
| Funded Status – Surplus (Deficit) | (560,339) | (489,139) |
| Employer Contributions After Measurement Date | 8,230 | 13,840 |
| Unamortized Net Actuarial (Gain) Loss | 101,007 | 41,553 |
| Accrued Benefit Asset (Liability) – June 30 | <u>\$(451,102)</u> | <u>\$(433,746)</u> |

Reconciliation of Change in Accrued Benefit Liability

| | | |
|---|------------------|------------------|
| Accrued Benefit Liability – July 1 | \$433,746 | \$470,278 |
| Recognize Non-Vested Benefits – July 1, 2011 | | 116,236 |
| Recognize Unamortized (Gains) Losses – July 1, 2011 | | (135,786) |
| Accrued Benefit Liability – July 1 (restated) | 433,746 | 450,728 |
| Net expense for Fiscal Year | 60,777 | 55,343 |
| Employer Contributions | (43,421) | (72,325) |
| Accrued Benefit Liability – June 30 | <u>\$451,102</u> | <u>\$433,746</u> |

| | June 30, 2013 | June 30, 2012 |
|---|--|-----------------|
| | Components of Net Benefit Expense | |
| Service Cost | \$35,118 | \$32,718 |
| Interest Cost | 21,191 | 22,625 |
| Immediate Recognition of Plan Amendment | | |
| Amortization of Net Actuarial (Gain)/Loss | 4,468 | |
| Net Benefit Expense (Income) | <u>\$60,777</u> | <u>\$55,343</u> |

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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 |
| EARSLS – March 31 | 9.7 | 9.3 |

NOTE 9 TANGIBLE CAPITAL ASSETS

June 30, 2013

| Cost: | Balance at July 1, 2012 | Additions | Disposals | Balance at June 30, 2013 |
|-----------------------|----------------------------|--------------------|------------------|-----------------------------|
| Sites | \$1,573,632 | \$0 | \$ | \$1,573,632 |
| Buildings | 34,924,065 | 943,340 | | 35,867,405 |
| Furniture & Equipment | 650,506 | 126,015 | 32,268 | 744,253 |
| Vehicles | 2,710,801 | 544,990 | 179,599 | 3,076,192 |
| Computer Hardware | 60,397 | | 1,135 | 59,262 |
| Total | \$39,919,401 | \$1,614,345 | \$213,002 | \$41,320,744 |

| Accumulated Amortization: | Balance at July 1, 2012 | Additions | Disposals | Balance at June 30, 2013 |
|---------------------------|----------------------------|--------------------|------------------|-----------------------------|
| Sites | \$ | \$ | \$ | \$ |
| Buildings | 19,064,221 | 684,250 | | 19,748,471 |
| Furniture & Equipment | 331,270 | 69,738 | 32,268 | 368,740 |
| Vehicles | 1,542,071 | 289,350 | 179,599 | 1,651,822 |
| Computer Hardware | 26,120 | 11,966 | 1,135 | 36,951 |
| Total | \$20,963,682 | \$1,055,304 | \$213,002 | \$21,805,984 |

June 30, 2012

| Cost: | Balance at July 1, 2011 | Additions | Disposals | Balance at June 30, 2012 |
|------------------------------|----------------------------|--------------------|------------------|-----------------------------|
| Sites | \$1,573,632 | \$ | \$ | \$1,573,632 |
| Buildings | 33,784,455 | 1,139,610 | | 34,924,065 |
| Buildings – work in progress | | | | |
| Furniture & Equipment | 712,745 | 49,817 | 112,056 | 650,506 |
| Vehicles | 2,619,762 | 91,039 | | 2,710,801 |
| Computer Hardware | 72,410 | 3,317 | 15,330 | 60,397 |
| Total | \$38,763,004 | \$1,283,783 | \$127,386 | \$39,919,401 |

| Accumulated Amortization: | Balance at July 1, 2011 | Additions | Disposals | Balance at June 30, 2012 |
|---------------------------|----------------------------|--------------------|------------------|-----------------------------|
| Sites | \$ | \$ | \$ | \$ |
| Buildings | \$18,398,385 | 665,686 | | 19,064,071 |
| Furniture & Equipment | 407,631 | 68,222 | 112,056 | 363,797 |
| Vehicles | 1,251,447 | 266,528 | | 1,517,975 |
| Computer Hardware | 25,912 | 12,811 | 15,330 | 23,393 |
| Total | \$20,083,375 | \$1,013,247 | \$127,386 | \$20,969,236 |

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

Net Book Value:

| | Net Book Value June 30, 2013 | Net Book Value June 30, 2012 | Net Book Value July 1, 2011 |
|-----------------------|---------------------------------|---------------------------------|--------------------------------|
| Sites | \$1,573,632 | \$1,573,632 | \$1,573,632 |
| Buildings | 16,118,934 | 15,859,845 | 15,386,070 |
| Furniture & Equipment | 375,513 | 319,237 | 304,047 |
| Vehicles | 1,424,370 | 1,168,730 | 1,368,315 |
| Computer Hardware | 22,311 | 34,277 | 47,565 |
| Total | \$19,514,760 | \$18,955,721 | \$18,679,629 |

NOTE 10 EMPLOYEE PENSION PLANS

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

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2011 indicated an \$855 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2014 with results available in 2015. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2009 indicated a \$1,024 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan. School District No. 54 (Bulkley Valley) has paid \$1,937,521 (2012: \$2,042,259) for employer contributions to these plans in the year ended June 30, 2013.

NOTE 11 INTERFUND TRANSFERS

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

- Transfers to the capital Fund from the Operating Fund for capital asset purchase of \$8,888
- Transfers to the Capital Fund from the Special Purposes Fund for capital purchases of \$151,409
- Transfers to the Capital Fund from the Operating Fund for the local capital reserve fund of \$36,500

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 12 RELATED PARTY TRANSACTIONS

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

NOTE 13 CONTRACTUAL OBLIGATIONS

The School District has capital purchase commitments at June 30, 2013 as follows:

Building Envelope Program \$1,100,000

NOTE 14 MEASUREMENT UNCERTAINTIES

Preparation of financial statements in accordance with Public Sector Accounting Board requires management to make estimates and assumptions that impact reported amounts for 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.

NOTE 15 BUDGET FIGURES

Budget figures included in the financial statements are the amended budget approved by the Board through the adoption of an amended annual budget on February 13, 2013. While PSA standards require the presentation of the originally planned budget, an amended budget based on more accurate enrolment numbers was approved by the Board and filed with the Ministry of Education on February 13, 2013. Significant changes between the original and amended budget are as follows:

| | Original Budget | Amended Budget | Change |
|---|---------------------|---------------------|------------------|
| Revenues | \$25,667,894 | \$25,394,159 | (\$273,735) |
| Expenses | | | |
| Instruction | 18,212,526 | 18,229,822 | 17,296 |
| District Administration | 989,325 | 1,001,624 | 12,299 |
| Operations & Maintenance | 3,894,992 | 4,152,154 | 257,162 |
| Transportation & Housing | 1,088,746 | 1,163,343 | 74,597 |
| Amortization of Tangible Capital Assets | 1,047,260 | 1,059,114 | 11,854 |
| Total Expenses | \$25,232,849 | \$25,608,057 | \$373,208 |

NOTE 16 EXPENSE BY OBJECT

| | June 30, 2013 | June 30, 2012 |
|-----------------------|---------------------|---------------------|
| Salaries and benefits | \$20,963,238 | \$20,527,884 |
| Services and supplies | 3,618,828 | 3,685,459 |
| Amortization | 1,055,304 | 1,007,692 |
| | <u>\$25,637,370</u> | <u>\$25,221,035</u> |

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 17 INTERNALLY RESTRICTED SURPLUS – OPERATING FUND

| | June 30, 2013 | June 30, 2012 |
|--|---------------|---------------|
| Internally Restricted (appropriated) by Board for: | | |
| Aboriginal Education | \$138,983 | \$75,537 |
| Administrative Officers | 46,662 | 36,757 |
| Allocation to Schools | 37,986 | 65,802 |
| Fund Allocation to Schools | 155,068 | 146,229 |
| | \$378,699 | \$324,325 |
| | | |
| Internally Restricted (capital fund) | \$1,323,711 | \$1,359,328 |
| | | |
| Subtotal Internally Restricted | \$1,702,410 | \$1,683,653 |
| | | |
| Unrestricted Operating Surplus (Deficit) | 1,408,580 | 1,134,537 |
| Total Available for Future Operations | \$3,110,990 | \$2,818,190 |

NOTE 18 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.

NOTE 19 PRIOR PERIOD ADJUSTMENT

During the 2011-2012 year, the School District changed its accounting policy on capital assets and deferred capital contributions. In previous years, the School District began amortizing assets in the year following acquisition, with a full year charged in the year of disposal. The same amortization policy applied to deferred capital contributions. The new accounting policy amortizes capital assets and deferred contributions at 50% of the normal rate in the year of acquisition and in the year of disposal. During fiscal 2013, the School District discovered amounts that should have been corrected as part of this change in accounting policy. The changes have been accounted for retrospectively.

| | Capital Assets | Deferred Capital |
|------------------------------|-------------------|---------------------|
| Additional Amortization 2012 | | |
| Buildings | \$150 | \$149 |
| Furniture & Equipment | (32,528) | 0 |
| Vehicles | 24,096 | 21,800 |
| Computer Hardware | 2,727 | 0 |
| Total | \$(5,555) | \$21,949 |

NOTE 20 RISK MANAGEMENT

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

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

BOARD OF EDUCATION OF SCHOOL DISTRICT No. 54
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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.

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. 54 (Bulkeley Valley)

Schedule 1

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

| | 2012 | | 2013 | |
|---|----------------|----------------------|--------------|------------------------------|
| | Operating Fund | Special Purpose Fund | Capital Fund | Actual (Restated-Note 2, 19) |
| | \$ | \$ | \$ | \$ |
| Accumulated Surplus (Deficit), beginning of year | 1,458,862 | | 9,601,329 | 11,060,191 |
| Change in Accounting Policies/Prior Period Adjustments | | | | 10,457,796 |
| Add non-vested benefits to Employee Future Benefits | | | | (116,236) |
| Recognize unamortized gain (loss) on Employee Future Benefits | | | | 135,786 |
| Accumulated Surplus (Deficit), beginning of year, as restated | 1,458,862 | - | 9,601,329 | 11,060,191 |
| Changes for the year | | | | 10,477,346 |
| Surplus (Deficit) for the year | 373,805 | 151,409 | (315,068) | 210,146 |
| Interfund Transfers | (8,888) | (151,409) | 160,297 | - |
| Tangible Capital Assets Purchased | (36,500) | | 36,500 | - |
| Local Capital | 328,417 | - | (118,271) | 210,146 |
| Net Changes for the year | 328,417 | - | (118,271) | 210,146 |
| Accumulated Surplus (Deficit), end of year - Statement 2 | 1,787,279 | - | 9,483,058 | 11,270,337 |
| | | | | 11,060,191 |

School District No. 54 (Bulkley Valley)

Schedule of Operating Operations

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated-Note 2, 19) |
|--|-------------------|-------------------|---|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 21,567,258 | 22,230,864 | 21,830,111 |
| Tuition | 21,000 | 21,000 | |
| Other Revenue | 1,072,741 | 909,681 | 1,131,912 |
| Rentals and Leases | 10,000 | 9,738 | 5,358 |
| Investment Income | 30,000 | 32,996 | 33,878 |
| Total Revenue | <u>22,700,999</u> | <u>23,204,279</u> | <u>23,001,259</u> |
| Expenses | | | |
| Instruction | 17,652,173 | 17,861,232 | 17,892,277 |
| District Administration | 1,001,624 | 982,370 | 1,000,046 |
| Operations and Maintenance | 2,913,895 | 2,833,283 | 2,847,885 |
| Transportation and Housing | 1,165,343 | 1,153,589 | 1,096,413 |
| Total Expense | <u>22,733,035</u> | <u>22,830,474</u> | <u>22,836,621</u> |
| Operating Surplus (Deficit) for the year | <u>(32,036)</u> | <u>373,805</u> | <u>164,638</u> |
| Budgeted Appropriation (Retirement) of Surplus (Deficit) | <u>75,536</u> | | |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | (7,000) | (8,888) | (23,466) |
| Local Capital | (36,500) | (36,500) | (36,500) |
| Total Net Transfers | <u>(43,500)</u> | <u>(45,388)</u> | <u>(59,966)</u> |
| Total Operating Surplus (Deficit), for the year | <u>-</u> | <u>328,417</u> | <u>104,672</u> |
| Operating Surplus (Deficit), beginning of year | | 1,458,862 | 1,334,640 |
| Change in Accounting Policies/Prior Period Adjustments | | | |
| Add non-vested benefits to Employee Future Benefits | | | (116,236) |
| Recognize unamortized gain (loss) on Employee Future Benefits | | | 135,786 |
| Reclassify Deferred Contributions | | | - |
| Operating Surplus (Deficit), beginning of year, as restated | | <u>1,458,862</u> | <u>1,354,190</u> |
| Operating Surplus (Deficit), end of year | | <u>1,787,279</u> | <u>1,458,862</u> |
| Operating Surplus (Deficit), end of year | | | |
| Internally Restricted | | 378,699 | 324,325 |
| Unrestricted | | 1,408,580 | 1,134,537 |
| Total Operating Surplus (Deficit), end of year | | <u>1,787,279</u> | <u>1,458,862</u> |

School District No. 54 (Bulkley Valley)

Schedule 2A

Schedule of Operating Revenue by Source
 Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated-Note 2, 19) |
|--|-------------------|-------------------|---|
| | \$ | \$ | \$ |
| Provincial Grants - Ministry of Education | | | |
| Operating Grant, Ministry of Education | 22,397,040 | 22,796,411 | 22,627,478 |
| AANDC/LEA Recovery | (1,055,241) | (826,619) | (1,053,979) |
| Other Ministry of Education Grants | | | |
| Pay Equity | 225,459 | 225,459 | 225,459 |
| Carbon Tax Rebate | | 35,613 | 30,848 |
| Smart Tools | | | 305 |
| Total Provincial Grants - Ministry of Education | 21,567,258 | 22,230,864 | 21,830,111 |
| Tuition | | | |
| Offshore Tuition Fees | 21,000 | 21,000 | - |
| Total Tuition | 21,000 | 21,000 | - |
| Other Revenues | | | |
| LEA/Direct Funding from First Nations | 1,055,241 | 826,619 | 1,053,979 |
| Miscellaneous | | | |
| Bussing | 17,500 | 16,881 | 17,171 |
| Other | | 66,181 | 39,402 |
| French Monitor | | | 21,360 |
| Total Other Revenue | 1,072,741 | 909,681 | 1,131,912 |
| Rentals and Leases | 10,000 | 9,738 | 5,358 |
| Investment Income | 30,000 | 32,996 | 33,878 |
| Total Operating Revenue | 22,700,999 | 23,204,279 | 23,001,259 |

School District No. 54 (Bulkley Valley)

Schedule 2B

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

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated-Note 2, 19) |
|-------------------------------------|-------------------|-------------------|---|
| | \$ | \$ | \$ |
| Salaries | | | |
| Teachers | 9,027,961 | 9,159,047 | 9,381,766 |
| Principals and Vice Principals | 1,660,024 | 1,715,460 | 1,553,151 |
| Educational Assistants | 1,530,290 | 1,357,886 | 1,418,056 |
| Support Staff | 2,380,762 | 2,392,527 | 2,426,481 |
| Other Professionals | 976,710 | 975,428 | 1,018,457 |
| Substitutes | 629,250 | 700,055 | 618,056 |
| Total Salaries | 16,204,997 | 16,300,403 | 16,415,967 |
| Employee Benefits | 3,980,653 | 4,115,861 | 4,111,917 |
| Total Salaries and Benefits | 20,185,650 | 20,416,264 | 20,527,884 |
| Services and Supplies | | | |
| Services | 420,900 | 385,353 | 357,967 |
| Professional Development and Travel | 107,500 | 115,652 | 99,592 |
| Dues and Fees | 33,700 | 46,939 | 30,967 |
| Insurance | 102,300 | 93,251 | 97,685 |
| Supplies | 1,315,485 | 1,280,075 | 1,222,897 |
| Utilities | 567,500 | 492,940 | 499,629 |
| Total Services and Supplies | 2,547,385 | 2,414,210 | 2,308,737 |
| Total Operating Expense | 22,733,035 | 22,830,474 | 22,836,621 |

School District No. 54 (Bulkeley Valley)
Operating Expense by Function, Program and Object

Year Ended June 30, 2013

| | Teachers Salaries | Principals and Vice Principals Salaries | Educational Aids Salaries | Support Staff Salaries | Other Professionals Salaries | Subsidies | Total Salaries | Total Salaries | Employee Benefits | Total Salaries and Benefits | Services and Supplies | 2012 Annual | 2013 Budget | 2012 Actual |
|--|-------------------|---|---------------------------|------------------------|------------------------------|-----------|----------------|----------------|-------------------|-----------------------------|-----------------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | | | | | | | | |
| 1.02 Regular Instruction | 7,488,211 | 61,821 | 1,857,886 | 536,492 | 154,171 | 562,601 | 13,475,857 | 13,475,857 | 3,314,652 | 16,790,509 | 298,725 | 16,859,232 | 17,252,173 | 17,592,277 |
| 1.03 Career Programs | 25,051 | | | | | 2,000 | 25,051 | 25,051 | 63,846 | 309,513 | 35,705 | 395,518 | 398,420 | 420,680 |
| 1.07 Library Services | 385,848 | 31,053 | 78,791 | 21,888 | | 19,217 | 519,599 | 48,929 | 1,259 | 69,657 | 48,424 | 118,081 | 122,407 | 129,598 |
| 1.08 Counseling | 232,591 | | | | | 6,444 | 239,035 | 239,035 | 62,725 | 358,343 | 110,428 | 468,771 | 480,797 | 469,768 |
| 1.10 Special Education | 92,094 | 119,750 | 985,323 | 42,334 | 83,558 | 102,779 | 2,256,768 | 2,256,768 | 584,623 | 2,851,391 | 59,050 | 2,910,441 | 2,857,992 | 3,018,243 |
| 1.31 Awarding Education | 81,022 | | 233,021 | 10,797 | | 8,740 | 423,879 | 423,879 | 104,434 | 527,313 | 34,481 | 561,794 | 700,775 | 582,183 |
| 1.62 O/S State Students | | 751,770 | | 237,669 | | 20,501 | 1,010,140 | 1,010,140 | 259,466 | 1,269,606 | 56,200 | 1,325,806 | 1,266,566 | 1,313,031 |
| 1.64 Other | | | | | | | | | | | | | | 946 |
| Total Function 1 | 9,150,047 | 1,715,460 | 1,857,886 | 536,492 | 154,171 | 562,601 | 13,475,857 | 13,475,857 | 3,314,652 | 16,790,509 | 298,725 | 16,859,232 | 17,252,173 | 17,592,277 |
| 4 District Administration | | | | | | | | | | | | | | |
| 4.11 Educational Administration | | | | (5,476) | 279,443 | | 295,967 | 295,967 | 63,846 | 359,813 | 35,705 | 395,518 | 398,420 | 420,680 |
| 4.40 School District Governance | | | | 68,407 | | | 68,407 | 68,407 | 1,259 | 69,657 | 48,424 | 118,081 | 122,407 | 129,598 |
| 4.41 Business Administration | | | | 36,672 | 250,135 | | 295,617 | 295,617 | 62,725 | 358,343 | 110,428 | 468,771 | 480,797 | 469,768 |
| Total Function 4 | | | | 33,016 | 629,675 | | 659,691 | 659,691 | 137,822 | 797,513 | 194,557 | 992,370 | 1,001,624 | 1,000,046 |
| 5 Operations and Maintenance | | | | | | | | | | | | | | |
| 5.01 Operations and Maintenance Administration | | | | 21,392 | 110,991 | 455 | 132,839 | 132,839 | 25,890 | 158,729 | 56,673 | 215,402 | 227,381 | 213,021 |
| 5.50 Maintenance Operations | | | | 1,202,285 | | | 1,202,285 | 1,202,285 | 3,129 | 1,490,402 | 940,388 | 1,964,770 | 1,973,954 | 1,991,192 |
| 5.52 Maintenance of Grounds | | | | 58,729 | | | 58,729 | 58,729 | 17,097 | 75,826 | 49,256 | 125,082 | 125,082 | 125,082 |
| 5.56 Utilities | | | | | | | | | | | 492,356 | 492,356 | 492,356 | 517,116 |
| Total Function 5 | | | | 1,282,406 | 110,991 | 92,254 | 1,494,391 | 1,494,391 | 387,244 | 1,881,637 | 991,566 | 2,833,843 | 2,913,895 | 2,847,385 |
| 7 Transportation and Housing | | | | | | | | | | | | | | |
| 7.01 Transportation and Housing Administration | | | | 19,515 | 83,091 | 455 | 103,062 | 103,062 | 22,283 | 125,345 | 12,145 | 137,490 | 138,889 | 139,200 |
| 7.70 State Transportation | | | | 530,099 | | | 527,102 | 527,102 | 173,738 | 700,840 | 275,339 | 1,016,095 | 1,029,454 | 957,213 |
| Total Function 7 | | | | 549,614 | 83,091 | 924 | 630,658 | 630,658 | 196,021 | 826,679 | 287,484 | 1,153,589 | 1,168,343 | 1,096,413 |
| 9 Debt Services | | | | | | | | | | | | | | |
| Total Function 9 | | | | | | | | | | | | | | |
| Total Functions 1 - 9 | 9,150,047 | 1,715,460 | 1,857,886 | 2,397,527 | 975,828 | 700,855 | 16,300,403 | 16,300,403 | 4,115,861 | 20,416,264 | 2,414,210 | 22,830,474 | 22,720,095 | 22,588,621 |

School District No. 54 (Bulkley Valley)

Schedule of Special Purpose Operations
 Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (Restated-Note 2, 19) |
|---|------------------|------------------|---|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 844,167 | 879,944 | 1,102,130 |
| Other Revenue | 1,102,890 | 1,023,057 | 959,594 |
| Investment Income | 260 | | |
| Total Revenue | <u>1,947,317</u> | <u>1,903,001</u> | <u>2,061,724</u> |
| Expenses | | | |
| Instruction | 577,649 | 546,974 | |
| Operations and Maintenance | 1,238,259 | 1,204,618 | 1,376,722 |
| Total Expense | <u>1,815,908</u> | <u>1,751,592</u> | <u>1,376,722</u> |
| Special Purpose Surplus (Deficit) for the year | <u>131,409</u> | <u>151,409</u> | <u>685,002</u> |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | (131,409) | (151,409) | (685,002) |
| Total Net Transfers | <u>(131,409)</u> | <u>(151,409)</u> | <u>(685,002)</u> |
| Total Special Purpose Surplus (Deficit) for the year | <u>-</u> | <u>-</u> | <u>-</u> |
| Special Purpose Surplus (Deficit), beginning of year | | | |
| Special Purpose Surplus (Deficit), end of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Special Purpose Surplus (Deficit), end of year | | | |
| Total Special Purpose Surplus (Deficit), end of year | <u>-</u> | <u>-</u> | <u>-</u> |

School District No. 54 (Baldley Valley)
 Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2013

| | Annual Facility Grant | Learning Improvement Fund | Special Education Equipment | School Generated Funds | Strong Start | Ready, Set, Learn | OLEP | Community-LINK | MCA Funds | Scholarships & Memorials | Min Other | TOTAL |
|--|-----------------------|---------------------------|-----------------------------|------------------------|--------------|-------------------|---------|----------------|-----------|--------------------------|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | 20,000 | | 10,136 | 550,224 | 12,394 | 6,892 | 75,018 | - | 157,182 | 75,114 | 49,159 | 954,119 |
| Add: Restated Grants | 225,465 | 237,789 | 4,136 | 985,027 | 96,000 | 14,700 | 85,468 | 210,652 | | 5,541 | 7,972 | 952,162 |
| Provisional Grants - Ministry of Education | | | | | | | | | | | | |
| Other Investment Income | | | | | | | | | 1,729 | | | 995,968 |
| Less: Allocated to Revenue | 151,409 | 237,789 | 1,966 | 985,027 | 96,000 | 14,700 | 85,468 | 210,652 | 1,729 | 5,541 | 7,972 | 1,925,180 |
| Deferred Revenue, end of year | 24,056 | | 12,396 | 1,013,121 | 97,206 | 12,897 | 105,866 | 210,652 | 158,911 | 21,552 | 19,265 | 1,963,001 |
| Revenues | 151,409 | 237,789 | 1,966 | 1,013,121 | 97,206 | 12,897 | 105,866 | 210,652 | | 2,850 | 12,179 | 879,944 |
| Provisional Grants - Ministry of Education | | | | | | | | | | | | |
| Other Revenue | 151,409 | 237,789 | 1,966 | 1,013,121 | 97,206 | 12,897 | 105,866 | 210,652 | | 2,850 | 12,179 | 1,023,057 |
| Expenses | | | | | | | | | | | | |
| Salaries | | 151,088 | | | | | | | | | | 175,124 |
| Teachers | | 62,722 | | | 61,177 | | 24,116 | | | | | 123,899 |
| Educational Assistants | | | | | | | | 119,684 | | | | 119,684 |
| Support Staff | | | | | | | | | | | | |
| Substitutes | | | | | | | | | | | | |
| Employee Benefits | | 213,720 | | | 61,177 | | 23,327 | | | | | 1,211 |
| Services and Supplies | | 63,613 | | | 24,655 | | 5,952 | | | | | 419,518 |
| Interfund Transfers | | 19,456 | 1,966 | 1,013,121 | 11,574 | 12,897 | 74,587 | 58,112 | | | | 127,056 |
| Tangible Capital Assets Purchased | | 237,789 | 1,966 | 1,013,121 | 97,206 | 12,897 | 105,866 | 210,652 | | 2,850 | 19,265 | 1,204,618 |
| Net Revenue (Expense) before Interfund Transfers | 151,409 | | | | | | | | | | | 1,751,592 |
| Interfund Transfers | (151,409) | | | | | | | | | | | (151,409) |
| Tangible Capital Assets Purchased | (151,409) | | | | | | | | | | | (151,409) |
| Net Revenue (Expense) | | | | | | | | | | | | |

School District No. 54 (Bulkley Valley)

Schedule 4

Schedule of Capital Operations

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | | | 2012 Actual (Restated-Note 2, 19) |
|--|------------------|--|------------------|------------------|---|
| | | Invested in Tangible Capital Assets | Local Capital | Fund Balance | |
| | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | |
| Provincial Grants | | | 14,952 | 14,952 | 15,706 |
| Investment Income | 15,000 | | | | |
| Amortization of Deferred Capital Revenue | 730,843 | 725,284 | | 725,284 | 725,191 |
| Total Revenue | 745,843 | 725,284 | 14,952 | 740,236 | 740,897 |
| Expenses | | | | | |
| Amortization of Tangible Capital Assets | | | | 765,954 | 741,164 |
| Operations and Maintenance | 1,059,114 | 765,954 | | 289,350 | 266,528 |
| Transportation and Housing | | 289,350 | | | |
| Total Expense | 1,059,114 | 1,055,304 | - | 1,055,304 | 1,007,692 |
| Capital Surplus (Deficit) for the year | (313,271) | (330,020) | 14,952 | (315,068) | (266,795) |
| Net Transfers (to) from other funds | | | | | |
| Tangible Capital Assets Purchased | 138,409 | 160,297 | | 160,297 | 708,468 |
| Local Capital | 36,500 | | 36,500 | 36,500 | 36,500 |
| Total Net Transfers | 174,909 | 160,297 | 36,500 | 196,797 | 744,968 |
| Other Adjustments to Fund Balances | | | | | |
| Tangible Capital Assets Purchased from Local Capital | | 87,069 | (87,069) | - | |
| Total Other Adjustments to Fund Balances | | 87,069 | (87,069) | - | |
| Total Capital Surplus (Deficit) for the year | (138,362) | (82,654) | (35,617) | (118,271) | 478,173 |
| Capital Surplus (Deficit), beginning of year | | 8,242,001 | 1,359,328 | 9,601,329 | 9,123,156 |
| Capital Surplus (Deficit), end of year | | 8,159,347 | 1,323,711 | 9,483,058 | 9,601,329 |

School District No. 54 (Bulkley Valley)

Tangible Capital Assets
Year Ended June 30, 2013

| | Sites | Buildings | Furniture and Equipment | Vehicles | Computer Software | Computer Hardware | Total |
|--|------------|------------|----------------------------|-----------|----------------------|----------------------|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost, beginning of year | 1,573,632 | 34,924,065 | 650,506 | 2,710,801 | - | 60,397 | 39,919,401 |
| Changes for the Year | | | | | | | |
| Increase: | | | | | | | |
| Purchases from: | | | | | | | |
| Deferred Capital Revenue - Bylaw | | 791,931 | 57,317 | 517,731 | | | 1,366,979 |
| Operating Fund | | | 8,888 | | | | 8,888 |
| Special Purpose Funds | | 151,409 | | | | | 151,409 |
| Local Capital | | 943,340 | 59,810 | 27,259 | | | 87,069 |
| Total | | 1,886,680 | 126,015 | 544,990 | | | 1,614,345 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 32,268 | 179,599 | | 1,135 | 213,002 |
| Total | | | 32,268 | 179,599 | | 1,135 | 213,002 |
| Cost, end of year | 1,573,632 | 35,867,405 | 744,253 | 3,076,192 | - | 59,262 | 41,320,744 |
| Work in Progress, end of year | | | | | | | |
| Cost and Work in Progress, end of year | 1,573,632 | 35,867,405 | 744,253 | 3,076,192 | - | 59,262 | 41,320,744 |
| Accumulated Amortization, beginning of year | | 19,064,071 | 363,798 | 1,517,975 | | 23,393 | 20,969,237 |
| Changes in Accounting Policies/Prior Period Adjustments | | | | | | | |
| Amortization | 150 | | (32,528) | 24,096 | | 2,727 | (5,555) |
| Total | 150 | | (32,528) | 24,096 | | 2,727 | (5,555) |
| Accumulated Amortization, beginning of year, as restated | 19,064,221 | 331,270 | 1,542,071 | | | 26,120 | 20,963,682 |
| Changes for the Year | | | | | | | |
| Increase: Amortization for the Year | | 684,250 | 69,738 | 289,350 | | 11,966 | 1,055,304 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 32,268 | 179,599 | | 1,135 | 213,002 |
| Total | | | 32,268 | 179,599 | | 1,135 | 213,002 |
| Accumulated Amortization, end of year | 19,748,471 | 368,740 | 1,651,822 | | | 36,951 | 21,805,984 |
| Tangible Capital Assets - Net | 1,573,632 | 16,118,934 | 375,513 | 1,424,370 | - | 22,311 | 19,514,760 |

School District No. 54 (Bulkley Valley)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2013

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

School District No. 54 (Bulkley Valley)

Deferred Capital Revenue

Year Ended June 30, 2013

| | Bylaw Capital | Other Provincial | Other Capital | Total Capital |
|--|------------------|---------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Deferred Capital Revenue, beginning of year | 10,737,155 | | | 10,737,155 |
| Changes in Accounting Policies/Prior Period Adjustments | | | | (21,949) |
| District Entered | (21,949) | | | (21,949) |
| Deferred Capital Revenue, beginning of year, as restated | 10,715,206 | - | - | 10,715,206 |
| Changes for the Year | | | | |
| Increase: | | | | |
| Transferred from Deferred Revenue - Capital Additions | 1,366,979 | | | 1,366,979 |
| | 1,366,979 | - | - | 1,366,979 |
| Decrease: | | | | |
| Amortization of Deferred Capital Revenue | 725,284 | | | 725,284 |
| | 725,284 | - | - | 725,284 |
| Net Changes for the Year | 641,695 | - | - | 641,695 |
| Deferred Capital Revenue, end of year | 11,356,901 | - | - | 11,356,901 |
| Work in Progress, beginning of year | | | | - |
| Changes for the Year | | | | |
| Net Changes for the Year | - | - | - | - |
| Work in Progress, end of year | | | | - |
| Total Deferred Capital Revenue, end of year | 11,356,901 | - | - | 11,356,901 |

School District No. 54 (Bulkley Valley)

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

| | Bylaw Capital \$ | MEEd Restricted Capital \$ | Other Provincial Capital \$ | Land Capital \$ | Other Capital \$ | Total \$ |
|---|------------------------|-------------------------------------|--------------------------------------|-----------------------|------------------------|-------------|
| Balance, beginning of year | 241,900 | 81,877 | - | - | - | 323,777 |
| Changes for the Year | | | | | | |
| Increase: | | | | | | |
| Provincial Grants - Ministry of Education | 1,493,716 | 854 | - | - | - | 1,493,716 |
| Investment Income | 1,493,716 | 854 | - | - | - | 1,494,570 |
| Decrease: | | | | | | |
| Transferred to DCR - Capital Additions | 1,366,979 | - | - | - | - | 1,366,979 |
| | 1,366,979 | - | - | - | - | 1,366,979 |
| Net Changes for the Year | 126,737 | 854 | - | - | - | 127,591 |
| Balance, end of year | 368,637 | 82,731 | - | - | - | 451,368 |

School District No. 54 (BULKLEY VALLEY)

P.O. Box 758

Smithers, B.C.

Vol 2 No

"To empower all learners to live the challenges of a diverse and changing world"

September 26, 2013

Ph. (250) 877-6820

Fax (250) 877-6835

Russ Jones, MBA, CA
Auditor General of British Columbia
8 Bastion Square
Victoria, BC V8V 1X4

Dear Mr. Jones:

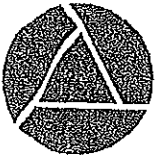
Re: Management Representation Letter

We are providing this letter in connection with your audit of the financial statements of School District No. 54 (Bulkley Valley) for the years ended June 30, 2013, June 30, 2012 and the opening balances for July 1, 2011 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* (BTAA) of the Province of British Columbia.

We confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated March 15, 2013, for the preparation of the financial statements in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* (BTAA) of the Province of British Columbia; in particular, the financial statements are presented in accordance therewith.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* (BTAA) of the Province of British Columbia.
4. All events subsequent to the date of the financial statements and for which the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* (BTAA) of the Province of British Columbia require adjustment or disclosure have been adjusted or disclosed.
5. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of School District No. 54 (Bulkley Valley), and
To the Minister of Education, Province of British Columbia*

I have audited the accompanying financial statements of School District No. 54 (Bulkley Valley), which comprise the statements of financial position as at June 30, 2013, June 30, 2012, and July 1, 2011, and the statements of operations, statements of changes in net assets and statements of cash flows for the years ended June 30, 2013, and June 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

In my view, the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements of School District No. 54 (Bulkley Valley) as at and for the years ended June 30, 2013, and June 30, 2012, and the statement of financial position as at July 1, 2011, are prepared, in all material respects in accordance with the accounting