

Audited Financial Statements of

School District No. 35 (Langley)

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

School District No. 35 (Langley)

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

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School District No. 35 (Langley)

MANAGEMENT REPORT

Version: 5948-5203-3220

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 35 (Langley) have been prepared by management in accordance with Canadian public sector accounting standards and provincial reporting legislation and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

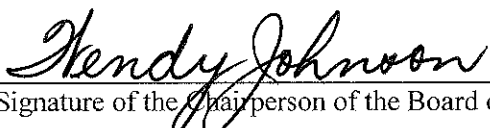
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

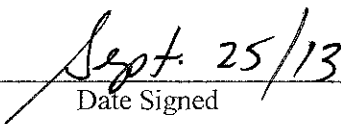
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.


The Board of Education of School District No. 35 (Langley) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly.

The external auditors, Office of the Auditor General, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 35 (Langley) 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.

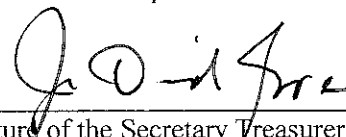
On behalf of School District No. 35 (Langley)


Signature of the Chairperson of the Board of Education

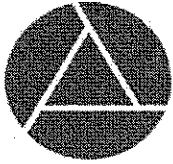

Date Signed


Signature of the Superintendent


Date Signed


Signature of the Secretary Treasurer


Date Signed



INDEPENDENT AUDITOR'S REPORT

*To the Board of Education of School District No. 35 (Langley), and
To the Minister of Education, Province of British Columbia*

I have audited the accompanying financial statements of School District No. 35 (Langley), 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 financial assets (debt) 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.

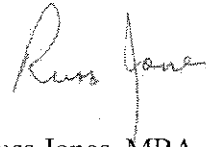
Opinion

In my opinion, the financial statements of School District No. 35 (Langley) for the years ended June 30, 2013, 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 requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of Matter

Without modifying my opinion, I draw attention to Note 2 to the financial statements, which discloses that the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia are in accordance with Canadian public sector accounting standards except in regard to the accounting treatment of government transfers. Note 3a to the financial statements discloses the impact of these differences.

Victoria, British Columbia
September 25, 2013



Russ Jones, MBA, CA
Auditor General

School District No. 35 (Langley)

Statement 1

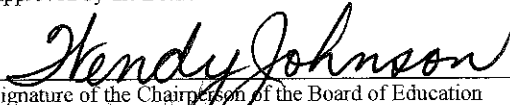

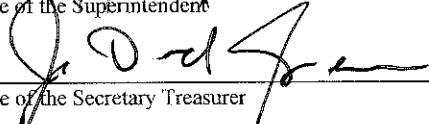
Statement of Financial Position

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

	June 30, 2013	June 30, 2012 (Restated-Note 2)	July 1, 2011 (Restated-Note 2)
	\$	\$	\$
Financial Assets			
Cash and Cash Equivalents	41,868,443	29,928,285	24,501,060
Accounts Receivable			
Due from Province - Ministry of Education	2,257,277	3,319,034	322,156
Other (Note 4)	1,192,532	1,288,755	879,285
Investments in Government Business Enterprises	-		
Portfolio Investments (Note 5)	173,634	3,379,967	3,317,368
	-		
Total Financial Assets	45,491,886	37,916,041	29,019,869
Liabilities			
Accounts Payable and Accrued Liabilities			
Other (Note 6)	19,435,479	16,022,097	15,063,892
Unearned Revenue (Note 9)	5,911,329	5,067,598	5,356,244
Deferred Revenue (Note 10)	1,145,754	1,590,948	1,003,611
Deferred Capital Revenue (Note 11)	132,216,161	117,653,025	113,606,729
Employee Future Benefits (Note 13 & 14 b)	5,256,786	5,599,290	4,921,139
Debt (Note 12)	-	2,200,000	3,000,000
Capital Lease Obligations (Note 19)	976,453	972,521	-
Total Liabilities	164,941,962	149,105,479	142,951,615
Net Financial Assets (Debt)	(119,450,076)	(111,189,438)	(113,931,746)
Non-Financial Assets			
Tangible Capital Assets (Note 7)	201,015,648	186,121,316	174,862,013
Prepaid Expenses	583,526	253,191	300,956
Total Non-Financial Assets	201,599,174	186,374,507	175,162,969
Accumulated Surplus (Deficit)	82,149,098	75,185,069	61,231,223

Contractual Obligations and Contingencies (Note 20 & 25)

Approved by the Board


Signature of the Chairperson of the Board of EducationSept. 25 / 13
Date Signed
Signature of the SuperintendentSept 25 / 13
Date Signed
Signature of the Secretary TreasurerSept. 25 / 13
Date Signed

School District No. 35 (Langley)

Statement 2

Statement of Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget (Note 22)	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	161,896,718	161,143,262	160,351,384
Other	624,131	493,294	544,603
Municipal Grants Spent on Sites			1,648,424
Tuition	5,806,750	5,992,613	6,444,589
Other Revenue	5,869,539	6,979,372	6,371,225
Rentals and Leases	799,357	862,070	757,461
Investment Income	166,512	333,651	261,041
Gain (Loss) on Disposal of Tangible Capital Assets (Note 8)	2,500,947	2,479,245	537,869
Amortization of Deferred Capital Revenue (Note 11)	5,343,486	5,300,642	5,138,022
Total Revenue	183,007,440	183,584,149	182,054,618
Expenses (Note 15)			
Instruction	145,050,842	143,846,697	137,417,481
District Administration	4,772,678	4,626,378	5,031,455
Operations and Maintenance	27,304,794	25,941,499	23,634,146
Transportation and Housing	2,025,865	2,134,420	1,957,147
Debt Services	48,500	71,126	60,543
Total Expense	179,202,679	176,620,120	168,100,772
Surplus (Deficit) for the year	3,804,761	6,964,029	13,953,846
Accumulated Surplus (Deficit) from Operations, beginning of year		75,185,069	61,231,223
Accumulated Surplus (Deficit) from Operations, end of year		82,149,098	75,185,069

School District No. 35 (Langley)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget (Note 22)	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Surplus (Deficit) for the year	<u>3,804,761</u>	<u>6,964,029</u>	<u>13,953,846</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(18,315,867)	(23,069,155)	(18,668,543)
Amortization of Tangible Capital Assets	7,058,462	7,223,469	6,856,972
Net carrying value of Tangible Capital Assets disposed of (Note 8)	951,354	951,354	552,268
Assets under Capital Lease			-
Total Effect of change in Tangible Capital Assets	<u>(10,306,051)</u>	<u>(14,894,332)</u>	<u>(11,259,303)</u>
Acquisition of Prepaid Expenses		(655,588)	(293,195)
Use of Prepaid Expenses		325,253	340,960
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(330,335)</u>	<u>47,765</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(6,501,290)</u>	<u>(8,260,638)</u>	<u>2,742,308</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(8,260,638)</u>	<u>2,742,308</u>
Net Financial Assets (Debt), beginning of year		(111,189,438)	(113,931,746)
Net Financial Assets (Debt), end of year		<u>(119,450,076)</u>	<u>(111,189,438)</u>

School District No. 35 (Langley)

Statement 5

Statement of Cash Flows

Years Ending June 30, 2013 and June 30, 2012

	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	6,964,029	13,953,846
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	1,157,980	(3,406,348)
Prepaid Expenses	(330,335)	47,765
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	3,413,382	958,205
Unearned Revenue	843,731	(288,646)
Deferred Revenue	(445,194)	587,337
Employee Future Benefits	(342,504)	678,151
Loss (Gain) on Disposal of Tangible Capital Assets	(2,479,245)	(537,869)
Amortization of Tangible Capital Assets	7,223,469	6,856,972
Amortization of Deferred Capital Revenue	(5,300,642)	(5,138,022)
Recognition of Deferred Capital Revenue Spent on Sites		(6,747,051)
Ministry Restricted Funding reflected as revenue	-	(396,233)
Total Operating Transactions	10,704,671	6,568,107
Capital Transactions		
Tangible Capital Assets Purchased	(1,636,953)	(7,381,729)
Tangible Capital Assets -WIP Purchased	(21,170,372)	(10,246,600)
District Portion of Proceeds on Disposal	2,552,353	1,000,559
Ministry Portion of Proceeds on Disposal	-	-
Site purchase	-	-
Total Capital Transactions	(20,254,972)	(16,627,770)
Financing Transactions		
Loan Payments	(2,200,000)	(800,000)
Capital Revenue Received	20,742,024	16,417,179
Capital Lease/Principal Repayment	(257,898)	(67,692)
Total Financing Transactions	18,284,126	15,549,487
Investing Transactions		
Investments in Portfolio Investments	3,206,333	(62,599)
Total Investing Transactions	3,206,333	(62,599)
Net Increase (Decrease) in Cash and Cash Equivalents	11,940,158	5,427,225
Cash and Cash Equivalents, beginning of year	29,928,285	24,501,060
Cash and Cash Equivalents, end of year	41,868,443	29,928,285
Cash and Cash Equivalents, end of year, is made up of:		
Cash	41,868,443	29,928,285
	41,868,443	29,928,285

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

1. Authority and Purpose

The School District, established on April 12, 1946, operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 35 (Langley)" and operates as "School District No. 35 (Langley)". 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. 35 (Langley) is exempt from federal and provincial income taxes.

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:

1. 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
2. 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 because the benefits did not vest. PSA standards however 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 of \$769,272 was determined by an actuarial valuation and was made effective July 1, 2011 to recognize a liability and an expense related to accumulated sick leave entitlements. The result of this adjustment was to increase the liability for employee future benefits and decrease accumulated surplus by the \$769,272. An additional expense of \$3,241 was recognized in the 2012 fiscal year related to the accrual for accumulated sick leave entitlements.
- In accordance with the first time elections, the School District recognized previous cumulative actuarial gains relating to vested employee future benefits of \$2,299,174 at July 1, 2011 resulting in a decrease to the Employee Future Benefits liability and an increase in accumulated surplus. An additional expense of \$223,560 was recognized in the 2012 fiscal year as a result of removing the amortization of those actuarial gains.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

2. Conversion to Public Sector Accounting Standards (continued)

Other significant transition reclassifications and adjustments are summarized below.

	Previously Stated July 1, 2011	Reclassification	Adjustment	Restated July 1, 2011
	\$	\$	\$	\$
Short Term Investments	3,313,368	(3,313,368)		-
Investments	4,000	(4,000)		-
Portfolio Investments		3,317,368		3,317,368
Deferred Revenue	(5,356,244)	5,356,244		-
Unearned Revenue		(5,356,244)		(5,356,244)
Deferred Contributions -Capital Fund	(5,198,474)	5,198,474		-
Deferred Contributions -Operating and Special Purpose Funds	(1,269,181)	944,609	324,572	-
Deferred Capital Contributions	(108,408,255)	108,408,255		-
Deferred Revenue	(59,002)	(944,609)		(1,003,611)
Deferred Capital Revenue		(113,606,729)		(113,606,729)
Accounts Payable	(15,731,892)	668,000		(15,063,892)
Employee Future Benefits	(5,783,041)	(668,000)	1,529,902	(4,921,139)

Former deferred contribution amounts of \$324,572 are amounts that no longer meet the criteria for deferral under the new reporting framework and therefore have been taken into income, increasing the accumulated surplus at July1, 2011 by an equal amount.

	Previously Stated July 1, 2012	Reclassification	Adjustment	Restated July 1, 2012
	\$	\$	\$	\$
Short Term Investments	3,376,425	(3,376,425)		-
Investments	3,542	(3,542)		-
Portfolio Investments		3,379,967		3,379,967
Deferred Revenue	(5,067,598)	5,067,598		-
Unearned Revenue		(5,067,598)		(5,067,598)
Deferred Contributions - Capital Fund	(3,899,753)	3,899,753		-
Deferred Contributions - Operating and Special Purpose Funds	(1,563,209)	1,563,209		-
Deferred Capital Contributions	(113,753,272)	113,753,272		-
Deferred Revenue	(68,893)	(1,563,209)	41,154	(1,590,948)
Deferred Capital Revenue		(117,653,025)		(117,653,025)
Accounts Payable	(17,240,597)	1,218,500		(16,022,097)
Employee Future Benefits	(5,683,891)	(1,218,500)	1,303,101	(5,599,290)

Former deferred contribution amounts of \$41,154 are amounts that no longer meet the criteria for deferral under the new reporting framework and therefore have been taken into income, increasing the accumulated surplus at July1, 2012 by an equal amount. These reclassifications and adjustments have not had a material impact on the 2012 restated Statement of Cash Flows.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

2. Conversion to Public Sector Accounting Standards (continued)

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	\$ 59,376,749
Adjustments to accumulated surplus (deficit)	
Add non-vested benefits to Employee Future Benefits	(769,272)
Recognize cumulative unamortized actuarial gain/(loss) on Employee Future Benefits	2,299,174
Reclassify Deferred Contributions	324,572
Accumulated surplus (deficit) as restated, July 1, 2011	\$ 61,231,223
 Annual surplus (deficit) as originally reported for the year ended June 30, 2012	 \$ 14,464,065
Employee Future Benefits amortization expense	(226,801)
Reclassify Deferred Contributions to revenue	(324,572)
Reclassify Deferred Contributions to revenue	41,154
Annual surplus (deficit) for the year as restated for the year ended June 30, 2012	13,953,846
Accumulated surplus (deficit), end of year as restated, June 30, 2012	\$ 75,185,069

3. Summary of significant accounting policies and reporting practices

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(g) and 3(k).

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(g) and 3(k). Information on the impact of conversion to the new accounting framework is provided in Note 2.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

3. Summary of significant accounting policies and reporting practices (continued)

As noted in Notes 3(g) and 3(k), 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 capital revenue by
\$108,408,255

Year-ended June 30, 2012 - increase in annual surplus by \$5,345,017

June 30, 2012 - increase in accumulated surplus and decrease in deferred capital revenue by
\$113,753,272

Year-ended June 30, 2013 - increase in annual surplus by \$15,400,742

June 30, 2013 - increase in accumulated surplus and decrease in deferred capital revenue by
\$129,154,014

b) Cash and Cash Equivalents

Cash and cash equivalents include cash in the bank and deposits in the Provincial Ministry of Finance Central Deposit Program which are readily convertible to cash and that are not subject to a significant risk of change in value. The deposits with the Ministry of Finance can be withdrawn from the program with three days of notice.

c) Portfolio Investments (See Note 5)

The School District has investments in term deposits and guaranteed investment certificates (2012 and 2011) that have maturities of greater than 3 months at the time of acquisition. These investments have been reported at cost and are not subject to impairment.

d) Accounts Receivable

Accounts receivable are measured at amortized cost and shown net of allowance for doubtful accounts (see Note 4).

e) Prepaid Expenses

Prepaid expenses include costs prepaid for insurance, equipment and software maintenance, and other fees. These prepaid expenses are stated at acquisition cost and are charged to expense over the future periods expected to benefit from them.

f) 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. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

3. Summary of significant accounting policies and reporting practices (continued)

g) 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 (k).

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.

h) Tangible Capital Assets

Capital assets acquired or constructed are recorded at cost. Equipment under capital leases is initially recorded at an amount equal to the lesser of the fair value of the equipment and the net present value of the future lease payments.

Donated tangible capital assets are recorded at their fair market value on the date of donation, if available. Otherwise a nominal value is used.

Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.

Tangible capital assets that no longer contribute to the ability of the district to provide services are written-down to residual value and accounted for as expenses in the Statement of Operations.

Buildings that are demolished or destroyed are written-off.

The cost, less any residual value, of tangible capital assets (excluding sites) is amortized on a straight line basis over the estimated useful life of the asset. Estimated useful lives for the District's tangible capital assets, as determined by management, are as follows:

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

Amortization of tangible capital assets is taken at one-half the normal annual rate in the year of acquisition and in the year of disposal. Amortization of equipment under capital leases is taken monthly over the term of the leases.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

3. Summary of significant accounting policies and reporting practices (continued)

i) Capital Leases

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

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

j) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 17 – Interfund Transfers and Note 16 – Accumulated Surplus – Operating Fund).

k) 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.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

3. Summary of significant accounting policies and reporting practices (continued)

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.

l) Expenditures

Expenses are reported on an accrual basis. The cost of goods consumed and services received during the year is expensed. Interest expense relates to the cost of borrowing of a Bankers Acceptance that was repaid during the year.

m) Financial Instruments (see Note 23)

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, portfolio investments, accounts payable and accrued liabilities and other current 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.

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.

n) 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. Benefits include vested sick leave, accumulating non-vested sick leave, retirement allowances, vacation pay and life insurance.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

3. Summary of significant accounting policies and reporting practices (continued)

The School District accrues its obligations and related costs under employee future benefit plans. The future benefits cost is actuarially determined using the projected unit credit method pro-rata on service and using management's best estimate of expected salary escalation, termination and 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, pertaining to the application of *Sections PS 3250 and 3255*.

The cumulative unrecognized actuarial gains (losses) are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan. The EARSL for employees of the School District is 9.3 years.

The most recent valuation of the obligation was performed at March 31, 2013 and projected to June 30, 2015. 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.

o) 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 for assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the potential impairment of assets, amortization rates, estimated employee future benefits, asset retirement obligations and contingent liabilities. Actual results could differ from those estimates.

4. Accounts receivable – other receivables

	June 30, 2013	June 30, 2012	July 1, 2011
Due from Federal Government	\$ 625,252	\$ 566,803	\$344,831
Other accounts receivable	585,780	644,950	573,646
Due from Langley School District Foundation	500	88,675	6,374
Allowance for doubtful accounts	(19,000)	(11,673)	(45,566)
	<u>\$1,192,532</u>	<u>\$1,288,755</u>	<u>\$879,285</u>

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

5. Portfolio Investments

	June 30, 2013	Cost June 30, 2012	July 1, 2011
Investments in the cost and amortized cost category:			
Term deposits	\$ 173,634	\$ 281,957	\$ 294,144
Guaranteed Investment Certificate		3,098,010	3,023,224
	<u>\$ 173,634</u>	<u>\$ 3,379,967</u>	<u>\$3,317,368</u>

6. Accounts payable and accrued liabilities - other

	June 30, 2013	June 30, 2012	July 1, 2011
Trade payables	\$ 5,385,922	\$ 3,092,385	\$ 2,537,778
Salaries and benefits payable	10,560,785	9,733,724	8,954,151
Accrued vacation pay	2,894,464	2,654,547	2,849,892
Other	594,308	541,441	722,071
	<u>\$19,435,479</u>	<u>\$16,022,097</u>	<u>\$15,063,892</u>

7. Tangible Capital assets

June 30, 2013

Cost:	Balance at July 1, 2012	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2013
Sites	\$ 30,697,440	\$	\$ 73,108	\$	\$ 30,624,332
Buildings	265,834,969	802,257	2,092,532	12,975,142	277,519,836
Buildings – work in progress	10,307,725	19,737,208		(12,975,142)	17,069,791
Furniture & Equipment	5,780,358	1,799,410	994,958		6,584,810
Vehicles	2,417,620	280,999	475,399		2,223,220
Computer Software	189,317	36,991	2,273		224,035
Computer Hardware	484,131	150,460	137,241		497,350
Equipment under capital lease	1,040,213	261,830			1,302,043
Total	<u>\$316,751,773</u>	<u>\$23,069,155</u>	<u>\$3,775,511</u>	<u>\$ 0</u>	<u>\$336,045,417</u>

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

7. Tangible Capital assets (continued)

Accumulated Amortization:	Balance at July 1, 2012	Additions	Disposals	Balance at June 30, 2013
Sites	\$	\$	\$	\$
Buildings	125,820,131	5,986,992	1,214,286	130,592,837
Furniture & Equipment	2,818,170	609,928	994,958	2,433,140
Vehicles	1,609,180	232,042	475,399	1,365,823
Computer Software	57,123	41,335	2,273	96,185
Computer Hardware	255,287	98,148	137,241	216,194
Equipment under capital lease	70,566	255,024		325,590
Total	\$130,630,457	\$7,223,469	\$2,824,157	\$135,029,769

June 30, 2012

Cost:	Balance at July 1, 2011	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2012
Sites	\$ 23,956,920	\$ 6,747,049	\$ 6,529	\$	\$ 30,697,440
Buildings	265,534,130	134,108	870,104	1,036,835	265,834,969
Buildings – work in progress	1,929,383	9,415,177		(1,036,835)	10,307,725
Furniture & Equipment	5,321,449	1,079,644	620,735		5,780,358
Vehicles	2,795,363		377,743		2,417,620
Computer Software	79,641	118,326	8,650		189,317
Computer Hardware	378,087	134,026	27,982		484,131
Equipment under capital lease		1,040,213			1,040,213
Total	\$299,994,973	\$18,668,543	\$1,911,743	\$0	\$316,751,773

Accumulated Amortization:	Balance at July 1, 2011	Additions	Disposals	Balance at June 30, 2012
Sites	\$	\$	\$	\$
Buildings	120,278,723	5,865,773	324,365	125,820,131
Furniture & Equipment	2,892,039	546,866	620,735	2,818,170
Vehicles	1,726,274	260,649	377,743	1,609,180
Computer Software	38,877	26,896	8,650	57,123
Computer Hardware	197,047	86,222	27,982	255,287
Equipment under capital lease		70,566		70,566
Total	\$125,132,960	\$6,856,972	\$1,359,475	\$130,630,457

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

7. Tangible Capital assets (continued)

Net Book Value

	Net Book Value June 30, 2013	Net Book Value June 30, 2012	Net Book Value July 1, 2011
Sites	\$ 30,624,332	\$ 30,697,440	\$ 23,956,920
Buildings	146,926,999	140,014,838	145,255,407
Buildings – work in progress	17,069,791	10,307,725	1,929,383
Furniture & Equipment	4,151,670	2,962,188	2,429,410
Vehicles	857,397	808,440	1,069,089
Computer Software	127,850	132,194	40,764
Computer Hardware	281,156	228,844	181,040
Equipment under capital lease	976,453	969,647	
Total	\$201,015,648	\$186,121,316	\$ 174,862,013

Buildings – work in progress have not been amortized. Amortization of these assets will commence when the asset is put into service.

8. Disposal of sites and buildings

Disposals of sites and buildings during the year include the following:

	Aldergrove	Hannah	Total
Capital Cost	\$ 2,165,640		2,165,640
Accumulated Amortization	(1,214,286)		(1,214,286)
Net Asset Value at Disposal	951,354	-	951,354
Deferred Capital Contributions	(1,501,231)		(1,501,231)
Accumulated Amortization	622,985		622,985
Net DCC Value at Disposal	(878,246)	-	(878,246)
Net Book Value at Disposal	\$ 73,108	\$ -	\$ 73,108
Total Sale Proceeds	3,697,577	(20,417)	3,677,160
Restricted Sale Proceeds	(1,124,807)		(1,124,807)
Net Sale Proceeds	2,572,770	(20,417)	2,552,353
Gain (Loss) on Disposal	\$ 2,499,662	\$ (20,417)	\$ 2,479,245

The \$20,417 loss on disposal related to the Hannah building represents less than anticipated insurance proceeds from the disposal in March, 2012. The Aldergrove building was acquired in 1913, and the Hannah building was acquired in 2008.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

9. Unearned revenue

	30-Jun-13	30-Jun-12 (Restated)
Balance, Beginning of Year, July 1	5,067,598	5,356,244
Changes		
Increase:		
Tuition fees	5,807,632	4,961,423
Rentals	4,180	1,800
Transportation	76,870	88,135
Grants	15,000	16,035
Other	7,647	205
	5,911,329	5,067,598
Decrease:		
Tuition fees	4,961,423	5,155,109
Rentals	1,800	3,042
Transportation	88,135	107,960
Grants	16,035	88,813
Other	205	1,320
	5,067,598	5,356,244
Balance, End of Year	5,911,329	5,067,598

10. Deferred revenue

Deferred revenue includes unspent amounts 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. Detailed information about the changes in deferred revenue is included below.

	30-Jun-13	30-Jun-12 <i>Restated</i>
Balance, Beginning of year, July 1	1,590,948	1,003,611
Changes for the year:		
Increase:		
<i>Receipts in the year</i>		
Provincial Grants - MOE	5,348,135	4,240,727
Provincial Grants - Other	295,404	176,346
Federal Grants		
Other Revenue	4,997,826	4,969,626
Investment Income		
	10,641,365	9,386,699
Decrease		
<i>Transferred to Revenue</i>	(11,086,559)	(8,799,362)
Balance End of Year	1,145,754	1,590,948

Deferred revenue includes unspent grants and contributions that meet the description of a restricted contribution in the Restricted Contribution Regulation 198/2011 issued by Treasury Board.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

11. Deferred Capital Revenue

	30-Jun-13	30-Jun-12 <i>Restated</i>
Balance, Beginning of year	117,653,025	113,606,729
Changes for the year:		
Increase:		
<i>Receipts in the year</i>		
Provincial Grants - MOE	19,105,888	15,293,421
Provincial Grants - Other		
Federal Grants		
Other Revenue	472,125	684,782
Investment Income	39,204	40,756
Disposal proceeds	1,124,807	398,220
	<u>20,742,024</u>	<u>16,417,179</u>
Decrease		
Amortization	(5,300,642)	(5,138,022)
Site Purchases		(6,747,050)
Retirement of AFG deficit		(396,233)
Revenue recognition on disposal building	(878,246)	(89,578)
	<u>(6,178,888)</u>	<u>(12,370,883)</u>
Balance End of Year	<u>132,216,161</u>	<u>117,653,025</u>

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.

12. Bank Loans

As per Section 144 of the School Act, the School District received approval from the Minister on September 24, 2009 to borrow \$3 million for the purpose of temporary bridge financing to fund the District's contribution in the Langley Events Centre. The loan was originally repayable in full, from the sale of District assets, by October 31, 2011. These sales took longer than anticipated to complete and the original loan was rolled over into Bankers Acceptances that were renewed on a regular basis. The latest of these Banker's acceptances was repaid in full on January 9, 2013 from proceeds on the completion of the sale of Aldergrove Elementary School.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

13. Employee future benefits

Benefits include vested sick leave, accumulating non-vested sick leave, retirement allowances, vacation pay and life insurance. The accrued benefit obligation for employee future benefits is not funded as funding is provided when the benefits are paid. Accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits.

	<u>2013</u>	<u>2012</u> <u>Re-stated</u>
Reconciliation of accrued benefit obligation		
Accrued benefit obligation, April 1	\$ 4,299,579	\$ 3,542,054
Non-vested Benefits – July 1, 2011		769,272
Service cost	337,591	316,813
Interest cost	183,686	204,621
Benefit payments – April 1 to March 31	(357,982)	(423,385)
Plan Amendment Increase (Decrease) in Obligation	27,863	
Actuarial (Gain) Loss	1,077,343	(109,796)
Accrued benefit obligation, March 31	<u>\$ 5,568,080</u>	<u>\$ 4,299,579</u>
Reconciliation of funded status at end of fiscal year		
Accrued Benefit Obligation – March 31	\$ 5,568,080	\$ 4,299,579
Market value of plan assets – March 31	0	0
Funded status – Surplus (Deficit)	\$ (5,568,080)	\$ (4,299,579)
Employer contributions after measurement date	65,817	28,586
Unamortized net actuarial (gain) loss	1,004,827	(109,796)
Accrued benefit liability - June 30	<u>\$ (4,497,436)</u>	<u>\$ (4,380,789)</u>
Reconciliation of change in accrued benefit liability		
Accrued benefit Liability – July 1	\$ 4,380,789	\$ 5,783,041
Recognize non-vested benefits – July 1, 2011		769,272
Recognize unamortized (gains) losses – July 1, 2011		(2,299,174)
Accrued benefit liability – July 1, 2011 (restated)	4,380,789	4,253,139
Net expense for fiscal year	511,859	521,434
Employers contributions	(395,213)	(393,784)
Accrued benefit liability - June 30	<u>\$ 4,497,436</u>	<u>\$ 4,380,789</u>
Components of net benefit expense		
Service cost	\$ 337,591	\$ 316,813
Interest cost	183,686	204,621
Immediate Recognition of Plan Amendment	27,863	
Amortization of net actuarial gain	(37,281)	
Net benefit expense	<u>\$ 511,859</u>	<u>\$ 521,434</u>

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

13. Employee future benefits (continued)

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

	<u>2013</u>	<u>2012</u>
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	9.3 years	8.7 years

The employee future benefits liability of \$5,256,786 (2012-\$5,599,290) identified on the statement of financial position includes the district's retirement plan for non-teaching employees, in addition to the vested and non-vested district future benefits described above.

The total employee future benefits amount is comprised of:

	<u>2013</u>	<u>2012</u> (Restated)
Accrued benefit liability-June 30th		
Vested and non-vested district benefits	4,497,436	4,380,789
Retirement plan for non-teaching employees (Note 14)	759,350	1,218,501
Total accrued benefit liability	<u>5,256,786</u>	<u>5,599,290</u>

14. Employee pension plans

a) Teachers' Pension Plan and Municipal Pension Plan

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent 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 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 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

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

14. Employee pension plans (continued)

consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan.

The School District's employer contributions to these plans in the fiscal year ended June 30, 2013 were \$14,885,441 (2012 - \$14,396,505).

The contribution formula for these pension plans is as follows: (1) for the Teachers' Pension Plan, the maximum contribution rate for eligible employees was 12.7% (2012 - 12.7%). The School District's maximum contribution rate was 14.83% (2012 - 14.83%); (2) for the Municipal Pension Plan the maximum contribution rate for eligible employees was 9.3% (2012 - 9.3%). The School District's maximum contribution rate was 9.74% (2012 - 9.67%).

b) Retirement Plan for Non-Teaching Employees of School District No. 35 (Langley)

The Retirement Plan for Non-Teaching Employees of School District No. 35 (Langley) is a defined pension plan that has been effective since October 1, 1964. Effective January 1, 1991, new employees are not permitted to join the plan and are required to join the Municipal Pension Plan. The pension plan has 2 active members and 28 retired members. The plan provides benefits based on years of service and the average compensation of the year in which the member retires.

The Board has appointed a Retirement Committee consisting of management, union and plan members to be in charge of the general administration of the plan. The school district uses the services of outside firms to provide pension administration services and management of the pension plan including investment of the assets and administration of benefits.

An actuarial valuation is normally performed every three years to assess the financial position of the plan. The actuarial valuation conducted as at December 31, 2010 reported a going-concern deficit of \$58,000 (2007: \$900,000 surplus) and a solvency deficiency of \$668,000 (2007: \$70,000 surplus). Due to the significant solvency deficiency as at December 2010 the District requested another actuarial valuation as at December 31, 2011. The valuation reports a going concern deficit of \$436,000 (2010: \$58,000) and a solvency deficiency of \$1,198,000 (2010: \$668,000). The District has recognized the solvency deficiency as a liability in the financial statements as a component of the employee future benefits liability. The District is required to make employer contributions equal to the current service cost retroactive to January 1, 2011 and to make special payments to fund the solvency deficiency either over five years or in a lump sum payment. The District has decided to make special payments to fund the solvency deficiency on a quarterly basis.

For the fiscal year ended June 30, 2013 the school district has accrued service costs of \$ 8,350 (2012: 20,500) and a liability of \$759,350 (2012: \$1,218,501).

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

15. Expense by object

	June 30, 2013	June 30, 2012 Restated
Salaries and benefits	\$148,686,522	\$143,061,791
Services and supplies	15,987,490	13,519,768
Interest	78,301	61,428
Amortization	7,223,469	6,856,972
Other	4,644,338	4,600,813
	<u>\$176,620,120</u>	<u>\$168,100,772</u>

16. Accumulated Surplus – Operating Fund

The School District attributes a portion of its overall accumulated surplus to an internal operating fund and internally restricts of the balance for various purposes. The detail of the operating fund surplus is as follows.

	<u>2013</u>	<u>2012</u> <u>Restated</u>
Restricted operating surplus		
Internally restricted (appropriated) by the Board	\$ 3,188,260	\$ 3,188,260
School generated funds	2,057,564	1,980,857
Aboriginal Education		41,154
District Initiative to support technology	250,000	
District initiative in support of schools	<u>393,027</u>	
Internally restricted surplus	5,888,851	5,210,271
Unrestricted operating surplus (deficit)	<u>3,923,492</u>	<u>(1,045,953)</u>
Total surplus (deficit)	<u>\$ 9,812,343</u>	<u>\$ 4,164,318</u>

Included in the unrestricted operating surplus is an amount of \$1,303,101 related to the accounting for employee future benefits due to the conversion to PSAS.

17. Interfund transfers

The School District manages its accounts using three different funds – Operating, Special Purpose and Capital. Transfers between these funds during the year ended June 30, 2013, were as follows:

- A transfer in the amount of \$265,169 (2012: \$44,096) was made from the special purpose fund to the capital fund for payment of capital assets purchased.
 - A transfer in the amount of \$500,516 was made from the operating fund to the capital fund for payment of capital assets purchased (2012: \$339,576).
-

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

18. 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 generally considered to be in the normal course of operations and are recorded at the exchange amount. The cumulative total of transactions with related parties during the year was not material in amount.

The School District has an economic interest in the Langley School District Foundation (Foundation) which acts as a fundraising agency for the School District. The Foundation is a separate legal entity and is a registered charity under the provisions of the *Income Tax Act* of Canada. The Foundation has its own board of directors who approve grants to support various initiatives of the School District.

During the year, the School District received \$257,656 (2012: \$210,153) in contributions from the Foundation to support and promote programs not funded by the Ministry of Education. The School District made contributions to the Foundation to support its operations of \$4,000 (2012: \$6,000). The School District also has an amount receivable from the Foundation of \$500 (2012: \$88,675) – see Note 4.

19. Obligations under capital leases

The District entered into a capital lease during March 2012 to replace photocopier and printer equipment in schools and business offices. The lease expires at the end of February 2017. The minimum future lease payments for the years ended June 30 are as follows:

2014	\$ 339,934
2015	339,934
2016	339,934
2017	233,029
2018	
Thereafter	
Total minimum lease payments	\$ 1,252,831
Less amounts representing interest	(276,378)
Present value of net minimum capital lease payments	<u>\$ 976,453</u>

For the year ended June 30, 2013, the District recorded interest expense on the obligations under capital leases of \$ 50,267 (2012- \$ 7,317).

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

20. Contractual Obligations

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

	2014	2015	Thereafter
Construction of Richard Bulpitt Elementary	\$ 3,432,717	\$	\$
Construction of Yorkson Area Middle School	14,601,055	3,506,296	
Bus Purchase	209,488		
West Langley Boiler replacement	126,898		
Various AFG projects	815,785		
	<u>\$19,185,943</u>	<u>\$3,506,296</u>	<u>\$</u>

21. Asset retirement obligations

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition or as a requirement of a disposal. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. As at June 30, 2013, the liability is not reasonably determinable and the District has accordingly not made any provision in the financial statements to reflect future removal costs or reduced sale proceeds.

22. Budget Figures

Budget figures were approved by the Board of Education through the adoption of an annual amended budget bylaw on February 26, 2013.

The annual amended budget dated February 26th contained a separate line for the amortization of capital assets in the amount of \$7,058,462. In the June 30, 2013 financial statements (statement 2) this amortization amount is included in the operations and maintenance expense total. The amortization was not initially budgeted by function, but has been allocated to the operations and maintenance function in the financial statements.

Budget figures included in the financial statements reflect the amended planned budget approved by the Board. The District has elected to present the amended budget as it reflects a budget based on funding as a result of final enrollment numbers versus estimated enrollment projections.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

22. Budget Figures (continued)

	Original Budget	Amended Budget	Change
	\$	\$	\$
Statement 2			
Revenues			
Provincial Grants			
Ministry of Education	157,127,060	161,896,718	4,769,658
Other	457,278	624,131	166,853
Tuition	5,813,750	5,806,750	(7,000)
Other Revenue	7,100,459	5,869,539	(1,230,920)
Rentals and Leases	672,591	799,357	126,766
Investment Income	161,850	166,512	4,662
Gain (Loss) on Disposal of Tangible Capital Assets		2,500,947	2,500,947
Amortization of Deferred Capital Revenue	5,303,162	5,343,486	40,324
Total Revenue	176,636,150	183,007,440	6,371,290
			-
Expenses			
Instruction	144,604,630	145,050,842	446,212
District Administration	4,641,090	4,772,678	131,588
Operations and Maintenance	17,423,665	20,246,332	2,822,667
Transportation and Housing	2,025,865	2,025,865	-
Interest	18,000	48,500	30,500
Amortization of Tangible Capital Assets	7,004,317	7,058,462	54,145
Total Expense	175,717,567	179,202,679	3,485,112
			-
Net Revenue	918,583	3,804,761	2,886,178
			-
Budgeted Allocation (Retirement) of Surplus (Deficit)	(2,134,408)	(2,382,364)	(247,956)
			-
Budgeted Surplus (Deficit), for the year	(1,215,825)	1,422,397	-
			2,638,222

Significant changes between the original and amended budgets are as follows:

- Ministry grants-release of the provincial operating grant holdback amount was reflected in the amended budget, as was the introduction of the new learning improvement fund grant and an increased annual facilities grant allocation.
- Other revenue- the school generated funds revenue was decreased in the amended budget.
- Gain (loss) on disposal of tangible capital assets-the sale of the Aldergrove school site and the disposal of the Hannah site were reflected in the amended budget.
- Expenses, Operations and Maintenance-the increase in the amended budget expenses included an increase in annual facilities grant spending.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

23. Risk management

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:

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

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

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits and investments as they are placed in recognized British Columbia institutions and the School District invests solely in term deposits and guaranteed investment certificates.

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 as they invest solely in term deposits and guaranteed investment certificates that have a maturity date of no more than 3 years.

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.

24. Economic dependence

Operations of the School District are dependent on continued funding from the Ministry of Education and various governmental agencies to carry out its programs. These financial statements have been prepared on a going concern basis.

School District No. 35 (Langley)

Notes to the Financial Statements

For the years ended June 30, 2013 and June 30, 2012

25. Contingencies

The School District has also been served a writ of summons in a class action lawsuit involving 25 other school districts throughout the Province, seeking recovery of tuition fees paid for summer school courses in prior fiscal periods. Neither the outcome of this action nor any potential financial consequences are known at this time. It is the opinion of management that final determination of this claim will not have a material effect on the financial position or operations of the School District.

School District No. 35 (Langley)

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 (Restated-Note 2)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year					
Change in Accounting Policies/Prior Period Adjustments	4,164,318		71,020,751	75,185,069	59,376,749
Add non-vested benefits to Employee Future Benefits					(769,272)
Recognize unamortized gain (loss) on Employee Future Benefits					2,299,174
Reclassify Aboriginal Education Deferred Contributions					324,572
Accumulated Surplus (Deficit), beginning of year, as restated	4,164,318	-	71,020,751	75,185,069	61,231,223
Changes for the year					
Surplus (Deficit) for the year	6,148,541	265,169	550,319	6,964,029	13,953,846
Interfund Transfers					
Tangible Capital Assets Purchased	(192,351)	(265,169)	265,169	-	-
Local Capital	(308,165)		192,351	-	-
Other			308,165	-	-
Net Changes for the year	5,648,025	-	1,316,004	6,964,029	13,953,846
Accumulated Surplus (Deficit), end of year - Statement 2	9,812,343	-	72,336,755	82,149,098	75,185,069

School District No. 35 (Langley)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	153,602,283	154,263,087	151,086,218
Other	624,131	240,834	279,418
Tuition	5,806,750	5,992,613	6,444,589
Other Revenue	819,539	1,856,444	1,832,533
Rentals and Leases	799,357	862,070	757,461
Investment Income	145,000	289,483	220,622
Total Revenue	161,797,060	163,504,531	160,620,841
Expenses			
Instruction	134,989,068	133,690,933	129,679,530
District Administration	4,754,529	4,594,767	4,994,568
Operations and Maintenance	17,085,820	16,915,011	16,021,923
Transportation and Housing	2,025,865	2,134,420	1,957,147
Debt Services	21,000	20,859	53,226
Total Expense	158,876,282	157,355,990	152,706,394
Operating Surplus (Deficit) for the year	2,920,778	6,148,541	7,914,447
Budgeted Appropriation (Retirement) of Surplus (Deficit)	(2,382,364)		
Budgeted Reduction of Unfunded Accrued Employee Future Benefits	-		
Net Transfers (to) from other funds			
Local Capital	(330,133)	(192,351)	(264,567)
Other	(208,281)	(308,165)	(75,009)
Total Net Transfers	(538,414)	(500,516)	(339,576)
Total Operating Surplus (Deficit), for the year	-	5,648,025	7,574,871
Operating Surplus (Deficit), beginning of year		4,164,318	(7,065,701)
Change in Accounting Policies/Prior Period Adjustments			
Add non-vested benefits to Employee Future Benefits			(769,272)
Recognize unamortized gain (loss) on Employee Future Benefits			2,299,174
Reclassify Deferred Contributions			-
Reclassify School Generated Funds			1,800,674
Reclassify Aboriginal Education Deferred Contributions			324,572
Operating Surplus (Deficit), beginning of year, as restated		4,164,318	(3,410,553)
Operating Surplus (Deficit), end of year		9,812,343	4,164,318
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 16)		5,888,851	5,210,271
Unrestricted		3,923,492	(1,045,953)
Total Operating Surplus (Deficit), end of year		9,812,343	4,164,318

School District No. 35 (Langley)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	152,704,769	153,273,004	150,140,357
AANDC/LEA Recovery	(158,546)	(156,490)	(115,218)
Other Ministry of Education Grants			
Education Guarantee	405,345	430,559	358,553
Other Ministry of Education Grants	18,840	18,840	21,273
Pay Equity	551,875	551,875	551,875
Carbon Tax	80,000	145,299	129,378
Total Provincial Grants - Ministry of Education	153,602,283	154,263,087	151,086,218
Provincial Grants - Other	624,131	240,834	279,418
Tuition			
Summer School Fees	130,000	133,880	98,435
Continuing Education	82,750	79,703	112,228
Offshore Tuition Fees	5,594,000	5,779,030	6,233,926
Total Tuition	5,806,750	5,992,613	6,444,589
Other Revenues			
LEA/Direct Funding from First Nations	158,546	156,490	115,218
Miscellaneous			
Other Miscellaneous Revenue	406,993	1,354,930	1,226,899
Transportation	204,000	205,817	223,355
BC Hydro Grant	50,000	62,500	86,878
School Generated Funds	-	76,707	180,183
Total Other Revenue	819,539	1,856,444	1,832,533
Rentals and Leases	799,357	862,070	757,461
Investment Income	145,000	289,483	220,622
Total Operating Revenue	161,797,060	163,504,531	160,620,841

School District No. 35 (Langley)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Salaries			
Teachers	75,069,435	74,337,011	73,814,764
Principals and Vice Principals	8,476,404	8,592,005	8,171,249
Educational Assistants	11,534,990	10,974,818	9,523,352
Support Staff	13,289,843	12,983,326	12,481,361
Other Professionals	3,046,057	3,273,655	3,121,090
Substitutes	5,002,384	5,942,550	5,915,453
Total Salaries	116,419,113	116,103,365	113,027,269
Employee Benefits	28,857,083	27,820,796	27,231,373
Total Salaries and Benefits	145,276,196	143,924,161	140,258,642
Services and Supplies			
Services	2,895,047	2,762,846	2,306,248
Student Transportation	57,941	274,190	239,454
Professional Development and Travel	813,570	791,579	608,902
Rentals and Leases	109,919	11,886	5,824
Dues and Fees	437,287	506,618	510,755
Insurance	474,478	472,513	496,772
Interest	21,000	28,034	54,111
Supplies	5,905,844	5,996,678	5,486,580
Bad Debts	(1,000)	16,331	(17,687)
Utilities	2,886,000	2,571,154	2,756,793
Total Services and Supplies	13,600,086	13,431,829	12,447,752
Total Operating Expense	158,876,282	157,355,990	152,706,394

School District No. 35 (Langley)

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

Schedule 2C (Unaudited)

	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	59,547,711	1,375,011	175,529	1,378,941	45,055	3,844,517	66,366,764
1.03 Career Programs	315,815	(284)	37,467	33,083	-	780	386,861
1.07 Library Services	571,434	90,723	459,070	46,120	-	56,643	1,223,990
1.08 Counseling	2,369,926	71,604	592	106,584	-	4,078	2,552,784
1.10 Special Education	8,842,270	360,873	9,054,949	44,985	-	786,891	19,089,968
1.30 English Language Learning	1,344,778	-	94,672	-	-	42,477	1,481,927
1.31 Aboriginal Education	389,259	47,736	795,199	86,261	-	7,402	1,325,857
1.41 School Administration	-	6,148,204	(236)	1,890,416	17,965	167,244	8,223,593
1.60 Summer School	250,613	40,729	3,122	5,354	-	101	299,919
1.61 Continuing Education	-	-	-	-	-	-	-
1.62 Off Shore Students	705,205	211,624	244,731	127,912	282,640	69,579	1,641,691
1.64 Other	-	-	-	-	-	-	-
Total Function 1	74,337,011	8,346,220	10,865,095	3,719,656	345,660	4,979,712	102,593,354
4 District Administration							
4.11 Educational Administration	-	(2,402)	2,610	-	754,509	780	755,497
4.40 School District Governance	-	-	-	-	129,770	-	129,770
4.41 Business Administration	-	248,187	-	717,895	1,104,684	98,235	2,169,001
Total Function 4	-	245,785	2,610	717,895	1,988,963	99,015	3,054,268
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	84,710	708,952	22,199	815,861
5.50 Maintenance Operations	-	-	-	7,290,034	158,959	662,042	8,111,035
5.52 Maintenance of Grounds	-	-	-	249,695	-	45,784	295,479
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	-	7,624,439	867,911	730,025	9,222,375
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	89,204	71,121	6,144	166,469
7.70 Student Transportation	-	-	107,113	832,132	-	127,654	1,066,899
7.73 Housing	-	-	-	-	-	-	-
Total Function 7	-	-	107,113	921,336	71,121	133,798	1,233,368
9 Debt Services							
9.92 Interest on Bank Loans	-	-	-	-	-	-	-
9.94 Interest on Temporary Borrowing	-	-	-	-	-	-	-
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	74,337,011	8,592,005	10,974,818	12,983,326	3,273,655	5,942,550	116,103,365

School District No. 35 (Langley)

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

Schedule 2C (Unaudited)

	Total Salaries \$	Employee Benefits \$	Total Salaries and Benefits \$	Services and Supplies \$	2013 Actual \$	2013 Budget \$	2012 Actual (Restated-Note 2) \$
1 Instruction							
1.02 Regular Instruction	66,366,764	16,182,807	82,549,571	3,867,103	86,416,674	86,712,516	86,730,113
1.03 Career Programs	386,861	93,616	480,477	89,802	570,279	524,898	298,563
1.07 Library Services	1,223,990	293,065	1,517,055	117,330	1,634,385	1,537,497	1,703,999
1.08 Counselling	2,552,784	588,455	3,141,239	62,522	3,203,761	3,134,207	3,171,258
1.10 Special Education	19,089,968	4,728,159	23,818,127	474,525	24,292,652	24,863,340	21,827,709
1.30 English Language Learning	1,481,927	343,073	1,825,000	25,940	1,850,940	2,285,964	2,256,877
1.31 Aboriginal Education	1,325,857	310,638	1,636,495	437,444	2,073,939	1,998,074	2,159,151
1.41 School Administration	8,223,593	1,849,531	10,073,124	383,541	10,456,665	11,038,357	9,596,989
1.60 Summer School	299,919	54,626	354,545	14,988	369,533	346,104	286,015
1.61 Continuing Education	-	-	-	769	769	-	23,534
1.62 Off Shore Students	1,641,691	323,084	1,964,775	839,628	2,804,403	2,531,111	1,624,620
1.64 Other	-	-	-	16,933	16,933	17,000	702
Total Function 1	102,593,354	24,767,054	127,360,408	6,330,525	133,690,933	134,989,068	129,679,530
4 District Administration							
4.11 Educational Administration	755,497	178,440	933,937	140,687	1,074,624	1,130,592	1,166,743
4.40 School District Governance	129,770	3,066	132,836	117,334	250,170	247,004	243,917
4.41 Business Administration	2,169,001	479,693	2,648,694	621,279	3,269,973	3,376,933	3,583,908
Total Function 4	3,054,268	661,199	3,715,467	879,300	4,594,767	4,754,529	4,994,568
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	815,861	151,533	967,394	452,679	1,420,073	1,439,937	1,319,473
5.50 Maintenance Operations	8,111,035	1,898,257	10,009,292	2,391,058	12,400,350	12,179,108	11,692,719
5.52 Maintenance of Grounds	295,479	63,681	359,160	168,113	527,273	588,775	658,625
5.56 Utilities	-	-	-	2,567,315	2,567,315	2,878,000	2,351,106
Total Function 5	9,222,375	2,113,471	11,335,846	5,579,165	16,915,011	17,085,820	16,021,923
7 Transportation and Housing							
7.41 Transportation and Housing Administration	166,469	37,369	203,838	3,518	207,356	218,772	206,605
7.70 Student Transportation	1,066,899	241,703	1,308,602	618,462	1,927,064	1,807,093	1,750,542
7.73 Housing	-	-	-	-	-	-	-
Total Function 7	1,233,368	279,072	1,512,440	621,980	2,134,420	2,025,865	1,957,147
9 Debt Services							
9.92 Interest on Bank Loans	-	-	-	-	-	-	-
9.94 Interest on Temporary Borrowing	-	-	-	20,859	20,859	21,000	53,226
Total Function 9	-	-	-	20,859	20,859	21,000	53,226
Total Functions 1 - 9	116,103,365	27,820,796	143,924,161	13,431,829	157,355,990	158,876,282	152,706,394

School District No. 35 (Langley)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	6,595,665	5,709,537	3,578,006
Other		252,460	265,185
Other Revenue	5,050,000	5,122,928	4,538,692
Total Revenue	<u>11,645,665</u>	<u>11,084,925</u>	<u>8,381,883</u>
Expenses			
Instruction	10,061,774	10,155,764	7,737,951
District Administration	18,149	31,611	36,887
Operations and Maintenance	1,461,742	632,381	166,716
Total Expense	<u>11,541,665</u>	<u>10,819,756</u>	<u>7,941,554</u>
Special Purpose Surplus (Deficit) for the year	<u>104,000</u>	<u>265,169</u>	<u>440,329</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(104,000)	(265,169)	(44,096)
Total Net Transfers	<u>(104,000)</u>	<u>(265,169)</u>	<u>(44,096)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>396,233</u>
Special Purpose Surplus (Deficit), beginning of year			1,404,441
Change in Accounting Policies/Prior Period Adjustments			(1,800,674)
Special Purpose Surplus (Deficit), beginning of year, as restated		-	<u>(396,233)</u>
Special Purpose Surplus (Deficit), end of year		-	<u>-</u>
Special Purpose Surplus (Deficit), end of year			
Total Special Purpose Surplus (Deficit), end of year		-	<u>-</u>

School District No. 35 (Langley)

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

Schedule 3A (Unaudited)

Deferred Revenue, beginning of year

Add: Restricted Grants

Provincial Grants - Ministry of Education

Provincial Grants - Other

Other

Less: Allocated to Revenue

Recovered

Deferred Revenue, end of year

Revenues

Provincial Grants - Ministry of Education

Provincial Grants - Other

Other Revenue

Expenses

Salaries

Teachers

Principals and Vice Principals

Educational Assistants

Support Staff

Substitutes

Employee Benefits

Services and Supplies

Net Revenue (Expense) before Interfund Transfers

Interfund Transfers

Tangible Capital Assets Purchased

Net Revenue (Expense)

Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Transportation for Hard of Hearing	School Generated Funds
\$	\$	\$	\$	\$
647,513	-	141,972	1,634	550,629
451,607	1,930,749	43,913	426,754	
451,607	1,930,749	43,913	426,754	4,997,826
869,487	1,929,444	28,063	416,227	5,122,928
			1,634	-
229,633	1,305	157,822	10,527	425,527
869,487	1,929,444	28,063	416,227	
869,487	1,929,444	28,063	416,227	5,122,928
	930,250		107,464	
	590,989		31,611	
			147,260	
124,270	53,300		810	
124,270	1,574,539	-	287,145	-
23,355	354,905		60,985	
484,756			68,097	5,122,928
632,381	1,929,444	-	416,227	5,122,928
237,106	-	28,063	-	-
(237,106)		(28,063)		
(237,106)	-	(28,063)	-	-
-	-	-	-	-

School District No. 35 (Langley)

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

Schedule 3A (Unaudited)

Deferred Revenue, beginning of year

Add: Restricted Grants

Provincial Grants - Ministry of Education
Provincial Grants - Other
Other

Less: Allocated to Revenue
Recovered

Deferred Revenue, end of year

Revenues

Provincial Grants - Ministry of Education
Provincial Grants - Other
Other Revenue

Expenses

Salaries
Teachers
Principals and Vice Principals
Educational Assistants
Support Staff
Substitutes

Employee Benefits
Services and Supplies

Net Revenue (Expense) before Interfund Transfers

Interfund Transfers

Tangible Capital Assets Purchased

Net Revenue (Expense)

Strong Start	Ready, Set, Learn	OLEP	Community- LINK	SWIS
\$	\$	\$	\$	\$
50,491	23,253	106,563	-	68,893
288,000	68,600	218,903	1,919,609	295,404
288,000	68,600	218,903	1,919,609	295,404
310,940	52,452	252,646	1,850,278	252,460
27,551	39,401	72,820	69,331	111,837
310,940	52,452	252,646	1,850,278	252,460
310,940	52,452	252,646	1,850,278	252,460
30,336	11,223	32,339	295,616	16,624
189,440			14,809	
			1,072,103	139,412
1,414	11,790	21,965	6,662	11,027
221,190	23,013	54,304	1,400,887	167,063
60,852	2,350	11,662	356,479	39,362
28,898	27,089	186,680	92,912	46,035
310,940	52,452	252,646	1,850,278	252,460
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

School District No. 35 (Langley)

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

	TOTAL
	\$
Deferred Revenue, beginning of year	1,590,948
Add: Restricted Grants	
Provincial Grants - Ministry of Education	5,348,135
Provincial Grants - Other	295,404
Other	4,997,826
	10,641,365
Less: Allocated to Revenue Recovered	11,084,925
	1,634
Deferred Revenue, end of year	<u>1,145,754</u>
Revenues	
Provincial Grants - Ministry of Education	5,709,537
Provincial Grants - Other	252,460
Other Revenue	5,122,928
	11,084,925
Expenses	
Salaries	
Teachers	1,423,852
Principals and Vice Principals	46,420
Educational Assistants	2,139,204
Support Staff	141,959
Substitutes	100,976
	3,852,411
Employee Benefits	909,950
Services and Supplies	6,057,395
	10,819,756
Net Revenue (Expense) before Interfund Transfers	<u>265,169</u>
Interfund Transfers	
Tangible Capital Assets Purchased	(265,169)
	(265,169)
Net Revenue (Expense)	<u>-</u>

School District No. 35 (Langley)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Years Ending June 30, 2013 and June 30, 2012

	2013	2013 Actual			2012
	Budget	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual (Restated-Note 2)
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	1,698,770		1,170,638	1,170,638	5,687,160
Other				-	-
Municipal Grants Spent on Sites				-	1,648,424
Investment Income	21,512		44,168	44,168	40,419
Gain (Loss) on Disposal of Tangible Capital Assets	2,500,947	2,479,245		2,479,245	537,869
Amortization of Deferred Capital Revenue	5,343,486	5,300,642		5,300,642	5,138,022
Total Revenue	9,564,715	7,779,887	1,214,806	8,994,693	13,051,894
Expenses					
Operations and Maintenance	1,698,770		1,170,638	1,170,638	588,535
Amortization of Tangible Capital Assets					
Operations and Maintenance	7,058,462	7,223,469		7,223,469	6,856,972
Debt services					
Capital Lease Interest	8,500		50,267	50,267	7,317
Capital Loan Interest	19,000			-	-
Total Expense	8,784,732	7,223,469	1,220,905	8,444,374	7,452,824
Capital Surplus (Deficit) for the year	779,983	556,418	(6,099)	550,319	5,599,070
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	104,000	265,169		265,169	44,096
Local Capital	330,133		192,351	192,351	264,567
Capital Lease Payment	208,281		308,165	308,165	75,009
Other				-	-
Total Net Transfers	642,414	265,169	500,516	765,685	383,672
Other Adjustments to Fund Balances					
District Portion of Proceeds on Disposal		(2,552,353)	2,552,353	-	-
Tangible Capital Assets Purchased from Local Capital		962,526	(962,526)	-	-
Principal Payment					
Capital Lease		257,898	(257,898)	-	-
Bank Loan		2,200,000	(2,200,000)	-	-
Total Other Adjustments to Fund Balances		868,071	(868,071)	-	-
Total Capital Surplus (Deficit) for the year	1,422,397	1,689,658	(373,654)	1,316,004	5,982,742
Capital Surplus (Deficit), beginning of year		69,439,152	1,581,599	71,020,751	65,038,009
Capital Surplus (Deficit), end of year		71,128,810	1,207,945	72,336,755	71,020,751

School District No. 35 (Langley)

Tangible Capital Assets
Year Ended June 30, 2013

Schedule 4A (Unaudited)

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	30,697,440	265,834,969	6,696,460	2,417,620	189,317	484,131	306,319,937
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		67,200	247,508	94,550			94,550
Deferred Capital Revenue - Other		151,331	113,838				314,708
Special Purpose Funds		583,726	4,900	186,449	36,991	150,460	265,169
Local Capital			261,830				962,526
Capital lease		12,975,142	1,457,299				261,830
Transferred from Work in Progress		13,777,399	2,085,375	280,999	36,991	150,460	14,432,441
Decrease:							
Disposed of	73,108	2,092,532	994,958	475,399	2,273	137,241	2,165,640
Deemed Disposals	73,108	2,092,532	994,958	475,399	2,273	137,241	1,609,871
Cost, end of year	30,624,332	277,519,836	7,786,877	2,223,220	224,035	497,350	318,875,650
Work in Progress, end of year		17,069,791	99,976				17,169,767
Cost and Work in Progress, end of year	30,624,332	294,589,627	7,886,853	2,223,220	224,035	497,350	336,045,417
Accumulated Amortization, beginning of year		125,820,131	2,888,736	1,609,180	57,123	255,287	130,630,457
Changes for the Year							
Increase: Amortization for the Year		5,986,992	864,952	232,042	41,335	98,148	7,223,469
Decrease:							
Disposed of		1,214,286					1,214,286
Deemed Disposals			994,958	475,399	2,273	137,241	1,609,871
Accumulated Amortization, end of year		1,214,286	994,958	475,399	2,273	137,241	2,824,157
		130,592,837	2,758,730	1,365,823	96,185	216,194	135,029,769
Tangible Capital Assets - Net	30,624,332	163,996,790	5,128,123	857,397	127,850	281,156	201,015,648

School District No. 35 (Langley)

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	10,307,725	124,111			10,431,836
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	19,737,208	1,433,164			21,170,372
	19,737,208	1,433,164	-	-	21,170,372
Decrease:					
Transferred to Tangible Capital Assets	12,975,142	1,457,299			14,432,441
	12,975,142	1,457,299	-	-	14,432,441
Net Changes for the Year	6,762,066	(24,135)	-	-	6,737,931
Work in Progress, end of year	17,069,791	99,976	-	-	17,169,767

School District No. 35 (Langley)

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	101,942,055	488,750	890,630	103,321,435
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	94,550		314,708	409,258
Transferred from Work in Progress	14,432,442			14,432,442
	14,526,992	-	314,708	14,841,700
Decrease:				
Amortization of Deferred Capital Revenue	5,147,420	14,375	138,847	5,300,642
Revenue Recognized on Disposal of Buildings	878,246			878,246
	6,025,666	14,375	138,847	6,178,888
Net Changes for the Year	8,501,326	(14,375)	175,861	8,662,812
Deferred Capital Revenue, end of year	110,443,381	474,375	1,066,491	111,984,247
Work in Progress, beginning of year	10,431,837			10,431,837
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	21,170,372			21,170,372
	21,170,372	-	-	21,170,372
Decrease				
Transferred to Deferred Capital Revenue	14,432,442			14,432,442
	14,432,442	-	-	14,432,442
Net Changes for the Year	6,737,930	-	-	6,737,930
Work in Progress, end of year	17,169,767	-	-	17,169,767
Total Deferred Capital Revenue, end of year	127,613,148	474,375	1,066,491	129,154,014

School District No. 35 (Langley)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2013

Schedule 4D (Unaudited)

	Bylaw Capital \$	MEd Restricted Capital \$	Other Provincial Capital \$	Land Capital \$	Other Capital \$	Total \$
Balance, beginning of year	2,091,634	(22,533)	-	1,830,652	-	3,899,753
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	19,105,888					19,105,888
Other				157,417	314,708	472,125
Investment Income		17,603		21,601		39,204
MEd Restricted Portion of Proceeds on Disposal	(2,789,352)	1,124,807				1,124,807
Transfer of underspent Bylaw projects	16,316,536	2,789,352				-
		3,931,762	-	179,018	314,708	20,742,024
Decrease:						
Transferred to DCR - Capital Additions	94,550				314,708	409,258
Transferred to DCR - Work in Progress	21,170,372					21,170,372
	21,264,922	-	-	-	314,708	21,579,630
Net Changes for the Year	(4,948,386)	3,931,762	-	179,018	-	(837,606)
Balance, end of year	(2,856,752)	3,909,229	-	2,009,670	-	3,062,147