

Consolidated Audited Financial Statements of

School District No. 22 (Vernon)

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

School District No. 22 (Vernon)

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

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements.

The accompanying consolidated financial statements of School District No. 22 (Vernon) have been prepared by management in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. They are supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the

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. 22 (Vernon) (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 consolidated financial statements on a monthly basis and external audited consolidated financial statements yearly.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of School District No. 22 (Vernon) 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. 22 (Vernon)

Original Signature on file

Signature of the Chairperson of the Board of Education

Date Signed

Original Signature on file

Signature of the Superintendent

Date Signed

Original Signature on file

Signature of the Secretary Treasurer

Date Signed



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INDEPENDENT AUDITORS' REPORT

To the Board of Education and To the Minister of Education, Province of British Columbia

We have audited the accompanying consolidated financial statements of School District No. 22 (Vernon), which comprise the statements of financial position as at June 30, 2012, June 30, 2012 and July 1, 2011, the statements of operations, changes in net debt and cash flows for the years ended June 30, 2013, June 30, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements of School District No. 22 (Vernon) as at June 30, 2013, June 30, 2012 and July 1, 2011 and for the years ended June 30, 2013 and June 30, 2012 are prepared, in all material respect, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP



Chartered Accountants

September 25, 2013

Vernon, Canada

School District No. 22 (Vernon)

Consolidated Statement of Financial Position

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

| | June 30, 2013 | June 30, 2012 | July 1, 2011 |
|--|---------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Financial Assets | | | |
| Cash and Cash Equivalents | 17,881,903 | 16,484,292 | 13,285,662 |
| Accounts Receivable | | | |
| Due from Province - Ministry of Education | 104,882 | 1,190,110 | 1,149,323 |
| Due from Province - Other | - | 7,042 | 10,576 |
| Due from LEA/Direct Funding | 263,989 | 303,518 | 171,910 |
| Other | 252,359 | 492,622 | 982,384 |
| Total Financial Assets | 18,503,133 | 18,477,584 | 15,599,855 |
| Liabilities | | | |
| Accounts Payable and Accrued Liabilities | | | |
| Other | 1,589,441 | 1,780,463 | 1,046,614 |
| Unearned Revenue (Note 4) | 1,591,327 | 1,645,047 | 2,092,577 |
| Deferred Revenue (Note 5) | 1,617,527 | 1,368,903 | 1,281,520 |
| Deferred Capital Revenue (Note 6) | 89,327,524 | 81,192,275 | 67,138,030 |
| Employee Future Benefits (Note 7) | 2,848,439 | 2,735,092 | 2,627,813 |
| Other Liabilities | 4,927,402 | 4,814,304 | 4,703,611 |
| Total Liabilities | 101,901,660 | 93,536,084 | 78,890,165 |
| Net Financial Assets (Debt) | (83,398,527) | (75,058,500) | (63,290,310) |
| Non-Financial Assets | | | |
| Tangible Capital Assets (Note 8) | 106,903,886 | 97,811,440 | 83,700,154 |
| Prepaid Expenses | 200,017 | 152,406 | 197,716 |
| Total Non-Financial Assets | 107,103,903 | 97,963,846 | 83,897,870 |
| Accumulated Surplus (Deficit) (Note 14) | 23,705,376 | 22,905,346 | 20,607,560 |

Contractual Obligations and Contingencies

Approved by the Board

Original Signature on file

Signature of the Chairperson of the Board of Education

Date Signed

Original Signature on file

Signature of the Superintendent

Date Signed

Original Signature on file

Signature of the Secretary Treasurer

Date Signed

School District No. 22 (Vernon)

Consolidated Statement of Operations

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual |
|---|--------------------|---------------------------------|-------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 71,797,676 | 72,137,227 | 71,866,478 |
| Other | 273,190 | 258,953 | 223,900 |
| Tuition | 3,806,078 | 4,269,198 | 4,714,757 |
| Other Revenue | 3,823,345 | 3,637,602 | 3,501,619 |
| Rentals and Leases | 65,000 | 112,193 | 91,068 |
| Investment Income | 65,000 | 147,400 | 138,257 |
| Amortization of Deferred Capital Revenue | 2,589,534 | 3,155,061 | 2,661,360 |
| Total Revenue | <u>82,419,823</u> | <u>83,717,634</u> | <u>83,197,439</u> |
| Expenses | | | |
| Instruction | 67,553,465 | 66,744,010 | 65,718,837 |
| District Administration | 2,608,985 | 2,500,833 | 2,344,626 |
| Operations and Maintenance | 11,190,317 | 11,114,144 | 10,397,395 |
| Transportation and Housing | 2,213,926 | 2,558,617 | 2,438,795 |
| Total Expense | <u>83,566,693</u> | <u>82,917,604</u> | <u>80,899,653</u> |
| Surplus (Deficit) for the year | <u>(1,146,870)</u> | <u>800,030</u> | <u>2,297,786</u> |
| Accumulated Surplus (Deficit) from Operations, beginning of year | | 22,905,346 | 20,607,560 |
| Accumulated Surplus (Deficit) from Operations, end of year | | <u><u>23,705,376</u></u> | <u>22,905,346</u> |

School District No. 22 (Vernon)

Consolidated Statement of Changes in Net Financial Assets (Debt)
Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|--------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Surplus (Deficit) for the year | <u>(1,146,870)</u> | <u>800,030</u> | <u>2,297,786</u> |
| Effect of change in Tangible Capital Assets | | | |
| Acquisition of Tangible Capital Assets | | (13,063,560) | (17,501,808) |
| Amortization of Tangible Capital Assets | 3,143,975 | 3,971,114 | 3,390,522 |
| Total Effect of change in Tangible Capital Assets | <u>3,143,975</u> | <u>(9,092,446)</u> | <u>(14,111,286)</u> |
| Acquisition of Prepaid Expenses | | (47,611) | |
| Use of Prepaid Expenses | | | 45,310 |
| Total Effect of change in Other Non-Financial Assets | <u>-</u> | <u>(47,611)</u> | <u>45,310</u> |
| (Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses) | <u>1,997,105</u> | <u>(8,340,027)</u> | <u>(11,768,190)</u> |
| Net Remeasurement Gains (Losses) | | | |
| (Increase) Decrease in Net Financial Assets (Debt) | | <u>(8,340,027)</u> | <u>(11,768,190)</u> |
| Net Financial Assets (Debt), beginning of year | | <u>(75,058,500)</u> | <u>(63,290,310)</u> |
| Net Financial Assets (Debt), end of year | | <u>(83,398,527)</u> | <u>(75,058,500)</u> |

School District No. 22 (Vernon)

Consolidated Statement of Cash Flows

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Actual | 2012 Actual |
|---|---------------------|---------------------|
| | \$ | \$ |
| Operating Transactions | | |
| Surplus (Deficit) for the year | 800,030 | 2,297,786 |
| Changes in Non-Cash Working Capital | | |
| Decrease (Increase) | | |
| Accounts Receivable | 1,372,062 | 320,901 |
| Prepaid Expenses | (47,611) | 45,310 |
| Increase (Decrease) | | |
| Accounts Payable and Accrued Liabilities | (191,022) | 733,849 |
| Unearned Revenue | (53,720) | 87,383 |
| Deferred Revenue | 248,624 | (447,530) |
| Employee Future Benefits | 190,961 | 107,279 |
| Other Liabilities | 35,484 | 110,693 |
| Amortization of Tangible Capital Assets | 3,971,114 | 3,390,522 |
| Amortization of Deferred Capital Revenue | (3,155,061) | (2,661,360) |
| Total Operating Transactions | 3,170,861 | 3,984,833 |
| Capital Transactions | | |
| Tangible Capital Assets Purchased | (13,063,560) | (2,504,907) |
| Tangible Capital Assets -WIP Purchased | | (14,996,901) |
| Total Capital Transactions | (13,063,560) | (17,501,808) |
| Financing Transactions | | |
| Capital Revenue Received | 11,290,310 | 16,715,605 |
| Total Financing Transactions | 11,290,310 | 16,715,605 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,397,611 | 3,198,630 |
| Cash and Cash Equivalents, beginning of year | 16,484,292 | 13,285,662 |
| Cash and Cash Equivalents, end of year | 17,881,903 | 16,484,292 |
| Cash and Cash Equivalents, end of year, is made up of: | | |
| Cash | 17,881,903 | 16,484,292 |
| | 17,881,903 | 16,484,292 |

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 1, 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. 22 (Vernon)", and operates as "School District No. 22 (Vernon)." 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. 22 (Vernon) is exempt from federal and provincial corporate income taxes.

NOTE 2 ADOPTION OF NEW ACCOUNTING FRAMEWORK

Commencing with the 2012/13 fiscal year, the School District has adopted accounting standards in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This is supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board as described in Note 3a). Previously, the School District's financial statements were prepared in accordance with Part V of Canadian generally accepted accounting principles ("Part V Canadian GAAP").

Except for certain transitional elections disclosed below and the adoption of PS3450, Financial Instruments, effective July 1, 2012, the School District has consistently applied the same accounting policies in its statement of financial position as at July 1, 2011, the date of transition to the framework, and throughout as if these policies had always been in effect.

These consolidated financial statements are the first consolidated financial statements for which the School District has applied these standards.

The School District has elected to use the following exemptions available as of July 1, 2011:

- Retirement and post-employment benefits:
 - a. The School District has elected to delay the application of Sections PS 3250, Retirement benefits, and 3255, Post-employment benefits, compensated absences and termination benefits, relative to the discount rate used until June 30, 2013 (to coincide with the March 31, 2013 valuation); and
 - b. The School District has elected to recognize all cumulative actuarial gains and losses at July 1, 2011 directly in accumulated surplus.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 2 ADOPTION OF NEW ACCOUNTING FRAMEWORK *(Continued)*

Key adjustments on the School District's consolidated 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. The new accounting framework standards requires 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 associated adjustment to the liability for Employee Future Benefits at July 1, 2011 was an increase of \$296,380.
- In accordance with the first time elections, the School District recognized all previous cumulative actuarial gains and losses relating to employee future benefits of \$223,075 at July 1, 2011 resulting in a decrease to the Employee Future Benefits liability and an increase in accumulated surplus of \$223,075. An additional expense of \$33,126 was recognized in the 2012 fiscal year as a result of removing the amortization of those cumulative actuarial gains and losses.
- Deferred revenue presented in the capital fund under Part V Canadian GAAP was reclassified to deferred capital revenue under the new accounting framework of \$115,604 and \$117,119 at July 1, 2011 and June 30, 2012, respectively.

| | Part V Canadian GAAP | Adjustment | New accounting framework |
|--|-------------------------|---------------|-----------------------------|
| | July 1, 2011 | July 1, 2011 | July 1, 2011 |
| | ----- | ----- | ----- |
| Employee Future Benefits | \$2,554,508 | \$73,305 | \$2,627,813 |
| Deferred Revenue (formerly Deferred Contributions) | 1,397,124 | (115,604) | 1,281,520 |
| Deferred Capital Revenue (formerly Deferred Capital Contributions) | 67,022,426 | 115,604 | 67,138,030 |
| | | | |
| | Part V Canadian GAAP | Adjustment | New accounting framework |
| | June 30, 2012 | June 30, 2012 | June 30, 2012 |
| | ----- | ----- | ----- |
| Employee Future Benefits | \$2,657,478 | \$77,614 | \$2,735,092 |
| Deferred Revenue (formerly Deferred Contributions) | 1,486,022 | (117,119) | 1,368,903 |
| Deferred Capital Revenue (formerly Deferred Capital Contributions) | 81,075,156 | 117,119 | 81,192,275 |

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 2 ADOPTION OF NEW ACCOUNTING FRAMEWORK *(Continued)*

The impact of the conversion to the new accounting framework standards on the accumulated surplus 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, Part V Canadian GAAP, July 1, 2011 | \$20,680,865 |
| Adjustments to accumulated surplus | |
| Add non-vested benefits to Employee Future Benefits | (296,380) |
| Recognize cumulative unamortized actuarial gain on Employee Future Benefits | 223,075 |
| Accumulated surplus, new accounting framework, July 1, 2011 | \$20,607,560 |
| | |
| Annual surplus, Part V Canadian GAAP, for the year ended June 30, 2012 | \$ 2,302,095 |
| Adjustment to annual surplus for the year | |
| Recognize net expense associated with non-vested benefits 2012 | (4,309) |
| Annual surplus for the year, new accounting framework, for the year ended June 30, 2012 | \$ 2,297,786 |
| Accumulated surplus, end of year, new accounting framework, June 30, 2012 | \$22,905,346 |

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections effective their first fiscal year commencing after January 1, 2012.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

a) Basis of Accounting (*continued*)

amortization of the related tangible capital asset is recorded.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue recognized in the statement of operations and certain related deferred capital revenue would be recorded differently under Canadian public sector accounting standards.

b) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities. All of the shares of 554210 B.C. Ltd are held by third parties in trust for the School District. 554210 B.C. Ltd. is therefore controlled by the School District. Inter-organizational and inter-departmental transactions and balances have been eliminated.

c) Cash and Cash Equivalents

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

d) Accounts Receivable

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

e) 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

f) Deferred 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 n).

g) Deferred Capital Revenue

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 as detailed in Note 3 n).

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.

h) 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 ("EARSLS") of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2013 and projected to June 30, 2016. The next valuation will be performed at March 31, 2016 for use at June 30, 2016. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004. The School District and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

i) 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 Consolidated Statement of Operations.

j) 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 Consolidated 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 consolidated 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 |

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

k) 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.

l) Prepaid Expenses

Amounts for insurance and other services are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

m) 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.

n) 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

n) Revenue Recognition (*continued*)

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.

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 creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished.

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.

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.

o) Expenditures

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

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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

o) Expenditures *(continued)*

- 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.

p) 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, 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.

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.

q) Measurement Uncertainty

Preparation of consolidated 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 consolidated financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the estimated useful life of assets and estimated employee future benefits. Actual results could differ from those estimates.

r) Adoption of New Accounting Policy

On July 1, 2012, the School District adopted PS3450, *Financial Instruments*. 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

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

r) Adoption of New Accounting Policy *(continued)*

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 in note 3 p).

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 Canadian GAAP. There were no changes in the recognition and measurement of financial instruments upon conversion to the new accounting framework.

NOTE 4 UNEARNED REVENUE

| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
|----------------------------|----------------------|----------------------|
| Balance, beginning of year | \$ 1,645,047 | \$ 2,092,577 |
| Changes for the year: | | |
| Increase: | | |
| Tuition fees collected | <u>1,591,327</u> | <u>1,645,047</u> |
| Decrease: | | |
| Tuition fees recognized | <u>1,645,047</u> | <u>2,092,577</u> |
| Net changes for the year | <u>(\$53,720)</u> | <u>(\$447,530)</u> |
| Balance, end of year | <u>\$ 1,591,327</u> | <u>\$1,645,047</u> |

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 5 DEFERRED REVENUE

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

| | June 30, 2013 | June 30, 2012 |
|--|------------------|------------------|
| Balance, beginning of year | \$1,368,903 | \$1,281,520 |
| Changes for the year: | | |
| Increase: | | |
| Grants: Provincial – Ministry of Education | 2,842,146 | 818,253 |
| School generated funds | 1,900,248 | 1,797,004 |
| Other | 135,104 | 399,763 |
| Interest | 20,862 | 20,075 |
| | 4,898,360 | 3,035,095 |
| Decrease: | | |
| Allocated to Revenue: Provincial – Ministry of Education | 2,586,399 | 863,751 |
| Other | 2,061,761 | 2,064,454 |
| Interest | 1,576 | 19,507 |
| | 4,649,736 | 2,947,712 |
| Net changes for the year | 248,624 | 87,383 |
| Balance, end of year | \$1,617,527 | \$1,368,903 |

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 6 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 |
|--|---------------------|---------------------|
| Deferred capital revenue subject to amortization | | |
| Balance, beginning of year | \$58,665,270 | \$59,609,441 |
| Increases: | | |
| Capital additions | 11,288,779 | 1,717,189 |
| Recognition of Work In Progress | 22,409,886 | - |
| Decreases: | | |
| Amortization | 3,155,061 | 2,661,360 |
| Net change for the year | 30,543,604 | (944,171) |
| Balance, end of year | \$89,208,874 | \$58,665,270 |
| Deferred capital revenue - work in progress | | |
| Balance, beginning of year | 22,409,886 | 7,412,985 |
| Increases: | | |
| Transfers from deferred contributions | | 14,996,901 |
| Decrease: | | |
| Transfer to deferred capital revenue subject to amortization | 22,409,886 | - |
| Net change for the year | 22,409,886 | 14,996,901 |
| Balance, end of year | - | 22,409,886 |
| Deferred capital revenue - unspent | | |
| Balance, beginning of year | 117,119 | 115,604 |
| Increases: | | |
| Provincial grants – Ministry of Education | 11,288,779 | 16,714,090 |
| Investment income | 1,531 | 1,515 |
| Decrease: | | |
| Transfer to deferred capital revenue subject to amortization | 11,288,779 | 1,717,189 |
| Transfer to deferred capital revenue – work in progress | - | 14,996,901 |
| Net change for the year | 1,531 | 1,515 |
| Balance, end of year | 118,650 | 117,119 |
| Total deferred capital revenue balance, end of year | \$89,327,524 | \$81,192,275 |

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 7 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 | \$ 2,887,662 | \$ 2,394,145 |
| Non-vested Benefit Obligation – July 1, 2011 | | 296,380 |
| Service Cost | 210,449 | 195,738 |
| Interest Cost | 126,515 | 131,821 |
| Benefit Payments | (309,438) | (160,675) |
| Actuarial Loss | 371,976 | 30,253 |
| Accrued Benefit Obligation – March 31 | \$ 3,287,164 | \$ 2,887,662 |
| Reconciliation of Funded Status at End of Fiscal Year | | |
| Accrued Benefit Obligation – March 31 | \$ 3,287,164 | \$ 2,887,662 |
| Market Value of Plan Assets – March 31 | - | - |
| Funded Status –Deficit | (3,287,164) | (2,887,662) |
| Employer Contributions After Measurement Date | 39,681 | 122,317 |
| Unamortized Net Actuarial Loss | 399,044 | 30,253 |
| Accrued Benefit Liability – June 30 | \$ (2,848,439) | \$ (2,735,092) |
| Reconciliation of Change in Accrued Benefit Liability | | |
| Accrued Benefit Liability – July 1 | \$ 2,735,092 | \$ 2,554,508 |
| Recognize Non-Vested Benefits – July 1, 2011 | - | 296,380 |
| Recognize Unamortized Losses – July 1, 2011 | - | (223,075) |
| Accrued Benefit Liability – July 1, new accounting framework | 2,735,092 | 2,627,813 |
| Net expense for Fiscal Year | 340,149 | 327,559 |
| Employer Contributions | (226,802) | (220,280) |
| Accrued Benefit Liability – June 30 | \$ 2,848,439 | \$ 2,735,092 |
| Components of Net Benefit Expense | | |
| Service Cost | \$ 210,449 | \$ 195,738 |
| Interest Cost | 126,515 | 131,821 |
| Amortization of Net Actuarial Loss | 3,185 | - |
| Net Benefit Expense | \$ 340,149 | \$ 327,559 |

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 7 EMPLOYEE FUTURE BENEFITS *(Continued)*

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

| | June 30, 2013 | June 30, 2012 |
|------------------------------------|-------------------|-------------------|
| Discount Rate – April 1 | 4.25% | 4.75% |
| Discount Rate – March 31 | 3.00% | 4.25% |
| Long Term Salary Growth – April 1 | 2.50% + seniority | 2.50% + seniority |
| Long Term Salary Growth – March 31 | 2.50% + seniority | 2.50% + seniority |
| EARSL – March 31 | 9.7 | 9.5 |

NOTE 8 TANGIBLE CAPITAL ASSETS

June 30, 2013

| | Balance at July 1, 2012 | Additions | Disposals | Transfers (WIP) | Balance at June 30, 2013 |
|------------------------------|----------------------------|---------------------|--------------------|-----------------|-----------------------------|
| Cost: | | | | | |
| Sites | \$ 8,819,960 | \$ - | \$ - | \$ - | \$ 8,819,960 |
| Buildings | 118,521,508 | 9,161,127 | - | 22,316,099 | 149,998,734 |
| Buildings – work in progress | 22,409,886 | - | - | (22,409,886) | - |
| Furniture & Equipment | 1,437,058 | 963,311 | (20,334) | 93,787 | 2,473,822 |
| Vehicles | 3,439,679 | 1,418,870 | (42,606) | - | 4,815,943 |
| Computer Software | 224,117 | 152,026 | (34,996) | - | 341,147 |
| Computer Hardware | 1,093,332 | 1,368,226 | (314,960) | - | 2,146,598 |
| Total | \$155,945,540 | \$13,063,560 | (\$412,896) | \$ - | \$168,596,204 |

| | Balance at July 1, 2012 | Additions | Disposals | Balance at June 30, 2013 |
|---------------------------|----------------------------|--------------------|--------------------|-----------------------------|
| Accumulated Amortization: | | | | |
| Sites | \$ - | \$ - | \$ - | \$ - |
| Buildings | 55,484,407 | 2,944,127 | - | 58,428,534 |
| Furniture & Equipment | 559,232 | 196,561 | (20,334) | 735,459 |
| Vehicles | 1,414,700 | 414,912 | (42,606) | 1,787,006 |
| Computer Software | 97,860 | 60,026 | (34,996) | 122,890 |
| Computer Hardware | 577,901 | 355,488 | (314,960) | 618,429 |
| Total | \$58,134,100 | \$3,971,114 | (\$412,896) | \$61,692,318 |

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 8 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2012

| Cost: | Balance at July 1, 2011 | Additions | Disposals | Transfers (WIP) | Balance at June 30, 2012 |
|------------------------------|----------------------------|---------------------|--------------------|--------------------|-----------------------------|
| Sites | \$ 8,657,246 | \$ 162,714 | \$ - | \$ - | \$ 8,819,960 |
| Buildings | 116,746,227 | 1,775,281 | - | - | 118,521,508 |
| Buildings – work in progress | 7,412,985 | 14,996,901 | - | - | 22,409,886 |
| Furniture & Equipment | 1,339,913 | 159,386 | (62,241) | - | 1,437,058 |
| Vehicles | 3,549,969 | 165,196 | (275,486) | - | 3,439,679 |
| Computer Software | 198,742 | 84,369 | (58,994) | - | 224,117 |
| Computer Hardware | 1,303,604 | 320,675 | (530,947) | - | 1,093,332 |
| Total | \$139,208,686 | \$17,664,522 | (\$927,668) | \$ - | \$155,945,540 |

| Accumulated Amortization: | Balance at July 1, 2011 | Additions | Disposals | Balance at June 30, 2012 |
|---------------------------|----------------------------|--------------------|--------------------|-----------------------------|
| Sites | \$ - | \$ - | - | \$ - |
| Buildings | 52,940,076 | 2,544,331 | - | 55,484,407 |
| Furniture & Equipment | 479,513 | 141,960 | (62,241) | 559,232 |
| Vehicles | 1,326,929 | 363,257 | (275,486) | 1,414,700 |
| Computer Software | 108,669 | 48,185 | (58,994) | 97,860 |
| Computer Hardware | 816,059 | 292,789 | (530,947) | 577,901 |
| Total | \$55,671,246 | \$3,390,522 | (\$927,668) | \$58,134,100 |

Net Book Value:

| | Net Book Value June 30, 2013 | Net Book Value June 30, 2012 | Net Book Value July 1, 2011 |
|------------------------------|---------------------------------|---------------------------------|--------------------------------|
| Sites | \$ 8,819,960 | \$ 8,819,960 | \$ 8,819,960 |
| Buildings | 91,570,200 | 63,037,101 | 63,806,151 |
| Buildings – work in progress | - | 22,409,886 | 7,412,985 |
| Furniture & Equipment | 1,738,363 | 877,826 | 860,400 |
| Vehicles | 3,028,937 | 2,024,979 | 2,223,040 |
| Computer Software | 218,257 | 126,257 | 90,073 |
| Computer Hardware | 1,528,169 | 515,431 | 487,545 |
| Total | \$ 106,903,886 | \$ 97,811,440 | \$ 83,700,154 |

Work in progress is not amortized, and amortization will commence when the asset is put into service.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 9 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.

The School District paid \$7,003,182 (2012 - \$6,509,701) for employer contributions to these plans in the year ended June 30, 2013.

NOTE 10 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. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 11 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has committed to a five year operating lease agreement for photocopiers at various locations. Future minimum lease payments are as follows:

| | 2014 | 2015 | 2016 | 2017 | 2018 | Thereafter |
|-----------------|-----------|-----------|-----------|-----------|-----------|------------|
| Photocopy Lease | \$ 98,927 | \$ 98,927 | \$ 98,927 | \$ 98,927 | \$ 49,464 | \$ |

The School District has approximately \$1.5 million of purchase orders which remain outstanding at June 30, 2013.

Certain schools in the School District contain asbestos. No amount has been recorded in these financial statements with regard to this potential liability since the fair value of future removal costs cannot be reasonably estimated due to unknown timelines.

The nature of the School District's activities are such that there is usually litigation pending or in process at any time. With respect to unsettled claims at June 30, 2013, management believes the School District has valid defenses and appropriate insurance coverage in place. In the event that any claims are successful, management believes that such claims are not expected to have a material effect on the School District's financial position or operations.

NOTE 12 BUDGET FIGURES

Budget figures included in the consolidated financial statements were approved by the Board through the adoption of an annual budget on May 2, 2012.

NOTE 13 EXPENSE BY OBJECT

| | June 30, 2013 | June 30, 2012 |
|-----------------------|---------------|---------------|
| Salaries and benefits | \$66,470,502 | \$65,373,747 |
| Services and supplies | 12,475,988 | 12,135,384 |
| Amortization | 3,971,114 | 3,390,522 |
| | \$82,917,604 | \$80,899,653 |

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 14 ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surpluses and reserves and reserve funds as follows:

| | June 30, 2013 | June 30, 2012 |
|-------------------------------------|-------------------|-------------------|
| Invested in tangible capital assets | 17,532,297 | 16,573,569 |
| Operating surplus | 6,167,409 | 6,326,145 |
| Special purpose surplus | 2,714 | 2,714 |
| Local capital surplus | 2,956 | 2,918 |
| | <u>23,705,376</u> | <u>22,905,346</u> |

The Operating Fund has been Internally Restricted (appropriated) by the Board for:

| | |
|---|---------------------|
| To offset costs budgeted in 2013/2014 | \$ 404,177 |
| District contingency fund | 802,995 |
| Computer refresh program (includes \$1,133,195 outstanding purchase orders for items delivered for summer installation) | 2,701,205 |
| Maintenance projects | 763,499 |
| Other School District programs | 270,301 |
| Aboriginal target surplus | 518,376 |
| CUPE funded programs | 119,232 |
| Education programs | 128,588 |
| Curricular programs | 180,900 |
| Special education programs | 115,278 |
| School surpluses | 162,858 |
| Total Available for Future Operations | <u>\$ 6,167,409</u> |

NOTE 15 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 consolidated financial statements have been prepared on a going concern basis.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 and JUNE 30, 2012

NOTE 16 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 and amounts receivable.

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

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits as they are placed in Chartered Bank instruments.

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.

It is management's opinion that the School District is not exposed to significant market risk associated with interest rate risk as the School District has no borrowings and interest earned on existing deposits is not significant to the School District's operations.

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. 22 (Vernon)

Schedule 1 (Unaudited)

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

| | Operating Fund | Special Purpose Fund | Capital Fund | 2013 Actual | 2012 Actual |
|--|-------------------|-------------------------|-------------------|-------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Accumulated Surplus (Deficit), beginning of year | 6,326,145 | 2,714 | 16,576,487 | 22,905,346 | 20,680,865 |
| Change in Accounting Policies/Prior Period Adjustments | | | | | |
| Add non-vested benefits to Employee Future Benefits | | | | | (296,380) |
| Recognize unamortized gain (loss) on Employee Future Benefits | | | | | 223,075 |
| Accumulated Surplus (Deficit), beginning of year, as restated | 6,326,145 | 2,714 | 16,576,487 | 22,905,346 | 20,607,560 |
| Changes for the year | | | | | |
| Surplus (Deficit) for the year | 1,527,108 | 88,937 | (816,015) | 800,030 | 2,297,786 |
| Interfund Transfers | | | | | |
| Tangible Capital Assets Purchased | (1,685,844) | (88,937) | 1,774,781 | - | |
| Net Changes for the year | (158,736) | - | 958,766 | 800,030 | 2,297,786 |
| Accumulated Surplus (Deficit), end of year - Statement 2 | 6,167,409 | 2,714 | 17,535,253 | 23,705,376 | 22,905,346 |

School District No. 22 (Vernon)

Schedule of Operating Operations

Years Ending June 30, 2013 and June 30, 2012

Schedule 2 (Unaudited)

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|-------------------|--------------------|-------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 69,070,952 | 69,559,824 | 70,018,016 |
| Other | 273,190 | 258,953 | 223,900 |
| Tuition | 3,806,078 | 4,269,198 | 4,714,757 |
| Other Revenue | 1,346,768 | 1,575,841 | 1,437,165 |
| Rentals and Leases | 65,000 | 112,193 | 91,068 |
| Investment Income | 65,000 | 145,786 | 118,712 |
| Total Revenue | 74,626,988 | 75,921,795 | 76,603,618 |
| Expenses | | | |
| Instruction | 62,814,506 | 62,557,649 | 62,419,356 |
| District Administration | 2,571,415 | 2,463,263 | 2,307,056 |
| Operations and Maintenance | 7,619,570 | 7,230,703 | 6,909,081 |
| Transportation and Housing | 2,213,926 | 2,143,072 | 2,075,538 |
| Total Expense | 75,219,417 | 74,394,687 | 73,711,031 |
| Operating Surplus (Deficit) for the year | (592,429) | 1,527,108 | 2,892,587 |
| Budgeted Appropriation (Retirement) of Surplus (Deficit) | 592,429 | | |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | - | (1,685,844) | (653,395) |
| Total Net Transfers | - | (1,685,844) | (653,395) |
| Total Operating Surplus (Deficit), for the year | - | (158,736) | 2,239,192 |
| Operating Surplus (Deficit), beginning of year | | 6,326,145 | 4,160,258 |
| Change in Accounting Policies/Prior Period Adjustments | | | |
| Add non-vested benefits to Employee Future Benefits | | | (296,380) |
| Recognize unamortized gain (loss) on Employee Future Benefits | | | 223,075 |
| Reclassify Deferred Contributions | | | - |
| Operating Surplus (Deficit), beginning of year, as restated | | 6,326,145 | 4,086,953 |
| Operating Surplus (Deficit), end of year | | 6,167,409 | 6,326,145 |
| Operating Surplus (Deficit), end of year | | | |
| Internally Restricted (Note 15) | | 6,167,409 | 6,326,145 |
| Total Operating Surplus (Deficit), end of year | | 6,167,409 | 6,326,145 |

School District No. 22 (Vernon)

Schedule 2A (Unaudited)

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

| | 2013 Budget | 2013 Actual | 2012 Actual |
|--|-------------------|--------------------|----------------|
| | \$ | \$ | \$ |
| Provincial Grants - Ministry of Education | | | |
| Operating Grant, Ministry of Education | 69,947,781 | 70,365,703 | 70,883,214 |
| AANDC/LEA Recovery | (1,054,268) | (1,054,268) | (1,114,621) |
| Other Ministry of Education Grants | | | |
| Pay Equity | 85,865 | 85,865 | 85,865 |
| FSA | 13,769 | 13,769 | 13,769 |
| Education Guarantee | 26,580 | 60,775 | 62,021 |
| Carbon Trust Reimbursement | 51,225 | 72,984 | 71,520 |
| Smart Tools | - | | 1,092 |
| Special Education Contract | - | 6,000 | - |
| Local Revenue Meals Program | | 8,996 | 15,156 |
| Total Provincial Grants - Ministry of Education | 69,070,952 | 69,559,824 | 70,018,016 |
| Provincial Grants - Other | 273,190 | 258,953 | 223,900 |
| Tuition | | | |
| Summer School Fees | - | 2,700 | 6,450 |
| Continuing Education | - | | - |
| Offshore Tuition Fees | 3,806,078 | 4,266,498 | 4,708,307 |
| Total Tuition | 3,806,078 | 4,269,198 | 4,714,757 |
| Other Revenues | | | |
| LEA/Direct Funding from First Nations | 1,054,268 | 1,054,268 | 1,035,796 |
| Miscellaneous | | | |
| Cafeteria Revenue | 170,000 | 145,110 | 139,803 |
| Donations | - | 36,463 | 9,373 |
| Fees | - | 110,255 | 139,902 |
| Miscellaneous | 110,000 | 229,745 | 112,291 |
| Meals | 12,500 | | |
| Total Other Revenue | 1,346,768 | 1,575,841 | 1,437,165 |
| Rentals and Leases | 65,000 | 112,193 | 91,068 |
| Investment Income | 65,000 | 145,786 | 118,712 |
| Total Operating Revenue | 74,626,988 | 75,921,795 | 76,603,618 |

School District No. 22 (Vernon)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Years Ending June 30, 2013 and June 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual |
|-------------------------------------|-------------------|-------------------|----------------|
| | \$ | \$ | \$ |
| Salaries | | | |
| Teachers | 34,151,366 | 33,845,883 | 33,886,198 |
| Principals and Vice Principals | 4,484,975 | 4,255,769 | 4,324,513 |
| Educational Assistants | 3,783,218 | 3,925,725 | 3,718,646 |
| Support Staff | 7,159,449 | 7,312,426 | 7,316,236 |
| Other Professionals | 896,445 | 989,670 | 949,759 |
| Substitutes | 1,744,085 | 1,997,318 | 1,823,960 |
| Total Salaries | 52,219,538 | 52,326,791 | 52,019,312 |
| Employee Benefits | 12,427,730 | 12,715,059 | 12,728,702 |
| Total Salaries and Benefits | 64,647,268 | 65,041,850 | 64,748,014 |
| Services and Supplies | | | |
| Services | 3,295,665 | 3,325,498 | 3,207,912 |
| Student Transportation | 160,074 | 149,397 | 135,463 |
| Professional Development and Travel | 448,902 | 550,181 | 475,892 |
| Rentals and Leases | 124,721 | 83,768 | 56,229 |
| Dues and Fees | 422,100 | 347,616 | 475,273 |
| Insurance | 308,519 | 344,427 | 303,998 |
| Supplies | 4,049,015 | 3,027,972 | 2,766,877 |
| Utilities | 1,763,153 | 1,523,978 | 1,541,373 |
| Total Services and Supplies | 10,572,149 | 9,352,837 | 8,963,017 |
| Total Operating Expense | 75,219,417 | 74,394,687 | 73,711,031 |

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object

Year Ended June 30, 2013

| | Teachers Salaries | Principals and Vice Principals Salaries | Educational Assistants Salaries | Support Staff Salaries | Other Professionals Salaries | Substitutes Salaries | Total Salaries |
|--|----------------------|---|---------------------------------------|------------------------------|------------------------------------|-------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | |
| 1.02 Regular Instruction | 26,941,909 | 1,162,846 | - | 440,724 | - | 1,640,088 | 30,185,567 |
| 1.03 Career Programs | 176,765 | - | - | 14,516 | - | - | 191,281 |
| 1.07 Library Services | 627,495 | 17,210 | - | 251,481 | - | 1,215 | 897,401 |
| 1.08 Counselling | 1,018,263 | - | - | - | - | - | 1,018,263 |
| 1.10 Special Education | 3,907,626 | 134,072 | 3,519,246 | 41,388 | - | 136,069 | 7,738,401 |
| 1.30 English Language Learning | 62,494 | - | - | - | - | - | 62,494 |
| 1.31 Aboriginal Education | 213,493 | 100,670 | 406,479 | 42,401 | - | - | 763,043 |
| 1.41 School Administration | - | 2,466,118 | - | 1,566,486 | - | 86,135 | 4,118,739 |
| 1.60 Summer School | 70,911 | - | - | - | 7,000 | - | 77,911 |
| 1.61 Continuing Education | - | - | - | - | - | - | - |
| 1.62 Off Shore Students | 797,999 | 105,921 | - | 125,613 | 70,511 | - | 1,100,044 |
| 1.64 Other | 11,485 | - | - | 6,541 | - | - | 18,026 |
| Total Function 1 | 33,828,440 | 3,986,837 | 3,925,725 | 2,489,150 | 77,511 | 1,863,507 | 46,171,170 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | 13,951 | 142,802 | - | 63,073 | 207,356 | 54,065 | 481,247 |
| 4.40 School District Governance | - | - | - | - | 76,478 | - | 76,478 |
| 4.41 Business Administration | 3,492 | 126,130 | - | 450,566 | 289,818 | 2,010 | 872,016 |
| Total Function 4 | 17,443 | 268,932 | - | 513,639 | 573,652 | 56,075 | 1,429,741 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | - | - | - | 42,287 | 248,705 | - | 290,992 |
| 5.50 Maintenance Operations | - | - | - | 2,946,599 | - | 53,820 | 3,000,419 |
| 5.52 Maintenance of Grounds | - | - | - | 151,780 | - | - | 151,780 |
| 5.56 Utilities | - | - | - | - | - | - | - |
| Total Function 5 | - | - | - | 3,140,666 | 248,705 | 53,820 | 3,443,191 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | - | - | - | 55,002 | 89,802 | 80 | 144,884 |
| 7.70 Student Transportation | - | - | - | 1,113,969 | - | 23,836 | 1,137,805 |
| Total Function 7 | - | - | - | 1,168,971 | 89,802 | 23,916 | 1,282,689 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 33,845,883 | 4,255,769 | 3,925,725 | 7,312,426 | 989,670 | 1,997,318 | 52,326,791 |

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object

Year Ended June 30, 2013

| | Total Salaries | Employee Benefits | Total Salaries and Benefits | Services and Supplies | 2013 Actual | 2013 Budget | 2012 Actual |
|--|-------------------|-------------------|-----------------------------|-----------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 Instruction | | | | | | | |
| 1.02 Regular Instruction | 30,185,567 | 7,221,066 | 37,406,633 | 1,590,291 | 38,996,924 | 39,156,976 | 38,623,094 |
| 1.03 Career Programs | 191,281 | 45,655 | 236,936 | 77,129 | 314,065 | 332,155 | 390,613 |
| 1.07 Library Services | 897,401 | 247,747 | 1,145,148 | 61,816 | 1,206,964 | 1,315,162 | 1,451,454 |
| 1.08 Counselling | 1,018,263 | 232,501 | 1,250,764 | 6,047 | 1,256,811 | 1,323,773 | 1,312,913 |
| 1.10 Special Education | 7,738,401 | 2,011,005 | 9,749,406 | 327,196 | 10,076,602 | 10,049,862 | 9,955,014 |
| 1.30 English Language Learning | 62,494 | 14,621 | 77,115 | 29 | 77,144 | 7,305 | 84,161 |
| 1.31 Aboriginal Education | 763,043 | 196,860 | 959,903 | 295,181 | 1,255,084 | 1,284,120 | 1,185,694 |
| 1.41 School Administration | 4,118,739 | 962,118 | 5,080,857 | 195,617 | 5,276,474 | 5,236,737 | 5,456,249 |
| 1.60 Summer School | 77,911 | 14,524 | 92,435 | 2,248 | 94,683 | 69,998 | 100,896 |
| 1.61 Continuing Education | - | - | - | - | - | - | - |
| 1.62 Off Shore Students | 1,100,044 | 262,481 | 1,362,525 | 2,278,643 | 3,641,168 | 3,806,078 | 3,430,263 |
| 1.64 Other | 18,026 | 2,411 | 20,437 | 341,293 | 361,730 | 232,340 | 429,005 |
| Total Function 1 | 46,171,170 | 11,210,989 | 57,382,159 | 5,175,490 | 62,557,649 | 62,814,506 | 62,419,356 |
| 4 District Administration | | | | | | | |
| 4.11 Educational Administration | 481,247 | 111,658 | 592,905 | 101,671 | 694,576 | 678,310 | 684,855 |
| 4.40 School District Governance | 76,478 | 1,109 | 77,587 | 80,624 | 158,211 | 170,035 | 183,563 |
| 4.41 Business Administration | 872,016 | 213,215 | 1,085,231 | 525,245 | 1,610,476 | 1,723,070 | 1,438,638 |
| Total Function 4 | 1,429,741 | 325,982 | 1,755,723 | 707,540 | 2,463,263 | 2,571,415 | 2,307,056 |
| 5 Operations and Maintenance | | | | | | | |
| 5.41 Operations and Maintenance Administration | 290,992 | 59,759 | 350,751 | 145,797 | 496,548 | 472,688 | 472,453 |
| 5.50 Maintenance Operations | 3,000,419 | 710,638 | 3,711,057 | 1,176,508 | 4,887,565 | 5,014,852 | 4,618,627 |
| 5.52 Maintenance of Grounds | 151,780 | 33,820 | 185,600 | 137,310 | 322,910 | 368,877 | 277,083 |
| 5.56 Utilities | - | - | - | 1,523,680 | 1,523,680 | 1,763,153 | 1,540,918 |
| Total Function 5 | 3,443,191 | 804,217 | 4,247,408 | 2,983,295 | 7,230,703 | 7,619,570 | 6,909,081 |
| 7 Transportation and Housing | | | | | | | |
| 7.41 Transportation and Housing Administration | 144,884 | 35,395 | 180,279 | 11,675 | 191,954 | 176,297 | 168,933 |
| 7.70 Student Transportation | 1,137,805 | 338,476 | 1,476,281 | 474,837 | 1,951,118 | 2,037,629 | 1,906,605 |
| Total Function 7 | 1,282,689 | 373,871 | 1,656,560 | 486,512 | 2,143,072 | 2,213,926 | 2,075,538 |
| 9 Debt Services | | | | | | | |
| Total Function 9 | - | - | - | - | - | - | - |
| Total Functions 1 - 9 | 52,326,791 | 12,715,059 | 65,041,850 | 9,352,837 | 74,394,687 | 75,219,417 | 73,711,031 |

School District No. 22 (Vernon)

Schedule of Special Purpose Operations

Years Ending June 30, 2013 and June 30, 2012

Schedule 3 (Unaudited)

| | 2013 Budget | 2013 Actual | 2012 Actual |
|---|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Revenues | | | |
| Provincial Grants | | | |
| Ministry of Education | 2,726,724 | 2,577,403 | 1,848,462 |
| Other Revenue | 2,476,577 | 2,061,761 | 2,064,454 |
| Investment Income | | 1,576 | 19,507 |
| Total Revenue | <u>5,203,301</u> | <u>4,640,740</u> | <u>3,932,423</u> |
| Expenses | | | |
| Instruction | 4,738,959 | 4,186,361 | 3,299,481 |
| District Administration | 37,570 | 37,570 | 37,570 |
| Operations and Maintenance | 426,772 | 327,872 | 461,049 |
| Transportation and Housing | | - | |
| Total Expense | <u>5,203,301</u> | <u>4,551,803</u> | <u>3,798,100</u> |
| Special Purpose Surplus (Deficit) for the year | <u>-</u> | <u>88,937</u> | <u>134,323</u> |
| Net Transfers (to) from other funds | | | |
| Tangible Capital Assets Purchased | | (88,937) | (134,323) |
| Total Net Transfers | <u>-</u> | <u>(88,937)</u> | <u>(134,323)</u> |
| Total Special Purpose Surplus (Deficit) for the year | <u>-</u> | <u>-</u> | <u>-</u> |
| Special Purpose Surplus (Deficit), beginning of year | | 2,714 | 2,714 |
| Special Purpose Surplus (Deficit), end of year | | <u>2,714</u> | <u>2,714</u> |
| Special Purpose Surplus (Deficit), end of year | | | |
| Related Entities | | 2,714 | 2,714 |
| Endowment Contributions | | - | |
| Total Special Purpose Surplus (Deficit), end of year | | <u>2,714</u> | <u>2,714</u> |

School District No. 22 (Vernon)

Schedule 3A (Unaudited)

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

| | Annual Facility Grant | Learning Improvement Fund | Aboriginal Education Technology | Special Education Equipment | Special Education Technology |
|---|-----------------------------|---------------------------------|---------------------------------------|-----------------------------------|------------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | 63,176 | - | 38,610 | 9,306 | 33,706 |
| Add: Restricted Grants | | | | | |
| Provincial Grants - Ministry of Education | 572,752 | 898,789 | - | 16,683 | 365,211 |
| Other | - | - | - | - | - |
| Investment Income | 3,373 | - | 509 | 171 | 704 |
| | 576,125 | 898,789 | 509 | 16,854 | 365,915 |
| Less: Allocated to Revenue | 416,809 | 803,758 | - | 7,813 | 389,972 |
| Deferred Revenue, end of year | 222,492 | 95,031 | 39,119 | 18,347 | 9,649 |
| Revenues | | | | | |
| Provincial Grants - Ministry of Education | 416,809 | 803,758 | - | 7,813 | 389,972 |
| Other Revenue | - | - | - | - | - |
| Investment Income | - | - | - | - | - |
| | 416,809 | 803,758 | - | 7,813 | 389,972 |
| Expenses | | | | | |
| Salaries | | | | | |
| Teachers | - | 414,659 | - | - | 80,424 |
| Principals and Vice Principals | - | - | - | - | - |
| Educational Assistants | - | 249,848 | - | - | - |
| Support Staff | 168,946 | - | - | - | 16,926 |
| | 168,946 | 664,507 | - | - | 97,350 |
| Employee Benefits | 28,429 | 139,251 | - | - | 23,348 |
| Services and Supplies | 130,497 | - | - | 7,813 | 269,274 |
| | 327,872 | 803,758 | - | 7,813 | 389,972 |
| Net Revenue (Expense) before Interfund Transfers | 88,937 | - | - | - | - |
| Interfund Transfers | | | | | |
| Tangible Capital Assets Purchased | (88,937) | - | - | - | - |
| | (88,937) | - | - | - | - |
| Net Revenue (Expense) | - | - | - | - | - |

School District No. 22 (Vernon)

Schedule 3A (Unaudited)

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

| | School Generated Funds | Related Entities | Strong Start | Ready, Set, Learn | OLEP |
|---|------------------------------|---------------------|-----------------|-------------------------|---------|
| | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | 733,815 | 160,562 | - | - | - |
| Add: Restricted Grants | | | | | |
| Provincial Grants - Ministry of Education | - | - | 132,000 | 34,300 | 178,171 |
| Other | 1,900,248 | 14,040 | - | - | - |
| Investment Income | 8,457 | 1,599 | 519 | - | 1,576 |
| | 1,908,705 | 15,639 | 132,519 | 34,300 | 179,747 |
| Less: Allocated to Revenue | 1,853,626 | 85,193 | 123,210 | 34,300 | 179,747 |
| Deferred Revenue, end of year | 788,894 | 91,008 | 9,309 | - | - |
| Revenues | | | | | |
| Provincial Grants - Ministry of Education | - | - | 123,210 | 34,300 | 178,171 |
| Other Revenue | 1,853,626 | 85,193 | - | - | - |
| Investment Income | - | - | - | - | 1,576 |
| | 1,853,626 | 85,193 | 123,210 | 34,300 | 179,747 |
| Expenses | | | | | |
| Salaries | | | | | |
| Teachers | (3,133) | - | - | 1,955 | 113,422 |
| Principals and Vice Principals | - | - | - | - | 37,570 |
| Educational Assistants | - | - | 73,269 | - | - |
| Support Staff | 1,307 | - | 4,279 | - | - |
| | (1,826) | - | 77,548 | 1,955 | 150,992 |
| Employee Benefits | 4,619 | - | 26,002 | 582 | 35,733 |
| Services and Supplies | 1,850,833 | 85,193 | 19,660 | 31,763 | (6,978) |
| | 1,853,626 | 85,193 | 123,210 | 34,300 | 179,747 |
| Net Revenue (Expense) before Interfund Transfers | - | - | - | - | - |
| Interfund Transfers | | | | | |
| Tangible Capital Assets Purchased | - | - | - | - | - |
| | - | - | - | - | - |
| Net Revenue (Expense) | - | - | - | - | - |

School District No. 22 (Vernon)

Schedule 3A (Unaudited)

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

| | Community- LINK | Scholarship | Student Concerts | Salmon Enhancement | TOTAL |
|---|--------------------|----------------|---------------------|-----------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Deferred Revenue, beginning of year | - | 317,935 | 6,728 | 5,065 | 1,368,903 |
| Add: Restricted Grants | | | | | |
| Provincial Grants - Ministry of Education | 644,240 | - | - | - | 2,842,146 |
| Other | - | 108,568 | 3,500 | - | 2,026,356 |
| Investment Income | 143 | 3,711 | 100 | - | 20,862 |
| | 644,383 | 112,279 | 3,600 | - | 4,889,364 |
| Less: Allocated to Revenue | 623,370 | 115,078 | 2,799 | 5,065 | 4,640,740 |
| Deferred Revenue, end of year | 21,013 | 315,136 | 7,529 | - | 1,617,527 |
| Revenues | | | | | |
| Provincial Grants - Ministry of Education | 623,370 | - | - | - | 2,577,403 |
| Other Revenue | - | 115,078 | 2,799 | 5,065 | 2,061,761 |
| Investment Income | - | - | - | - | 1,576 |
| | 623,370 | 115,078 | 2,799 | 5,065 | 4,640,740 |
| Expenses | | | | | |
| Salaries | | | | | |
| Teachers | - | - | 533 | - | 607,860 |
| Principals and Vice Principals | - | - | - | - | 37,570 |
| Educational Assistants | - | - | - | - | 323,117 |
| Support Staff | 8,570 | - | - | - | 200,028 |
| | 8,570 | - | 533 | - | 1,168,575 |
| Employee Benefits | 2,006 | - | 107 | - | 260,077 |
| Services and Supplies | 612,794 | 115,078 | 2,159 | 5,065 | 3,123,151 |
| | 623,370 | 115,078 | 2,799 | 5,065 | 4,551,803 |
| Net Revenue (Expense) before Interfund Transfers | - | - | - | - | 88,937 |
| Interfund Transfers | | | | | |
| Tangible Capital Assets Purchased | - | - | - | - | (88,937) |
| | - | - | - | - | (88,937) |
| Net Revenue (Expense) | - | - | - | - | - |

School District No. 22 (Vernon)

Schedule of Capital Operations

Years Ending June 30, 2013 and June 30, 2012

Schedule 4 (Unaudited)

| | 2013 Budget | 2013 Actual | | | 2012 Actual |
|---|------------------|--|------------------|-------------------|-------------------|
| | | Invested in Tangible Capital Assets | Local Capital | Fund Balance | |
| | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | |
| Provincial Grants | | | | | |
| Investment Income | | | 38 | 38 | 38 |
| Amortization of Deferred Capital Revenue | 2,589,534 | 3,155,061 | | 3,155,061 | 2,661,360 |
| Total Revenue | 2,589,534 | 3,155,061 | 38 | 3,155,099 | 2,661,398 |
| Expenses | | | | | |
| Amortization of Tangible Capital Assets | | | | | |
| Operations and Maintenance | 3,143,975 | 3,555,569 | | 3,555,569 | 3,027,265 |
| Transportation and Housing | | 415,545 | | 415,545 | 363,257 |
| Total Expense | 3,143,975 | 3,971,114 | - | 3,971,114 | 3,390,522 |
| Capital Surplus (Deficit) for the year | (554,441) | (816,053) | 38 | (816,015) | (729,124) |
| Net Transfers (to) from other funds | | | | | |
| Tangible Capital Assets Purchased | | 1,774,781 | | 1,774,781 | 787,718 |
| Total Net Transfers | - | 1,774,781 | - | 1,774,781 | 787,718 |
| Total Capital Surplus (Deficit) for the year | (554,441) | 958,728 | 38 | 958,766 | 58,594 |
| Capital Surplus (Deficit), beginning of year | | 16,573,569 | 2,918 | 16,576,487 | 16,517,893 |
| Capital Surplus (Deficit), end of year | | 17,532,297 | 2,956 | 17,535,253 | 16,576,487 |

School District No. 22 (Vernon)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2013

| | Sites | Buildings | Furniture and Equipment | Vehicles | Computer Software | Computer Hardware | Total |
|--|------------------|--------------------|----------------------------|------------------|----------------------|----------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost, beginning of year | 8,657,246 | 118,521,508 | 1,437,058 | 3,439,679 | 224,117 | 1,093,332 | 133,372,940 |
| Changes in Accounting Policies/Prior Period Adjustments | | | | | | | |
| Recognition of related entity equity | 162,714 | | | | | | 162,714 |
| Cost, beginning of year, as restated | 8,819,960 | 118,521,508 | 1,437,058 | 3,439,679 | 224,117 | 1,093,332 | 133,535,654 |
| Changes for the Year | | | | | | | |
| Increase: | | | | | | | |
| Purchases from: | | | | | | | |
| Deferred Capital Revenue - Bylaw | - | 9,094,422 | 757,962 | 1,250,809 | 18,559 | 167,027 | 11,288,779 |
| Deferred Capital Revenue - Other | - | - | - | - | - | - | - |
| Operating Fund | - | - | 183,117 | 168,061 | 133,467 | 1,201,199 | 1,685,844 |
| Special Purpose Funds | - | 66,705 | 22,232 | - | - | - | 88,937 |
| Local Capital | - | - | - | - | - | - | - |
| Transferred from Work in Progress | - | 22,316,099 | 93,787 | - | - | - | 22,409,886 |
| | - | 31,477,226 | 1,057,098 | 1,418,870 | 152,026 | 1,368,226 | 35,473,446 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 20,334 | 42,606 | 34,996 | 314,960 | 412,896 |
| | - | - | 20,334 | 42,606 | 34,996 | 314,960 | 412,896 |
| Cost, end of year | 8,819,960 | 149,998,734 | 2,473,822 | 4,815,943 | 341,147 | 2,146,598 | 168,596,204 |
| Work in Progress, end of year | | | | | | | - |
| Cost and Work in Progress, end of year | 8,819,960 | 149,998,734 | 2,473,822 | 4,815,943 | 341,147 | 2,146,598 | 168,596,204 |
| Accumulated Amortization, beginning of year | | 55,484,407 | 559,232 | 1,414,700 | 97,860 | 577,901 | 58,134,100 |
| Changes for the Year | | | | | | | |
| Increase: Amortization for the Year | | 2,944,127 | 196,561 | 414,912 | 60,026 | 355,488 | 3,971,114 |
| Decrease: | | | | | | | |
| Deemed Disposals | | | 20,334 | 42,606 | 34,996 | 314,960 | 412,896 |
| | | | - | 20,334 | 34,996 | 314,960 | 412,896 |
| Accumulated Amortization, end of year | | 58,428,534 | 735,459 | 1,787,006 | 122,890 | 618,429 | 61,692,318 |
| Tangible Capital Assets - Net | 8,819,960 | 91,570,200 | 1,738,363 | 3,028,937 | 218,257 | 1,528,169 | 106,903,886 |

School District No. 22 (Vernon)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2013

| | Buildings | Furniture and Equipment | Computer Software | Computer Hardware | Total |
|--|---------------------|------------------------------------|------------------------------|------------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Work in Progress, beginning of year | 22,409,886 | | | | 22,409,886 |
| Changes in Accounting Policies/Prior Period Adjustments | | | | | |
| Correct WIP determination should have been Equipment | (93,787) | 93,787 | | | - |
| Work in Progress, beginning of year, as restated | <u>22,316,099</u> | <u>93,787</u> | <u>-</u> | <u>-</u> | <u>22,409,886</u> |
| Changes for the Year | | | | | |
| Decrease: | | | | | |
| Transferred to Tangible Capital Assets | 22,316,099 | 93,787 | | | 22,409,886 |
| | <u>22,316,099</u> | <u>93,787</u> | <u>-</u> | <u>-</u> | <u>22,409,886</u> |
| Net Changes for the Year | <u>(22,316,099)</u> | <u>(93,787)</u> | <u>-</u> | <u>-</u> | <u>(22,409,886)</u> |
| Work in Progress, end of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

School District No. 22 (Vernon)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2013

| | Bylaw Capital | Other Provincial | Other Capital | Total Capital |
|---|--------------------------|-----------------------------|--------------------------|----------------------------|
| | \$ | \$ | \$ | \$ |
| Deferred Capital Revenue, beginning of year | 58,650,068 | - | 15,202 | 58,665,270 |
| Changes for the Year | | | | |
| Increase: | | | | |
| Transferred from Deferred Revenue - Capital Additions | 11,288,779 | | | 11,288,779 |
| Transferred from Work in Progress | 22,409,886 | | | 22,409,886 |
| | <u>33,698,665</u> | - | - | <u>33,698,665</u> |
| Decrease: | | | | |
| Amortization of Deferred Capital Revenue | 3,153,034 | | 2,027 | 3,155,061 |
| | <u>3,153,034</u> | - | <u>2,027</u> | <u>3,155,061</u> |
| Net Changes for the Year | <u>30,545,631</u> | - | <u>(2,027)</u> | <u>30,543,604</u> |
| Deferred Capital Revenue, end of year | <u>89,195,699</u> | - | <u>13,175</u> | <u>89,208,874</u> |
| Work in Progress, beginning of year | 22,409,886 | | | 22,409,886 |
| Changes for the Year | | | | |
| Decrease | | | | |
| Transferred to Deferred Capital Revenue | 22,409,886 | | | 22,409,886 |
| | <u>22,409,886</u> | - | - | <u>22,409,886</u> |
| Net Changes for the Year | <u>(22,409,886)</u> | - | - | <u>(22,409,886)</u> |
| Work in Progress, end of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Deferred Capital Revenue, end of year | <u>89,195,699</u> | <u>-</u> | <u>13,175</u> | <u>89,208,874</u> |

School District No. 22 (Vernon)

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

| | Bylaw Capital | MEd Restricted Capital | Other Provincial Capital | Land Capital | Other Capital | Total |
|---|--------------------------|---------------------------------------|---|-------------------------|--------------------------|--------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, beginning of year | 1 | 116,156 | - | - | 962 | 117,119 |
| Changes for the Year | | | | | | |
| Increase: | | | | | | |
| Provincial Grants - Ministry of Education | 11,288,779 | | | | | 11,288,779 |
| Investment Income | | 1,531 | | | | 1,531 |
| | <u>11,288,779</u> | <u>1,531</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,290,310</u> |
| Decrease: | | | | | | |
| Transferred to DCR - Capital Additions | 11,288,779 | | | | | 11,288,779 |
| | <u>11,288,779</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,288,779</u> |
| Net Changes for the Year | <u>-</u> | <u>1,531</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,531</u> |
| Balance, end of year | <u>1</u> | <u>117,687</u> | <u>-</u> | <u>-</u> | <u>962</u> | <u>118,650</u> |