

Audited Financial Statements of

School District No. 35 (Langley)

June 30, 2018

School District No. 35 (Langley)

June 30, 2018

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School District No. 35 (Langley)

MANAGEMENT REPORT

Version: 7983-7237-5255

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 the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

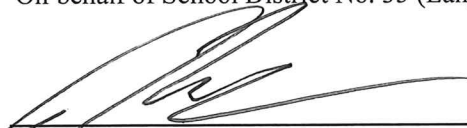
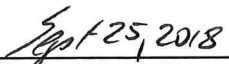

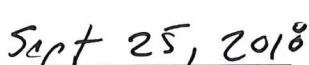
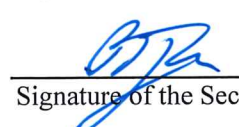
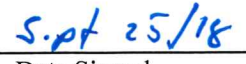
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The Board of Education of School District No. 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 externally audited financial statements yearly.

The external auditors, KPMG, 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 Auditors' 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



KPMG LLP
3rd Floor 8506 200th Street
Langley BC V2Y 0M1
Canada
Telephone (604) 455-4000
Fax (604) 881-4988

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of School District No. 35 (Langley), which comprise the statement of financial position as at June 30, 2018, the statement of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising 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 financial reporting provisions 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.

Auditors' Responsibility

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



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

Opinion

In our opinion, the financial statements of School District No. 35 (Langley) as at and for the year ended June 30, 2018 are prepared, in all material respects, 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 2(a) to the 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 Professional Accountants

September 25, 2018

Langley, Canada

School District No. 35 (Langley)

Statement of Financial Position

As at June 30, 2018

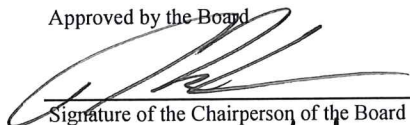
Statement 1

	2018 Actual	2017 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	68,534,445	82,589,102
Accounts Receivable		
Due from Province - Ministry of Education	3,749,605	1,998,263
Other (Note 3)	1,501,207	1,305,187
Total Financial Assets	73,785,257	85,892,552
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	26,628,858	19,768,355
Unearned Revenue (Note 6)	12,804,038	13,387,616
Deferred Revenue (Note 7)	4,255,172	2,134,505
Deferred Capital Revenue (Note 8)	174,425,028	163,926,736
Employee Future Benefits (Note 9,10)	5,548,829	5,369,116
Total Liabilities	223,661,925	204,586,328
Net Financial Assets (Debt)	(149,876,668)	(118,693,776)
Non-Financial Assets		
Tangible Capital Assets (Note 5)	256,808,188	217,285,709
Prepaid Expenses	1,022,533	666,788
Total Non-Financial Assets	257,830,721	217,952,497
Accumulated Surplus (Deficit) (Note 12)	107,954,053	99,258,721

Contractual Obligations (Note 15,20)

Contingent Liabilities (Note 15)

Approved by the Board


Signature of the Chairperson of the Board of Education

Spt 25, 2018
Date Signed


Signature of the Superintendent

Sept 25, 2018
Date Signed


Signature of the Secretary Treasurer

S-pt 25/18
Date Signed

School District No. 35 (Langley)

Statement 2

Statement of Operations
Year Ended June 30, 2018

	2018 Budget (Note 17)	2018 Actual	2017 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	211,621,018	205,162,616	180,697,139
Other	682,606	691,812	647,650
Municipal Grants Spent on Sites		1,866,093	1,018
Tuition	15,053,441	15,171,590	14,051,722
Other Revenue	7,884,780	8,651,253	8,146,808
Rentals and Leases	922,681	880,105	1,053,776
Investment Income	726,738	951,010	662,860
Gain (Loss) on Disposal of Tangible Capital Assets	(600)	(600)	5,740,927
Amortization of Deferred Capital Revenue (Note 8)	7,284,939	7,226,767	6,969,374
Total Revenue	<u>244,175,603</u>	<u>240,600,646</u>	<u>217,971,274</u>
Expenses (Note 11)			
Instruction	196,885,360	189,926,398	169,252,602
District Administration	7,419,303	7,472,162	6,401,557
Operations and Maintenance	31,743,741	31,720,644	31,500,325
Transportation and Housing	2,511,898	2,786,110	2,581,309
Debt Services			53,798
Total Expense	<u>238,560,302</u>	<u>231,905,314</u>	<u>209,789,591</u>
Surplus (Deficit) for the year	<u>5,615,301</u>	<u>8,695,332</u>	<u>8,181,683</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		99,258,721	91,077,038
Accumulated Surplus (Deficit) from Operations, end of year		<u>107,954,053</u>	<u>99,258,721</u>

School District No. 35 (Langley)
Statement of Changes in Net Financial Assets (Debt)
Year Ended June 30, 2018

Statement 4

	2018 Budget (Note 17)	2018 Actual	2017 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>5,615,301</u>	<u>8,695,332</u>	<u>8,181,683</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets (Note 5)	(42,124,857)	(48,961,824)	(10,060,548)
Amortization of Tangible Capital Assets (Note 5)	10,090,258	9,439,345	9,281,243
Net carrying value of Tangible Capital Assets disposed of	-	-	1,089,984
Total Effect of change in Tangible Capital Assets	<u>(32,034,599)</u>	<u>(39,522,479)</u>	<u>310,679</u>
Acquisition of Prepaid Expenses	-	(1,022,533)	(666,788)
Use of Prepaid Expenses	-	666,788	902,208
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(355,745)</u>	<u>235,420</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>(26,419,298)</u>	<u>(31,182,892)</u>	<u>8,727,782</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(31,182,892)</u>	<u>8,727,782</u>
Net Financial Assets (Debt), beginning of year		<u>(118,693,776)</u>	<u>(127,421,558)</u>
Net Financial Assets (Debt), end of year		<u><u>(149,876,668)</u></u>	<u><u>(118,693,776)</u></u>

School District No. 35 (Langley)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2018

	2018 Actual	2017 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	8,695,332	8,181,683
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(1,947,362)	(2,032,681)
Prepaid Expenses	(355,745)	235,420
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	6,860,503	1,222,763
Unearned Revenue	(583,578)	1,587,536
Deferred Revenue	2,120,667	1,318,758
Employee Future Benefits	179,713	130,016
Loss (Gain) on Disposal of Tangible Capital Assets	600	(5,740,927)
Amortization of Tangible Capital Assets (Note 5)	9,439,345	9,281,243
Amortization of Deferred Capital Revenue (Note 8)	(7,226,767)	(6,969,374)
Recognition of Deferred Capital Revenue Spent on Sites (Note 8)	(9,446,093)	(11,196)
Total Operating Transactions	7,736,615	7,203,241
Capital Transactions		
Tangible Capital Assets Purchased	(14,135,292)	(2,634,203)
Tangible Capital Assets -WIP Purchased	(34,826,532)	(7,470,391)
District Portion of Proceeds on Disposal	(600)	5,953,051
Restricted Capital Grant Received		44,046
Total Capital Transactions	(48,962,424)	(4,107,497)
Financing Transactions		
Capital Revenue Received	27,171,152	25,292,139
Capital Lease Principal Repayment		(183,289)
Total Financing Transactions	27,171,152	25,108,850
Net Increase (Decrease) in Cash and Cash Equivalents	(14,054,657)	28,204,594
Cash and Cash Equivalents, beginning of year	82,589,102	54,384,508
Cash and Cash Equivalents, end of year	68,534,445	82,589,102
Cash and Cash Equivalents, end of year, is made up of:		
Cash	47,031,378	61,565,585
Cash Equivalents	21,503,067	21,023,517
	68,534,445	82,589,102

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2018

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 four 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. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia 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.

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 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.

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (continued)

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) Accounts Receivable

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

d) 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.

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.

f) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes both government transfers and other contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2(i).

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

g) Tangible Capital Assets

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, if available. Otherwise a nominal value is used.

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

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (continued)

g) Tangible Capital Assets (continued)

Tangible capital assets that no longer contribute to the ability of the School 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 School 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.

h) Internally Restricted 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 12 – Accumulated Surplus and Note 13 – Interfund Transfers).

i) Revenue Recognition

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

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

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (continued)

i) 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.

Donated tangible capital assets other than sites are recorded at fair market value, if available, 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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

j) Expenses

Expenses are reported on an accrual basis. The cost of 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.
- 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.

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (continued)

k) Financial Instruments

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

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

Unrealized gains and losses from changes in the fair value of financial instruments measured at fair value are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. There are no measurement gains or losses during the periods presented; therefore no statement of remeasurement gains or losses is included in these financial statements.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

l) 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.

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.

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 9.6 years.

The most recent valuation of the obligation was performed at March 31, 2016 and projected for use to March 31, 2019. The next valuation will be performed at March 31, 2019 for use at June 30, 2019. 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. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

2. Summary of Significant Accounting Policies (continued)

m) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2(a) requires management to make estimates and assumptions that impact reported amounts 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, and contingent liabilities. Actual results could differ from those estimates.

n) Liability for Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard;
- The School District is directly responsible or accepts responsibility for the contamination;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

o) Asset Retirement Obligations

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

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

3. Accounts Receivable – Other Receivables

	June 30, 2018	June 30, 2017
Due from Federal Government	\$ 665,243	\$ 216,229
Other accounts receivable	834,502	1,083,840
Due from Langley School District Foundation	1,462	5,118
	<u>\$ 1,501,207</u>	<u>\$ 1,305,187</u>

4. Accounts Payable and Accrued Liabilities - Other

	June 30, 2018	June 30, 2017
Trade payables	\$ 8,382,027	\$ 3,576,473
Salaries and benefits payable	13,915,381	12,180,220
Accrued vacation pay	3,091,378	3,062,998
Other	1,240,072	948,664
	<u>\$26,628,858</u>	<u>\$19,768,355</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

5. Tangible Capital Assets

June 30, 2018	Balance July 1, 2017	Additions	Disposals	Transfers (WIP)	Balance June 30, 2018
Cost:					
Sites	\$ 37,657,227	\$ 9,446,093	\$ -	\$ -	\$ 47,103,320
Buildings	316,609,413	1,528,472	-	2,264,924	320,402,809
Building - work in progress	4,642,452	31,796,724	-	(2,264,924)	34,174,252
Furniture & equipment	14,646,718	4,758,129	1,008,221	-	18,396,626
Vehicles	2,646,511	1,301,750	210,754	-	3,737,507
Computer software	563,858	91,067	36,991	-	617,934
Computer hardware	1,775,533	39,589	150,460	-	1,664,662
	<u>\$ 378,541,712</u>	<u>\$ 48,961,824</u>	<u>\$ 1,406,426</u>	<u>\$ -</u>	<u>\$ 426,097,110</u>
Accumulated Amortization:					
Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	154,244,413	7,095,902	-	-	161,340,315
Furniture & equipment	4,872,086	1,562,102	1,008,221	-	5,425,967
Vehicles	1,127,796	319,201	210,754	-	1,236,243
Computer software	252,744	118,179	36,991	-	333,932
Computer hardware	758,964	343,961	150,460	-	952,465
	<u>\$ 161,256,003</u>	<u>\$ 9,439,345</u>	<u>\$ 1,406,426</u>	<u>\$ -</u>	<u>\$ 169,288,922</u>
June 30, 2017	Balance July 1, 2016	Additions	Disposals	Transfers (WIP)	Balance June 30, 2017
Cost:					
Sites	\$ 37,858,155	\$ 11,196	\$ 212,124	\$ -	\$ 37,657,227
Buildings	318,954,114	531,285	4,439,235	1,563,249	316,609,413
Building - work in progress	481,424	5,724,277	-	(1,563,249)	4,642,452
Furniture & equipment	12,708,231	2,986,474	1,047,987	-	14,646,718
Vehicles	2,161,113	563,689	78,291	-	2,646,511
Computer software	605,593	76,591	118,326	-	563,858
Computer hardware	1,742,523	167,036	134,026	-	1,775,533
Equipment under capital lease	1,322,038	-	1,322,038	-	-
	<u>\$ 375,833,191</u>	<u>\$ 10,060,548</u>	<u>\$ 7,352,027</u>	<u>\$ -</u>	<u>\$ 378,541,712</u>
Accumulated Amortization:					
Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	150,753,348	7,052,440	3,561,375	-	154,244,413
Furniture & equipment	4,583,690	1,336,383	1,047,987	-	4,872,086
Vehicles	965,706	240,381	78,291	-	1,127,796
Computer software	254,125	116,945	118,326	-	252,744
Computer hardware	541,184	351,806	134,026	-	758,964
Equipment under capital lease	1,138,750	183,288	1,322,038	-	-
	<u>\$ 158,236,803</u>	<u>\$ 9,281,243</u>	<u>\$ 6,262,043</u>	<u>\$ -</u>	<u>\$ 161,256,003</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

5. Tangible Capital Assets (continued)

Net Book Value	June 30, 2018	June 30, 2017
Sites	\$ 47,103,320	\$ 37,657,227
Buildings	159,062,494	162,365,000
Building - work in progress	34,174,252	4,642,452
Furniture & equipment	12,970,659	9,774,632
Vehicles	2,501,264	1,518,715
Computer software	284,002	311,114
Computer hardware	712,197	1,016,569
	<u>\$ 256,808,188</u>	<u>\$ 217,285,709</u>

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

6. Unearned Revenue

	June 30, 2018	June 30, 2017
Balance, Beginning of Year	\$ 13,387,616	\$ 11,800,080
Changes for the Year		
Increase:		
Tuition fees	12,796,465	13,349,912
Rentals	6,010	10,979
Transportation	-	3,250
Grants	-	20,000
Other	1,563	3,475
	<u>12,804,038</u>	<u>13,387,616</u>
Decrease:		
Tuition fees	13,349,912	11,662,763
Rentals	10,979	10,308
Transportation	3,250	111,753
Grants	20,000	13,146
Other	3,475	2,110
	<u>13,387,616</u>	<u>11,800,080</u>
Balance, End of Year	<u>\$ 12,804,038</u>	<u>\$ 13,387,616</u>

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

7. 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.

	June 30, 2018	June 30, 2017
Balance, Beginning of Year	\$ 2,134,505	\$ 815,747
Changes for the year:		
Increase:		
Provincial Grants - MOE	20,810,820	8,535,017
Provincial Grants - Other	464,118	462,473
Other revenue	6,615,073	7,080,947
	<u>27,890,011</u>	<u>16,078,437</u>
Decrease:		
Transferred to revenue	(25,769,344)	(14,759,679)
Balance, End of Year	<u>\$ 4,255,172</u>	<u>\$ 2,134,505</u>

8. Deferred Capital Revenue

	June 30, 2018	June 30, 2017
Balance, Beginning of Year	\$ 163,926,736	\$ 146,493,027
Increase:		
Provincial Grants - MOE	25,465,892	6,184,627
Provincial Grants - Other	257,365	78,711
Other revenue	1,214,634	1,299,229
Investment income	235,069	-
MOE proceeds from disposals	-	17,859,209
Legal fees from disposal	(1,808)	-
	<u>27,171,152</u>	<u>25,542,390</u>
Decrease:		
Amortization	(7,226,767)	(6,969,374)
Revenue recognized on disposals	-	(877,860)
Site purchase	(9,446,093)	(11,196)
Transfer to income statement for AFG	-	(250,251)
	<u>(16,672,860)</u>	<u>(8,108,681)</u>
Balance, End of Year	<u>\$ 174,425,028</u>	<u>\$ 163,926,736</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.

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2018

9. 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.

	2018	2017
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation, April 1	\$ 5,814,268	\$ 6,252,264
Service cost	481,152	481,635
Interest cost	164,087	156,106
Benefit payments – April 1 to March 31	(539,817)	(624,944)
Actuarial gain (loss)	(89,664)	(450,793)
Accrued benefit obligation, March 31	\$ 5,830,026	\$ 5,814,268

Reconciliation of Funded Status at End of Fiscal Year		
Accrued benefit obligation – March 31	\$ 5,830,026	\$ 5,814,268
Market value of plan assets – March 31	-	-
Funded status – surplus (deficit)	(5,830,026)	(5,814,268)
Employer contributions after measurement date	80,806	42,286
Benefits expense after measurement date	(171,842)	(161,310)
Unamortized net actuarial (gain) loss	387,083	576,976
Accrued benefit liability - June 30	\$ (5,533,979)	\$ (5,356,316)

Reconciliation of Change in Accrued Benefit Liability		
Accrued benefit liability – July 1	\$ 5,356,316	\$ 5,168,530
Net expense for fiscal year	756,000	786,802
Employers contributions	(578,337)	(599,016)
Accrued benefit liability - June 30	\$ 5,533,979	\$ 5,356,316

Components of Net Benefit Expense		
Service cost	\$ 491,267	\$ 481,514
Interest cost	164,504	158,101
Amortization of actuarial (gain) loss	100,229	147,187
Net Benefit Expense	\$ 756,000	\$ 786,802

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2018

9. Employee Future Benefits (continued)

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

	<u>2018</u>	<u>2017</u>
Discount rate - April 1	2.75%	2.50%
Discount rate - March 31	2.75%	2.75%
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	9.6 years	9.6 years

The employee future benefits liability of \$5,548,829 (2017: \$5,369,116) identified on the statement of financial position includes the liability for the School District's retirement plan for non-teaching employees (see below), in addition to the vested and non-vested employee future benefits described above.

The total employee future benefits liability amount is comprised of:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Vested and non-vested School District benefits	\$ 5,533,979	\$ 5,356,316
Retirement plan for non-teaching employees (Note 10 b)	14,850	12,800
Total Accrued Benefit Liability	<u>\$ 5,548,829</u>	<u>\$ 5,369,116</u>

10. 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 are responsible for managing the pension plans including investing assets and administering benefits. The pension plans are multi-employer defined benefit pension plans. Basic pension benefits provided are based on a formula. As at December 31, 2016, the Teachers' Pension Plan has about 45,000 active members and approximately 37,000 retired members. As at December 31, 2016 the Municipal Pension Plan has about 193,000 active members, of which approximately 24,000 are from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate is then adjusted to the extent there is any amortization of any funding deficit.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014, indicated a \$449 million surplus for basic pension benefits on a going concern basis. As a result of the 2014 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, the employer basic contribution rate decreased.

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2018

10. Employee Pension Plans (continued)

a) Teachers' Pension Plan and Municipal Pension Plan (continued)

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rate remained unchanged.

The next valuation for the Teachers' Pension Plan will be as at December 31, 2017, with results available in late 2018. The next valuation for the Municipal Pension Plan will be as at December 31, 2018, with results available in 2019.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plans accounting). This is because the plans record accrued liabilities and accrued assets for the plans in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The School District's employer contributions to these plans in the fiscal year ended June 30, 2018 were \$18,301,498 (2017: \$16,683,073).

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 benefit 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 1 active member, 1 deferred member and 23 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.

The School District is in the process of winding up the Retirement Plan for Non-Teaching Employees. Any surplus realized will be distributed to the plan members and any deficiency will be recognized as a liability of the School District. The financial position of the plan will depend on the date that the plan is wound up and therefore a liability has not been recorded at June 30, 2018.

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, 2014 reported a going-concern surplus of \$848,000 (2011: \$436,000 deficit) and a solvency deficiency of \$195,000 (2011: \$1,198,000).

The School District was required to make employer contributions equal to the current service cost retroactive to January 1, 2015 and to make special payments to fund the solvency deficiency either over two years or in a lump sum payment. The School District has now fully funded the solvency deficiency. There will be no further actuarial valuation as the plan is in the process of being wound-up.

For the fiscal year ended June 30, 2018, the School District has accrued service costs of \$7,450 (2017: \$5,400) and a liability of \$14,850 (2017: \$12,800).

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2018

11. Expense by Object

	June 30, 2018	June 30, 2017
Salaries and benefits	\$192,188,633	\$174,481,494
Services and supplies	24,337,359	20,175,814
Interest	12,106	62,161
Amortization	9,439,345	9,281,243
Other	5,927,871	5,788,879
	<u>\$231,905,314</u>	<u>\$209,789,591</u>

12. Accumulated Surplus

The School District's accumulated surplus consists of balances in its internal capital and internal operating funds. The balance in the internal capital fund consists of amounts invested in tangible capital assets and local capital. The balance in the internal operating fund consists of amounts restricted for various specific purposes and an unrestricted amount.

	June 30, 2018	June 30, 2017
Total Capital Fund Surplus	\$ 91,737,178	\$ 82,363,003
Restricted Operating Surplus		
Internally restricted (appropriated) by the Board	3,388,260	3,188,260
Internally restricted to balance 2017 / 2018 budget	-	899,442
Internally restricted to balance 2018 / 2019 budget	2,377,257	-
Internally restricted for infrastructure replacement	1,300,000	1,800,000
Internally restricted for student capacity needs	500,000	500,000
Student Learning Grant	-	946,675
Internally Restricted for capacity issues at LSS/LEC	1,600,000	-
Internally Restricted for Admin development	250,000	-
School Generated Funds	3,139,442	2,453,231
School surpluses	396,407	475,909
District initiative to support technology	450,000	900,000
District initiative in support of schools	300,000	750,000
Internally restricted surplus	<u>13,701,366</u>	<u>11,913,517</u>
Unrestricted Operating Surplus	<u>2,515,509</u>	<u>4,982,201</u>
Total Operating Surplus	<u>16,216,875</u>	<u>16,895,718</u>
Accumulated Surplus	<u><u>\$ 107,954,053</u></u>	<u><u>\$ 99,258,721</u></u>

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2018

13. 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, 2018, were as follows:

- A transfer in the amount of \$31,772 (2017: \$51,180) was made from the special purpose fund to the capital fund for payment of capital assets purchased.
 - A transfer in the amount of \$2,015,555 (2017: \$1,905,983) was made from the operating fund to the capital fund for payment of capital assets purchased.
-

14. 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 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 \$320,765 (2017: \$596,131) 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 \$4,500 (2017: \$4,500). The School District also has an amount receivable from the Foundation of \$1,462 (2017: \$5,118 – see Note 3).

15. Contractual Obligations and Contingencies

- In the normal course of business, lawsuits and claims have been brought against the School District. The School District contests these lawsuits and claims. Management believes that the results of any pending legal proceedings will not have a material effect on the financial position of the School District.
- 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.

	2019	2020	2021
Various AFG projects	\$ 1,707,279	-	-
Computer leases	445,383	312,864	50,431
	<u>\$2,152,662</u>	<u>\$312,864</u>	<u>\$50,431</u>

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2018

15. Contractual Obligations and Contingencies (continued)

- c) The School District was unable to reach an agreement with the local teachers' union regarding treatment of unspent Classroom Enhancement Fund remedies by June 30, 2018. The matter is currently under arbitration. The likelihood and amount of any resulting liability is not determinable and has not been recorded at June 30, 2018.

16. 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 a reasonable estimate of fair value can be made. As at June 30, 2018, the liability is not reasonably determinable and the School District has accordingly not made any provision in the financial statements to reflect future removal costs or reduced sale proceeds.

17. Budget Figures

Budget figures were approved by the Board of Education through the adoption of an annual amended budget bylaw on February 27, 2018.

Budget figures included in the financial statements reflect the amended planned budget approved by the Board. The School 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.

Revenues	Annual Budget	Amended Budget	Change
Ministry of Education	\$ 192,423,840	\$ 211,621,018	\$ 19,197,178
Other - Provincial Grants	689,906	682,606	(7,300)
Tuition	14,143,375	15,053,441	910,066
Other revenue	6,948,968	7,884,780	935,812
Rentals and leases	922,681	922,681	-
Investment income	653,267	726,738	73,471
Loss on disposal of tangible capital assets	-	(600)	(600)
Amort. of deferred capital revenue	7,049,041	7,284,939	235,898
	<u>222,831,078</u>	<u>244,175,603</u>	<u>21,344,525</u>
Expenses			
Instruction	185,741,399	196,885,360	11,143,961
District administration	6,981,687	7,419,303	437,616
Operations and maintenance	30,407,068	31,743,741	1,336,673
Transportation and housing	2,406,366	2,511,898	105,532
	<u>225,536,520</u>	<u>238,560,302</u>	<u>13,023,782</u>
Net Revenue (Expense)	(2,705,442)	5,615,301	8,320,743
Budgeted Allocation of Surplus	899,442	3,322,026	2,422,584
Surplus (Deficit) for the Year	<u>\$ (1,806,000)</u>	<u>\$ 8,937,327</u>	<u>\$ 10,743,327</u>

School District No. 35 (Langley)

Notes to the Financial Statements

Year Ended June 30, 2018

17. Budget Figures (continued)

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

- Ministry grants – reflects increased student enrolment and funding for Classroom Enhancement Fund.
- Instruction expenses – reflects the impact of higher student enrolment, increase in supplies and initiatives for schools and higher teacher and support salaries. Also, there is the impact of the Classroom Enhancement Fund.

18. 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 the Central Deposit Program with the Province and 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.

- i. 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.
- ii. 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.

School District No. 35 (Langley)
Notes to the Financial Statements
Year Ended June 30, 2018

18. Risk Management (continued)

c) Liquidity risk

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

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

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

19. 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.

20. Future Capital Transactions

On June 24, 2016, the Ministry of Education announced provincial funding for the seismic upgrading and partial replacement of Langley Secondary School. The total value of the project is \$26.2 million. Work commenced in 2017 with completion expected in 2020. The school district has estimated costs remaining of \$11,748,895 as at June 30, 2018 relating to this project.

On September 16, 2016, the Ministry of Education announced provincial funding for the construction of a 1,500 student (core 1,700) secondary school on the Willoughby Slope. The total value of the project is \$58.9 million. Construction of the school commenced in the fall of 2017 for a planned opening in September 2019. The School District will be contributing the first \$21.4 million of the capital cost of the project from proceeds on the disposal of tangible capital assets from 2016-17. The school district has contractual obligations of \$28,754,554 as at June 30, 2018 relating to this project (2017: \$2,817,351).

School District No. 35 (Langley)
Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2018

	Operating Fund	Special Purpose Fund	Capital Fund	2018 Actual	2017 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	16,895,718		82,363,003	99,258,721	91,077,038
Changes for the year					
Surplus (Deficit) for the year	1,336,712	31,772	7,326,848	8,695,332	8,181,683
Interfund Transfers		(31,772)	31,772	-	-
Tangible Capital Assets Purchased	(2,015,555)		2,015,555	-	-
Local Capital	(678,843)	-	9,374,175	8,695,332	8,181,683
Net Changes for the year	<u>16,216,875</u>	<u>-</u>	<u>91,737,178</u>	<u>107,954,053</u>	<u>99,258,721</u>

Accumulated Surplus (Deficit), end of year - Statement 2

School District No. 35 (Langley)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2018

	2018 Budget (Note 17)	2018 Actual	2017 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	178,585,567	178,863,512	172,790,662
Other	268,859	260,620	206,323
Tuition	15,053,441	15,171,590	14,051,722
Other Revenue	1,184,780	2,032,205	1,474,504
Rentals and Leases	922,681	880,105	1,053,776
Investment Income	640,000	857,077	580,864
Total Revenue	196,655,328	198,065,109	190,157,851
Expenses			
Instruction	167,514,510	164,959,257	155,381,328
District Administration	7,113,074	7,103,204	6,302,408
Operations and Maintenance	21,000,415	22,199,027	21,471,136
Transportation and Housing	2,144,355	2,466,909	2,340,928
Total Expense	197,772,354	196,728,397	185,495,800
Operating Surplus (Deficit) for the year	(1,117,026)	1,336,712	4,662,051
Budgeted Appropriation (Retirement) of Surplus (Deficit)	3,322,026		
Net Transfers (to) from other funds			
Local Capital	(2,205,000)	(2,015,555)	(1,668,897)
Other			(237,086)
Total Net Transfers	(2,205,000)	(2,015,555)	(1,905,983)
Total Operating Surplus (Deficit), for the year	-	(678,843)	2,756,068
Operating Surplus (Deficit), beginning of year		16,895,718	14,139,650
Operating Surplus (Deficit), end of year		16,216,875	16,895,718
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 12)		13,701,366	11,913,517
Unrestricted		2,515,509	4,982,201
Total Operating Surplus (Deficit), end of year		16,216,875	16,895,718

School District No. 35 (Langley)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2018

	2018 Budget (Note 17)	2018 Actual	2017 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	176,586,497	176,595,980	169,812,154
DISC/LEA Recovery	(116,393)	(171,135)	(142,996)
Other Ministry of Education Grants			
Pay Equity	551,875	551,875	551,875
Funding for Graduated Adults	266,978	417,932	138,386
Transportation Supplement	260,000	260,000	260,000
Economic Stability Dividend		125,216	108,841
Return of Administrative Savings	851,770	851,770	851,770
Carbon Tax Grant	166,000	197,055	165,870
Student Learning Grant			1,027,022
FSA	15,600	14,500	14,500
Provincial Exam Marking	3,240	3,240	3,240
Shoulder Tappers		17,079	
Total Provincial Grants - Ministry of Education	178,585,567	178,863,512	172,790,662
Provincial Grants - Other	268,859	260,620	206,323
Tuition			
Summer School Fees	250,973	251,069	235,808
Continuing Education	107,810	87,006	310,442
International and Out of Province Students	14,694,658	14,833,515	13,505,472
Total Tuition	15,053,441	15,171,590	14,051,722
Other Revenues			
LEA/Direct Funding from First Nations	116,393	171,135	142,996
Miscellaneous			
Other Revenue	236,451	344,086	440,004
Transportation	25,000	26,446	27,099
BC Hydro Grant	47,000	50,000	77,040
Salay Recoveries	460,000	486,922	461,423
Support Staff Benefits	299,936	299,936	
School Generated Funds		653,680	325,942
Total Other Revenue	1,184,780	2,032,205	1,474,504
Rentals and Leases	922,681	880,105	1,053,776
Investment Income	640,000	857,077	580,864
Total Operating Revenue	196,655,328	198,065,109	190,157,851

School District No. 35 (Langley)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2018

	2018 Budget (Note 17)	2018 Actual	2017 Actual
	\$	\$	\$
Salaries			
Teachers	87,740,661	86,098,575	83,288,347
Principals and Vice Principals	10,725,334	10,575,486	10,011,441
Educational Assistants	17,374,048	16,544,609	15,147,404
Support Staff	15,308,114	15,254,017	14,685,220
Other Professionals	3,857,577	4,085,592	3,863,831
Substitutes	7,193,168	8,263,560	7,836,200
Total Salaries	142,198,902	140,821,839	134,832,443
Employee Benefits	34,536,630	33,582,971	32,436,437
Total Salaries and Benefits	176,735,532	174,404,810	167,268,880
Services and Supplies			
Services	5,516,148	5,022,005	4,221,207
Student Transportation	197,074	221,459	213,013
Professional Development and Travel	1,189,547	1,269,515	1,044,643
Rentals and Leases	23,900	22,126	16,074
Dues and Fees	1,337,682	1,081,368	986,446
Insurance	486,800	460,908	446,692
Interest		12,106	8,363
Supplies	9,445,671	11,361,605	8,208,471
Utilities	2,838,000	2,872,495	3,081,871
Bad Debts	2,000		140
Total Services and Supplies	21,036,822	22,323,587	18,226,920
Total Operating Expense	197,772,354	196,728,397	185,495,800

School District No. 35 (Langley)
Operating Expense by Function, Program and Object
Year Ended June 30, 2018

	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	67,695,380	1,868,583	210,863	1,047,736	45,905	5,454,763	76,323,230
1.03 Career Programs	317,862	84,672	212,326	59,472		24,172	698,504
1.07 Library Services	780,123		498,817			29,134	1,308,074
1.08 Counselling	3,107,391	127,608		39,877		7,740	3,282,616
1.10 Special Education	10,002,519	387,735	13,994,696	57,185		950,129	25,392,264
1.30 English Language Learning	1,529,455	126,352	88,742			56,204	1,800,753
1.31 Aboriginal Education	481,635	127,415	910,405			44,396	1,617,266
1.41 School Administration		7,159,434		53,415	76,524	320,124	9,941,440
1.60 Summer School	689,971	93,891	80,287	22,224		1,120	887,493
1.62 International and Out of Province Students	1,494,239	354,846	448,231	162,738	341,932	60,184	2,862,170
1.64 Other							-
Total Function 1	86,098,575	10,330,536	16,444,367	3,828,005	464,361	6,947,966	124,113,810
4 District Administration							
4.11 Educational Administration		127,608		39,823	754,963		922,394
4.40 School District Governance					153,396		153,396
4.41 Business Administration		117,342		1,098,996	1,514,144	37,174	2,767,656
Total Function 4	-	244,950	-	1,138,819	2,422,503	37,174	3,843,446
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				90,844	911,395	5,663	1,007,902
5.50 Maintenance Operations				8,737,746	235,125	979,097	9,951,968
5.52 Maintenance of Grounds				400,356		127,940	528,296
5.56 Utilities							-
Total Function 5	-	-	-	9,228,946	1,146,520	1,112,700	11,488,166
7 Transportation and Housing							
7.41 Transportation and Housing Administration				103,909	52,208	3,697	159,814
7.70 Student Transportation			100,242	954,338		162,023	1,216,603
Total Function 7	-	-	100,242	1,058,247	52,208	165,720	1,376,417
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	86,098,575	10,575,486	16,544,609	15,254,017	4,085,592	8,263,560	140,821,839

School District No. 35 (Langley)
Operating Expense by Function, Program and Object
Year Ended June 30, 2018

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2018 Actual	2018 Budget (Note 17)	2017 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	76,323,230	18,588,288	94,911,518	7,057,665	101,969,183	102,791,391	96,913,051
1.03 Career Programs	698,504	174,668	873,172	170,708	1,043,880	1,169,251	1,130,166
1.07 Library Services	1,308,074	315,097	1,623,171	147,885	1,771,056	1,788,011	1,415,809
1.08 Counselling	3,282,616	702,149	3,984,765	62,501	4,047,266	3,935,816	3,590,795
1.10 Special Education	25,392,264	6,367,606	31,759,870	338,497	32,098,367	32,997,479	29,683,876
1.30 English Language Learning	1,800,753	409,601	2,210,354	73,807	2,284,161	2,214,999	2,203,976
1.31 Aboriginal Education	1,617,266	357,244	1,974,510	533,540	2,508,050	2,466,181	2,305,156
1.41 School Administration	9,941,440	2,236,743	12,178,183	473,215	12,651,398	12,890,629	11,955,566
1.60 Summer School	887,493	157,488	1,044,981	33,005	1,077,986	1,060,082	1,148,894
1.62 International and Out of Province Students	2,862,170	660,808	3,522,978	1,984,932	5,507,910	6,196,171	5,034,039
1.64 Other	-	-	-	-	-	4,500	-
Total Function 1	124,113,810	29,969,692	154,083,502	10,875,755	164,959,257	167,514,510	155,381,328
4 District Administration							
4.11 Educational Administration	922,394	190,405	1,112,799	456,275	1,569,074	1,407,873	1,361,300
4.40 School District Governance	153,396	3,850	157,246	117,365	274,611	261,144	261,415
4.41 Business Administration	2,767,656	599,333	3,366,989	1,892,530	5,259,519	5,444,057	4,679,693
Total Function 4	3,843,446	793,588	4,637,034	2,466,170	7,103,204	7,113,074	6,302,408
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	1,007,902	191,211	1,199,113	940,164	2,139,277	2,443,737	2,357,426
5.50 Maintenance Operations	9,951,968	2,199,967	12,151,935	4,131,658	16,283,593	14,955,638	14,971,850
5.52 Maintenance of Grounds	528,296	113,722	642,018	261,644	903,662	771,040	1,059,989
5.56 Utilities	-	-	-	2,872,495	2,872,495	2,830,000	3,081,871
Total Function 5	11,488,166	2,504,900	13,993,066	8,205,961	22,199,027	21,000,415	21,471,136
7 Transportation and Housing							
7.41 Transportation and Housing Administration	159,814	34,873	194,687	2,570	197,257	194,007	237,595
7.70 Student Transportation	1,216,603	279,918	1,496,521	773,131	2,269,652	1,950,348	2,103,333
Total Function 7	1,376,417	314,791	1,691,208	775,701	2,466,909	2,144,355	2,340,928
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	140,821,839	33,582,971	174,404,810	22,323,587	196,728,397	197,772,354	185,495,800

School District No. 35 (Langley)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2018

	2018 Budget (Note 17)	2018 Actual	2017 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	23,443,515	18,719,104	7,646,048
Other	413,747	431,192	441,327
Other Revenue	6,700,000	6,619,048	6,672,304
Total Revenue	<u>30,557,262</u>	<u>25,769,344</u>	<u>14,759,679</u>
Expenses			
Instruction	29,370,850	24,967,141	13,871,274
District Administration	306,229	368,958	99,149
Operations and Maintenance	829,435	401,473	738,076
Total Expense	<u>30,506,514</u>	<u>25,737,572</u>	<u>14,708,499</u>
Special Purpose Surplus (Deficit) for the year	<u>50,748</u>	<u>31,772</u>	<u>51,180</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(50,748)	(31,772)	(51,180)
Total Net Transfers	<u>(50,748)</u>	<u>(31,772)</u>	<u>(51,180)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 35 (Langley)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

Schedule 3A (Unaudited)

Deferred Revenue, beginning of year

Add: Restricted Grants
Provincial Grants - Ministry of Education
Provincial Grants - Other
Other

Less: Allocated to Revenue

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
Other Professionals
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	Service Delivery Transformation	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year		93,798	73,091	82,496	731,587	1,746		5,049	189,514
Add: Restricted Grants									
Provincial Grants - Ministry of Education	680,178	696,984	-	-	6,615,073	288,000	75,950	205,799	1,972,436
Provincial Grants - Other									
Other									
Less: Allocated to Revenue	324,840	709,773	31,772	42,591	6,619,048	289,746	75,950	210,848	1,983,967
Deferred Revenue, end of year	355,338	81,009	41,319	39,905	727,612	-	-	-	177,983
Revenues									
Provincial Grants - Ministry of Education	324,840	709,773	31,772	42,591	6,619,048	289,746	75,950	210,848	1,983,967
Provincial Grants - Other									
Other Revenue	324,840	709,773	31,772	42,591	6,619,048	289,746	75,950	210,848	1,983,967
Expenses									
Salaries									
Teachers									
Principals and Vice Principals						22,900	29,946	56,100	308,675
Educational Assistants									
Support Staff	4,277	590,906				187,416			1,134,540
Other Professionals									
Substitutes									
Employee Benefits	4,277	591,064	-	-	-	210,316	4,349	9,942	40,805
Services and Supplies	1,007	118,709				59,230	34,295	66,042	1,484,020
	319,556			42,591	6,619,048	20,200	9,243	13,600	388,187
	324,840	709,773	-	42,591	6,619,048	289,746	32,412	131,206	111,760
							75,950	210,848	1,983,967
Net Revenue (Expense) before Interfund Transfers	-	-	31,772	-	-	-	-	-	-
Interfund Transfers			(31,772)						
Tangible Capital Assets Purchased	-	-	(31,772)	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 35 (Langley)
 Changes in Special Purpose Funds and Expense by Object
 Year Ended June 30, 2018

	Coding and Curriculum Implementation	Priority Measures	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	SWIS	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	132,705	797,029			27,490	2,134,505
Add: Restricted Grants						
Provincial Grants - Ministry of Education			896,458	15,995,015		20,810,820
Provincial Grants - Other					464,118	464,118
Other	-	-	896,458	15,995,015		27,890,011
Less: Allocated to Revenue	111,561	797,029	884,158	13,256,869	431,192	25,769,344
Deferred Revenue, end of year	21,144	-	12,300	2,738,146	60,416	4,255,172
Revenues						
Provincial Grants - Ministry of Education	111,561	797,029	884,158	13,256,869		18,719,104
Provincial Grants - Other					431,192	431,192
Other Revenue	111,561	797,029	884,158	13,256,869	431,192	25,769,344
Expenses						
Salaries						
Teachers	91,331	647,990		10,113,115		11,270,057
Principals and Vice Principals			127,608			127,608
Educational Assistants					231,435	2,144,297
Support Staff			104,896		8,795	117,968
Other Professionals			23,248		71,991	95,239
Substitutes			299,299	284,036	14,646	653,235
Employee Benefits	91,331	647,990	555,051	10,397,151	326,867	14,408,404
Services and Supplies	20,230	149,039	141,113	2,395,414	79,647	3,375,419
	111,561	797,029	187,994	464,304	24,678	7,953,749
			884,158	13,256,869	431,192	25,737,572
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	31,772
Interfund Transfers						
Tangible Capital Assets Purchased						(31,772)
Net Revenue (Expense)	-	-	-	-	-	-

School District No. 35 (Langley)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2018

	2018 Budget (Note 17)	2018 Actual			2017 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	9,591,936	7,580,000		7,580,000	260,429
Municipal Grants Spent on Sites		1,866,093		1,866,093	1,018
Investment Income	86,738		93,933	93,933	81,996
Gain (Loss) on Disposal of Tangible Capital Assets	(600)	(600)		(600)	5,740,927
Amortization of Deferred Capital Revenue	7,284,939	7,226,767		7,226,767	6,969,374
Total Revenue	16,963,013	16,672,260	93,933	16,766,193	13,053,744
Expenses					
Operations and Maintenance	191,176			-	250,251
Amortization of Tangible Capital Assets					
Operations and Maintenance	9,722,715	9,120,144		9,120,144	9,040,862
Transportation and Housing	367,543	319,201		319,201	240,381
Debt Services					
Capital Lease Interest				-	53,798
Total Expense	10,281,434	9,439,345	-	9,439,345	9,585,292
Capital Surplus (Deficit) for the year	6,681,579	7,232,915	93,933	7,326,848	3,468,452
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	50,748	31,772		31,772	51,180
Local Capital	2,205,000		2,015,555	2,015,555	1,668,897
Capital Lease Payment				-	237,086
Total Net Transfers	2,255,748	31,772	2,015,555	2,047,327	1,957,163
Other Adjustments to Fund Balances					
District Portion of Proceeds on Disposal		600	(600)	-	
Tangible Capital Assets Purchased from Local Capital		2,928,448	(2,928,448)	-	
Tangible Capital Assets WIP Purchased from Local Capital		913,425	(913,425)	-	
Total Other Adjustments to Fund Balances		3,842,473	(3,842,473)	-	
Total Capital Surplus (Deficit) for the year	8,937,327	11,107,160	(1,732,985)	9,374,175	5,425,615
Capital Surplus (Deficit), beginning of year		76,506,527	5,856,476	82,363,003	76,937,388
Capital Surplus (Deficit), end of year		87,613,687	4,123,491	91,737,178	82,363,003

School District No. 35 (Langley)

Tangible Capital Assets

Year Ended June 30, 2018

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	37,657,227	316,609,413	14,136,890	2,646,511	563,858	1,775,533	373,389,432
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	7,580,000		675,428	1,053,551			8,633,551
Deferred Capital Revenue - Other	1,866,093		31,186			586	2,541,521
Special Purpose Funds		1,528,472	1,021,707	248,199	91,067	39,003	31,772
Local Capital		2,264,924	2,247,568				2,928,448
Transferred from Work in Progress	9,446,093	3,793,396	3,975,889	1,301,750	91,067	39,589	4,512,492
Decrease:							
Deemed Disposals			1,008,221	210,754	36,991	150,460	1,864,426
Cost, end of year	-	-	1,008,221	210,754	36,991	150,460	1,406,426
Work in Progress, end of year	47,103,320	320,402,809	17,104,558	3,737,507	617,934	1,664,662	390,630,790
Cost and Work in Progress, end of year	47,103,320	34,174,252	1,292,068				35,466,320
	47,103,320	354,577,061	18,396,626	3,737,507	617,934	1,664,662	426,097,110
Accumulated Amortization, beginning of year		154,244,413	4,872,086	1,127,796	252,744	758,964	161,256,003
Changes for the Year							
Increase: Amortization for the Year		7,095,902	1,562,102	319,201	118,179	343,961	9,439,345
Decrease:							
Deemed Disposals			1,008,221	210,754	36,991	150,460	1,406,426
Accumulated Amortization, end of year		-	1,008,221	210,754	36,991	150,460	1,406,426
		161,340,315	5,425,967	1,236,243	333,932	952,465	169,288,922
Tangible Capital Assets - Net	47,103,320	193,236,746	12,970,659	2,501,264	284,002	712,197	256,808,188

School District No. 35 (Langley)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2018

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	4,642,452	509,828			5,152,280
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	14,007,705	2,946,064			16,953,769
Deferred Capital Revenue - Other	16,875,594	83,744			16,959,338
Local Capital	913,425				913,425
	31,796,724	3,029,808	-	-	34,826,532
Decrease:					
Transferred to Tangible Capital Assets	2,264,924	2,247,568			4,512,492
	2,264,924	2,247,568	-	-	4,512,492
Net Changes for the Year	29,531,800	782,240	-	-	30,314,040
Work in Progress, end of year	34,174,252	1,292,068	-	-	35,466,320

School District No. 35 (Langley)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2018

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	133,481,106	608,874	1,780,555	135,870,535
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,053,551	188,387	487,041	1,728,979
Transferred from Work in Progress	4,512,492			4,512,492
	5,566,043	188,387	487,041	6,241,471
Decrease:				
Amortization of Deferred Capital Revenue	6,921,857	33,256	271,654	7,226,767
	6,921,857	33,256	271,654	7,226,767
Net Changes for the Year	(1,355,814)	155,131	215,387	(985,296)
Deferred Capital Revenue, end of year	132,125,292	764,005	1,995,942	134,885,239
 Work in Progress, beginning of year	 3,544,038	 1,608,241	 -	 5,152,279
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	16,953,769	16,959,338		33,913,107
	16,953,769	16,959,338	-	33,913,107
Decrease				
Transferred to Deferred Capital Revenue	4,512,492			4,512,492
	4,512,492	-	-	4,512,492
Net Changes for the Year	12,441,277	16,959,338	-	29,400,615
Work in Progress, end of year	15,985,315	18,567,579	-	34,552,894
Total Deferred Capital Revenue, end of year	148,110,607	19,331,584	1,995,942	169,438,133

School District No. 35 (Langley)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2018

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	226,797	20,646,050	72,199	1,958,876		22,903,922
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	25,465,892		257,365			25,465,892
Provincial Grants - Other				727,593	487,041	257,365
Other		211,103		23,966		1,214,634
Investment Income		(1,808)				235,069
MEd Restricted Portion of Proceeds on Disposal	(96,029)	96,029				(1,808)
Transfer project surplus to MEd Restricted (from) Bylaw	25,369,863	305,324	257,365	751,559	487,041	27,171,152
Decrease:						
Transferred to DCR - Capital Additions	1,053,551		188,387		487,041	1,728,979
Transferred to DCR - Work in Progress	16,953,769	16,959,338				33,913,107
Transferred to Revenue - Site Purchases	7,580,000			1,866,093		9,446,093
	25,587,320	16,959,338	188,387	1,866,093	487,041	45,088,179
Net Changes for the Year	(217,457)	(16,654,014)	68,978	(1,114,534)	-	(17,917,027)
Balance, end of year	9,340	3,992,036	141,177	844,342	-	4,986,895