

Audited Financial Statements of

School District No. 73 (Kamloops/Thompson)

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

School District No. 73 (Kamloops/Thompson)

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

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School District No. 73 (Kamloops/Thompson)

MANAGEMENT REPORT

Version: 4963-9558-7576

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 73 (Kamloops/Thompson) 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. 73 (Kamloops/Thompson) (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, BDO Canada LLP, 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. 73 (Kamloops/Thompson) 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. 73 (Kamloops/Thompson)

Signature on File

Signature of the Chairperson of the Board of Education

Date Signed

Signature on File

Signature of the Superintendent

Date Signed

Signature on File

Signature of the Secretary Treasurer

Date Signed

Independent Auditor's Report

To the Board of Education of School District No. 73 (Kamloops/Thompson)

We have audited the accompanying financial statements of School District No. 73 (Kamloops/Thompson), which comprise the Statements of Financial Position as at June 30, 2013, June 30, 2012 and July 1, 2011, and the Statements of Operations, Change in Net Debt and 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

Our responsibility is to express an opinion on these financial statements based on our audits. 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 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.

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

Opinion

In our opinion, the Statements of Financial Position as at June 30, 2013, June 30, 2012 and July 1, 2011, and the Statements of Operations, Change in Net Debt and Cash Flows for the years ended June 30, 2013 and June 30, 2012 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 our opinion, we draw attention to Note 3 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.

Signature on File

Chartered Accountants

Kamloops, British Columbia
September 23, 2013

School District No. 73 (Kamloops/Thompson)

Statement 1

Statement of Financial Position

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

	June 30, 2013	June 30, 2012	July 1, 2011
	\$	\$	\$
Financial Assets			
Cash and Cash Equivalents (Note 3c)	18,749,299	16,667,023	11,564,126
Accounts Receivable			
Due from Province - Ministry of Education	536,753	714,268	154,652
Due from LEA/Direct Funding	1,111,796	754,510	280,524
Other (Note 4)	1,187,542	874,487	854,228
Investments in Government Business Enterprises (Note 7)	747,154	15,754	8,298
Portfolio Investments (Note 6)	8,027,139	8,018,583	5,018,583
Total Financial Assets	30,359,683	27,044,625	17,880,411
Liabilities			
Accounts Payable and Accrued Liabilities			
Other (Note 8)	8,301,424	7,861,126	6,644,443
Unearned Revenue (Note 9)	621,958	644,963	403,370
Deferred Revenue	3,583,691	3,003,718	2,786,715
Deferred Capital Revenue	44,718,781	44,494,982	47,122,310
Employee Future Benefits (Note 12)	3,258,012	3,211,084	3,092,262
Other Liabilities	209,314	171,827	142,806
Total Liabilities	60,693,180	59,387,700	60,191,906
Net Financial Assets (Debt)	(30,333,497)	(32,343,075)	(42,311,495)
Non-Financial Assets			
Tangible Capital Assets (Note 5)	62,507,398	63,492,557	65,124,667
Restricted Assets (Endowments) (Note 20)	150,125	150,125	150,125
Prepaid Expenses (Note 3l)	196,223	246,384	433,924
Supplies Inventory (Note 3m)	369,014	334,409	406,930
Total Non-Financial Assets	63,222,760	64,223,475	66,115,646
Accumulated Surplus (Deficit)	32,889,263	31,880,400	23,804,151

Contractual Obligations and Contingencies

Approved by the Board

Signature on File

Signature of the Chairperson of the Board of Education

Date Signed

Signature on File

Signature of the Superintendent

Date Signed

Signature on File

Signature of the Secretary Treasurer

Date Signed

School District No. 73 (Kamloops/Thompson)

Statement 2

Statement of Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget (Note 15)	2013 Actual	2012 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	132,037,581	130,395,782	128,202,276
Other	105,193	269,824	166,439
Federal Grants		19,282	86,321
Tuition	50,000	1,487,385	1,093,401
Other Revenue	9,669,575	8,962,903	7,092,389
Rentals and Leases	263,684	348,878	279,550
Investment Income	246,000	323,652	306,362
Income (Loss) from Investments in Government Business Enterprises		731,400	7,456
Gain (Loss) on Disposal of Tangible Capital Assets			6,921,279
Amortization of Deferred Capital Revenue	2,761,522	2,761,522	2,850,586
Total Revenue	145,133,555	145,300,628	147,006,059
Expenses			
Instruction	105,803,762	106,837,877	103,199,154
District Administration	3,682,573	3,459,637	3,312,559
Operations and Maintenance	23,065,377	22,769,438	22,537,724
Transportation and Housing	4,566,540	4,306,379	4,316,605
Supplies	7,809,221	6,918,434	5,563,768
Total Expense	144,927,473	144,291,765	138,929,810
Surplus (Deficit) for the year	206,082	1,008,863	8,076,249
Accumulated Surplus (Deficit) from Operations, beginning of year		31,880,400	23,804,151
Accumulated Surplus (Deficit) from Operations, end of year		32,889,263	31,880,400

School District No. 73 (Kamloops/Thompson)

Statement of Changes in Net Financial Assets (Debt)

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget (Note 15)	2013 Actual	2012 Actual
	\$	\$	\$
Surplus (Deficit) for the year	206,082	1,008,863	8,076,249
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(2,778,904)	(2,987,466)	(2,262,241)
Amortization of Tangible Capital Assets	3,975,399	3,972,625	3,882,351
Net carrying value of Tangible Capital Assets disposed of			12,000
Total Effect of change in Tangible Capital Assets	1,196,495	985,159	1,632,110
Use of Prepaid Expenses		50,161	187,540
Acquisition of Supplies Inventory		(34,605)	
Use of Supplies Inventory			72,521
Total Effect of change in Other Non-Financial Assets	-	15,556	260,061
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>1,402,577</u>	2,009,578	9,968,420
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		2,009,578	9,968,420
Net Financial Assets (Debt), beginning of year		(32,343,075)	(42,311,495)
Net Financial Assets (Debt), end of year		(30,333,497)	(32,343,075)

School District No. 73 (Kamloops/Thompson)

Statement 5

Statement of Cash Flows

Years Ending June 30, 2013 and June 30, 2012

	2013 Actual	2012 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	1,008,863	8,076,249
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(416,643)	(1,053,861)
Supplies Inventories	(34,603)	72,522
Prepaid Expenses	50,161	187,540
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	364,115	1,216,682
Unearned Revenue	(23,006)	241,593
Deferred Revenue	579,973	217,003
Employee Future Benefits	46,928	118,822
Other Liabilities	37,487	29,021
Loss (Gain) on Disposal of Tangible Capital Assets		(6,921,279)
Amortization of Tangible Capital Assets	3,972,625	3,882,351
Amortization of Deferred Capital Revenue	(2,761,522)	(2,850,586)
Building Maintenance / Roofing Projects	(2,458,988)	(2,509,418)
Decrease (Increase) in Investments in Government Business Enterprises	(731,400)	(7,456)
Total Operating Transactions	(366,010)	699,183
Capital Transactions		
Tangible Capital Assets Purchased	(2,987,466)	(2,262,241)
District Portion of Proceeds on Disposal		6,933,279
Total Capital Transactions	(2,987,466)	4,671,038
Financing Transactions		
Capital Revenue Received	5,444,309	2,732,676
Total Financing Transactions	5,444,309	2,732,676
Investing Transactions		
Investments in Portfolio Investments		(3,000,000)
Funds held in Trust	(8,557)	
Total Investing Transactions	(8,557)	(3,000,000)
Net Increase (Decrease) in Cash and Cash Equivalents	2,082,276	5,102,897
Cash and Cash Equivalents, beginning of year	16,667,023	11,564,126
Cash and Cash Equivalents, end of year	18,749,299	16,667,023
Cash and Cash Equivalents, end of year, is made up of:		
Cash	18,749,299	16,667,023
	18,749,299	16,667,023

NOTE 1 AUTHORITY AND PURPOSE

The School District operates under authority of the School Act of British Columbia as a corporation under the name of "The Board of Education of School District No. 73 (Kamloops/Thompson)", and operates as "School District No. 73 (Kamloops/Thompson)." 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 the schools in the District, and is principally funded by the Province of British Columbia through the Ministry of Education. School District No. 73 (Kamloops/Thompson) is exempt from federal and provincial corporate income taxes.

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2012/13 fiscal year, the School District has adopted *Section 23.1* of the Budget Transparency and Accountability Act of the Province of British Columbia which requires adoption of Canadian Public Sector Accounting ("PSA") standards without not-for-profit provisions except as described below in The Basis of Accounting. These financial statements are the first financial statements for which the School District has applied PSA standards.

The School District has elected to use the following exemptions available as of July 1, 2011, the date of transition to the new accounting framework:

- Retirement and post-employment benefits:
 - a. The School District has elected to delay the application of *Sections PS 3250* and *3255* relative to the discount rate used until June 30, 2013 (to coincide with the March 31, 2013 valuation) or within three years of the transition date to PSA standards, whichever is sooner;
 - b. The School District has elected to recognize all cumulative actuarial gains and losses at July 1, 2011 directly in accumulated surplus (deficit); and
- Tangible capital asset impairment:
 - a. The School District has elected to apply *Section PS 3150* on a prospective basis from the date of transition.
- Government business enterprises (GBE):
 - a. The School district has elected to apply *Section PS 3070* on a prospective basis from the date of transition

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

- Previously, the School District was not required to record an accrued benefit obligation related to sick leave benefits as the benefits do not vest. PSA standards require that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services to the School District in return for the benefits. An adjustment was made to recognize a liability and an expense related to accumulated sick leave entitlements. The adjustment to the liability for employee future benefits at July 1, 2011 was \$ 898,659 resulting in a revised liability of \$ 3,092,262. An additional expense of \$ 252,904 was recognized in the 2012 fiscal year resulting in a revised liability for employee future benefits at June 30, 2012 of \$ 3,211,084 related to the accrual for accumulated sick leave entitlements, determined by an actuarial valuation.

School District No. 73 (Kamloops/Thompson)

Notes to Financial Statements

Years Ended June 30, 2013 and June 30, 2012

NOTE 2 **CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)**

- In accordance with the first time elections, the School District recognized all previous cumulative actuarial gains and losses relating to employee future benefits of \$1,522,520 at July 1, 2011 resulting in a decrease to the Employee Future Benefits liability and an increase in accumulated surplus. An additional revenue of \$ 91,298 was recognized in the 2012 fiscal year as a result of removing the amortization of those cumulative actuarial gains and losses.

	Previously Stated July 1, 2011	Adjustment July 1, 2011	Restated July 1, 2011
Unearned Revenue (formerly Deferred Revenue)	\$ 403,370	\$ -	\$ 403,370
Deferred Revenue (formerly Deferred Contributions)	3,120,423	(333,708)	2,786,715
Employee Future Benefits	3,716,123	(623,861)	3,092,262
	Previously Stated July 1, 2012	Adjustment July 1, 2012	Restated July 1, 2012
Unearned Revenue (formerly Deferred Revenue)	644,963		644,963
Deferred Revenue (formerly Deferred Contributions)	3,120,423	(116,705)	3,003,718
Employee Future Benefits	\$ 3,673,339	\$ (462,255)	\$ 3,211,084

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	\$ 23,085,264
Adjustments to accumulated surplus (deficit)	
Deduct non-vested benefits to Employee Future Benefits	(898,659)
Recognize cumulative unamortized actuarial gain/loss on Employee Future Benefits	1,522,520
Reclassify Deferred Contributions	89,965
Prior Period adjustment of Equity Investment	5,061
Accumulated Surplus (deficit) as restated, July 1, 2011	23,804,151
Annual surplus (deficit) as originally reported for the year ended June 30, 2012	31,321,539
Adjustments to annual surplus (deficit) for the year	
Employee Future Benefits amortization expense/revenue	462,255
Reclassify Deferred Contributions to revenue	91,545
Recognition of Equity Investment	5,061
Annual Surplus (deficit) for the year as restated for the year ended June 30, 2012	558,861
Accumulated surplus (deficit), end of year as restated, June 30, 2012	\$ 31,880,400

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards without not-for-profit provisions except in regard to the accounting for government transfers as set out in Notes 3(g) and 3(o).

In September 2010, the Province of British Columbia Treasury Board (“Treasury Board”) provided directive through Government Organization Accounting Standards Regulation 257/2010 requiring all taxpayer 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, Public Sector Accounting Board (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(o).

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

As noted in notes 3 (g) and 3 (o), Section 23.1 of the Budget Transparency and Accountability Act and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the financial statements of the School District is as follows:

July 1, 2011 - increase in accumulated surplus and decrease in deferred contributions by \$45,895,985
Year-ended June 30, 2012 - increase in annual surplus by \$2,850,586
June 30, 2012 - increase in accumulated surplus and decrease in deferred contributions by \$44,469,822
Year-ended June 30, 2013 – increase in annual surplus by \$1,187,642
June 30, 2013 – increase in accumulated surplus and decrease in deferred contributions by \$42,895,942

b) Basis of Consolidation

These financial statements reflect the assets, liabilities, revenue and expenses of this entity, which is comprised of School District No. 73 (Kamloops/Thompson). The investment in the School District No.73 Business Company, a government business enterprise, is accounted for using the modified equity method. Under the modified equity method of accounting, only the School District’s investment in the business enterprise and the enterprise’s net income and other changes in equity are recorded (or proportionate share in the business partnership). No adjustment is made for accounting policies of the enterprise that are different from those of the School District. Other comprehensive income of the business enterprise is presented in the statement of remeasurement gains and losses.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of Consolidation (continued)

Inter-organizational transactions and balances are not eliminated, except for any profit or loss on the sale between entities of assets that remain within the reporting entity.

Condensed supplementary financial information relative to government business enterprises is disclosed in Note 7

c) Cash and Cash Equivalents

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

d) Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts

e) Portfolio Investments

The School District has investments in both GIC's and the Kamloops Foundation. GICs have a maturity of greater than 3 months at the time of acquisition. These investments are reported at cost. Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in the fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations. As there are no remeasurement gains or losses to report, the statement of remeasurement gains and losses has not been prepared.

Impairment is defined as a loss in value of a portfolio investment that is other than a temporary decline and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

Detailed information regarding portfolio investments is disclosed in Note 6.

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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 (o).

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) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing except as per the election described in note 2.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The excess of cumulative unrecognized actuarial gains (losses) over 10 percent of the accrued benefit obligation is 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 9.8 years.

The most recent valuation of the obligation was performed at March 31, 2013 and projected to June 30, 2016. The next valuation will be performed at March 31, 2016 for use at June 30, 2016. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The School district and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) 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.

k) Tangible Capital Assets

The following criteria apply:

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

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Prepaid Expenses

Prepaid expenses consist of prepaid insurance, prepaid photocopier usage and other miscellaneous prepaid expenses.

m) Supplies Inventory

Inventory includes fuel and stock or raw materials on hand and is recorded at the lower of cost and net realizable value.

n) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see notes 12 - Internally Restricted Surplus and note 20 – Interfund Transfers). Funds and reserves are disclosed on Schedules 2,3 and 4.

o) 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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Revenue Recognition (continued)

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished. See note 3 (a) for the impact of this policy on these financial statements.

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

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

p) Expenditures

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

Categories of Salaries

- Principals, Vice-Principals, and Directors of Instruction employed under an administrative officer contract are categorized as Principals and Vice-Principals.
- Superintendents, Assistant Superintendents, Secretary-Treasurers, Trustees and other employees excluded from union contracts are categorized as Other Professionals.

Allocation of Costs

- Operating expenses are reported by function, program, and object. Whenever possible, expenditures are determined by actual identification. Additional costs pertaining to specific instructional programs, such as special and aboriginal education, are allocated to these programs. All other costs are allocated to related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Endowment Contributions

Endowment contributions are reported as revenue on the Statement of Operations when received. Investment income earned on endowment principal is recorded as deferred revenue if it meets the definition of a liability and is recognized as revenue in the year related expenses (disbursements) are incurred. If the investment income earned does not meet the definition of a liability, it is recognized as revenue in the year it is earned. Endowment assets are reported as restricted non-financial assets on the Statement of Financial Position.

r) 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, portfolio investments, accounts payable and accrued liabilities, and other liabilities.

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

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

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

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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Financial Instruments (continued)

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.

s) Measurement Uncertainty

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

NOTE 4 ACCOUNTS RECEIVABLE - OTHER

	2013	2012	2011
Due from Federal Government	\$ 104,798	\$ 312,682	\$ 266,508
Due from Other School Districts	25,167	3,619	3,447
Other	1,066,762	569,253	594,900
Allowance for Doubtful Accounts	(9,185)	(11,067)	(10,627)
	\$ 1,187,542	\$ 874,487	\$ 854,228

School District No. 73 (Kamloops/Thompson)

Notes to Financial Statements

Years Ended June 30, 2013 and June 30, 2012

NOTE 5 TANGIBLE CAPITAL ASSETS

June 30, 2013

Cost	Balance at July 1, 2012	Additions	Disposals	Transfers (WIP)	Balance at June 30 2013
Sites	\$ 10,345,129	\$ -	\$ -	\$ -	\$ 10,345,129
Buildings	124,697,163	216,895	-	-	124,914,058
Furniture & Equipment	5,165,899	779,832	-	-	5,945,731
Vehicles	7,518,957	1,339,731	124,798	-	8,733,890
Computer Software	431,645	150,206	-	-	581,851
Computer Hardware	2,210,001	500,802	589,212	-	2,121,591
Total	\$ 150,368,794	\$ 2,987,466	\$ 714,010	-	\$ 152,642,250

Accumulated Amortization	Balance at July 1, 2012	Additions	Disposals	Balance at June 30,2013
Buildings	\$ 81,273,215	\$ 2,175,810	\$ -	\$ 83,449,025
Furniture & Equipment	2,059,501	516,590	-	2,576,091
Vehicles	2,526,136	751,896	124,798	3,153,234
Computer Software	-	86,329	-	86,329
Computer Hardware	1,017,385	442,000	589,212	870,173
Totals	\$ 86,876,237	\$ 3,972,625	\$ 714,010	\$ 90,134,852

June 30, 2012

	Balance at July 1 2011	Additions	Disposals	Transfers (WIP)	Balance at June 30, 2012
Sites	\$ 10,357,129	\$ -	\$ 12,000	\$ -	\$ 10,345,129
Buildings	124,697,163	-	-	-	124,697,163
Furniture & Fixtures	5,155,007	394,166	383,274	-	5,165,899
Vehicles	7,200,192	1,026,996	708,231	-	7,518,957
Computer Software	-	431,645	-	-	431,645
Computer Hardware	2,174,024	409,434	373,457	-	2,210,001
Totals	\$ 149,583,515	\$ 2,262,241	\$ 1,476,962	-	\$ 150,368,794

Accumulated Amortization	Balance at July 1 2011	Additions	Disposals	Balance at June 30, 2012
Buildings	\$ 79,061,189	\$ 2,212,026	\$ -	\$ 81,273,215
Furniture & Equipment	1,927,274	515,501	383,274	2,059,501
Vehicles	2,514,348	720,019	708,231	2,526,136
Computer Software	-	-	-	-
Computer Hardware	956,037	434,805	373,457	1,017,385
Total	\$ 84,458,848	\$ 3,882,351	\$ 1,464,962	\$ 86,876,237

Net Book Value

	Net Book Value June 30, 2013	Net Book Value June 30, 2012	Net Book Value June 30, 2011
Sites	\$ 10,345,129	\$ 10,345,129	\$ 10,357,129
Buildings	41,465,033	43,423,948	45,635,974
Furniture & Equipment	3,369,640	3,106,398	3,227,733
Vehicles	5,580,656	4,992,821	4,685,844
Computer Software	495,522	431,645	-
Computer Hardware	1,251,418	1,192,616	1,217,987
Total	\$ 62,507,398	\$ 63,492,557	\$ 65,124,667

School District No. 73 (Kamloops/Thompson)

Notes to Financial Statements

Years Ended June 30, 2013 and June 30, 2012

NOTE 6 PORTFOLIO INVESTMENTS

	Interest Rate	Maturity Date	2013	2012
GIC	2.30%	12/29/2014	\$ 1,000,000	\$ 1,000,000
GIC	2.10%	06/08/2014	1,000,000	1,000,000
GIC	2.30%	06/08/2015	1,000,000	1,000,000
GIC	2.50%	12/29/2015	1,000,000	1,000,000
GIC	2.80%	12/29/2016	1,000,000	1,000,000
GIC	2.65%	06/12/2017	1,000,000	1,000,000
GIC	2.40%	06/11/2018	2,000,000	2,000,000
Total GIC			8,000,000	8,000,000
Kamloops Foundation			27,139	18,583
Total Portfolio Investments			\$ 8,027,139	\$ 8,018,583

Interest accrued under the amortized cost is \$ 92,070 (2012 - \$ 192,948) and is included in other accounts receivable.

School District No. 73 (Kamloops/Thompson)

Notes to Financial Statements

Years Ended June 30, 2013 and June 30, 2012

NOTE 7 INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

Summary of the financial statements of School District No. 73 Business Company, for the year ended March 31, 2013, is as follows:

Balance Sheet	2013	2012
Current Assets		
Cash and Bank	\$ 419,360	\$ 7,600
Accounts Receivable	182,067	41,382
Prepaid Expenses	11,415	1,896
	<u>612,842</u>	<u>50,849</u>
Property, plant and equipment	221,439	-
Total Assets	<u>824,281</u>	<u>50,849</u>
Current Liabilities		
Accounts Payable	263,148	22,594
Unearned Revenue	156,995	12,500
	<u>420,143</u>	<u>35,094</u>
Shareholders' equity		
Share Capital	1	1
Contributed surplus	313,374	-
Retained earnings	90,763	15,754
	<u>404,138</u>	<u>15,755</u>
Total Liabilities and Shareholders' equity	<u>824,281</u>	<u>50,849</u>
Statement of Operations		
Revenue	1,523,667	73,815
Expenses	1,448,658	66,359
Income from Operations	<u>75,009</u>	<u>7,456</u>
Net Income for Year	75,009	7,456
Retained Earnings, beginning of Year	15,754	8,298
Retained Earnings, end of year	<u>\$ 90,763</u>	<u>\$ 15,754</u>

During the year, the School District 73 Business Company (SD73BC) acquired the LearnNowBC contract from the Virtual School Society (VSS). All assets, infrastructure and some working capital was transferred to SD73BC from the VSS. VSS was deemed to be a related entity as the Province of British Columbia effectively controlled the VSS by providing all of the grant funding necessary to operate LearnNowBC. As such, the transfer described above was done at carrying value, which resulted in contributed surplus of \$313,374 being generated in SD73BC. Under PSAB, this would be considered a capital transaction, and as such, the increase in the investment in SD73BC resulting from LearnNowBC was recorded as an increase in the equity in the Government Business Enterprise. As the School District and SD73BC do not have concurrent year ends, in addition to the income from operations above, the equity earnings from SD73BC include \$656,391 in net income earned from April 1, 2013 to

School District No. 73 (Kamloops/Thompson)

Notes to Financial Statements

Years Ended June 30, 2013 and June 30, 2012

NOTE 7 INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE (continued)

June 30, 2013. The majority of this income is due to the timing of the LearnNowBC operating grants received from the Ministry of Education. These grants are expected to be fully expended by March 31, 2014.

During the year, the school district charged the business company a management fee of \$ 74,033 (2012 - \$NIL) in respect of administrative support provided to the business company.

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

	2013	2012	2011
Trade Payable	\$ 1,758,898	\$ 1,766,632	\$ 1,482,199
Salaries and Benefits Payable	4,749,342	4,465,264	3,509,031
Accrued Vacation Payable	1,793,184	1,629,230	1,653,213
	<u>\$ 8,301,424</u>	<u>\$ 7,861,126</u>	<u>\$ 6,644,443</u>

NOTE 9 UNEARNED REVENUE

	2013	2012	2011
Balance, beginning of year	\$ 644,963	\$ 403,370	\$ 221,165
Changes for the year			
Increase:			
Tuition Fees	1,577,680	1,729,857	1,296,277
Rental/Lease of Facilities	96,000	98,000	72,000
Decrease:			
Tuition Fees	(1,600,685)	(1,488,264)	(1,114,072)
Rental/Lease of Facilities	(96,000)	(98,000)	(72,000)
Net changes for the year	<u>(23,005)</u>	<u>241,593</u>	<u>182,205</u>
Balance, end of year	<u>\$ 621,958</u>	<u>\$ 644,963</u>	<u>\$ 403,370</u>

NOTE 10 DEFERRED REVENUE

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contribution 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 in Schedule 3A

NOTE 11 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contribution 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. 73 (Kamloops/Thompson)

Notes to Financial Statements

Years Ended June 30, 2013 and June 30, 2012

NOTE 12 EMPLOYEE FUTURE BENEFITS

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

	2013	2012
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 3,373,934	\$ 2,311,793
Non-vested Benefit Obligation – July 1, 2011		898,658
Service Cost	239,458	222,209
Interest Cost	146,670	155,344
Benefit Payments – April 1 to March 31 - VESTED	(238,635)	-
Benefit Payments – April 1 to March 31 – NON-VESTED	(96,866)	(329,794)
Increase (Decrease) in obligation due to Plan Amendment	-	-
Actuarial (Gain) Loss	1,180,752	115,724
Accrued Benefit Obligation – March 31	4,605,313	3,373,934
Change in Plan Assets		
Market value of Plan Assets – April 1	-	-
Actual Return on Plan Assets	-	-
Employer Contributions – April 1 to March 31	335,501	329,794
Benefit Payments – April 1 to March 31	(335,501)	(329,794)
Market Value of Plan Assets - March 31	-	-
Reconciliation of Funded Status as End of Fiscal Year		
Accrued Benefit Obligation – March 31	4,605,313	3,373,934
Market Value of Plan Assets – March 31	-	-
Funded Status – Surplus (Deficit)	(4,605,313)	(3,373,934)
Employer Contributions After Measurement Date – April 1 to June 30 – Vested	64,282	47,128
Unamortized Net Actuarial (Gain)/Loss	1,283,019	115,722
Accrued Benefit (Liability) Asset – June 30	(3,258,012)	(3,211,084)
Components of Net Benefit Expense		
Service Cost	239,457	222,209
Interest Cost	146,670	155,344
Immediate Recognition of Plan Amendment	-	-
Amortization of Net Actuarial (Gain)/Loss	13,456	-
Net Benefit Expense (Income)	399,583	377,553
Reconciliation of Change in Accrued Benefit Liability (Asset)		
Accrued Benefit Liability (Asset) – July 1	3,211,084	3,716,123
Recognize Non-Vested Benefits – July 1, 2011	-	898,659
Recognize Unamortized (Gains)/Losses – July 1, 2011	-	(1,522,520)
Accrued Benefit Liability (Asset) – July 1 (restated)	3,211,084	3,092,262
Net Expense for Fiscal Year	399,583	377,553
Employer Contributions – July 1 to March 31	(288,373)	(211,603)
Employer Contributions – April 1 to June 30	(64,282)	(47,128)
Accrued Benefit Liability (Asset) – June 30	\$ 3,258,012	\$ 3,211,084

NOTE 12 EMPLOYEE FUTURE BENEFITS (continued)

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

Assumptions	2013	2012
Discount Rate – April 1	4.25%	4.75%
Discount Rate – March 31	3.00%	4.25%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% +seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% +seniority
EARSL – March 31	9.8	8.6

NOTE 13 EMPLOYEE PENSION PLANS

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

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2011 indicated an \$855 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2014 with results available in 2015. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2009 indicated a \$1,024 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the plan as the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan.

The School District No. 73 (Kamloops/Thompson) paid \$ 12,009,822 (2012 - \$ 11,398,186) for employer contributions to these plans in the year ended June 30, 2013.

School District No. 73 (Kamloops/Thompson)

Notes to Financial Statements

Years Ended June 30, 2013 and June 30, 2012

NOTE 14 OPERATING FUND BALANCE, END OF YEAR

	June 30 2012	Increases	Decreases	June 30 , 2013
Internally Restricted Funds				
General Reserve	\$ 500,000	\$ 800,084	\$ -	\$ 1,300,084
Utility/Fuel Reserve	300,000	200,000	-	500,000
Department Reserve	-	164,900	-	164,900
School Supply Reserve	1,170,167	291,761	-	1,461,928
2013-2014 Budget Reserve	1,200,000	-	-	1,200,000
First Nations Reserve	442,148	111,123	-	553,271
Total Internally Restricted	3,612,315	1,567,868	-	5,180,183
Unrestricted Funds				
AFG Other Reserve	91,545	-	(10,629)	80,916
EFB Reserve	462,255	-	(399,584)	62,671
Total Unrestricted	553,800	-	(410,213)	143,587
Total Operating Fund	\$ 4,166,115	\$ 1,567,868	\$ (410,213)	\$ 5,323,770

NOTE 15 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.

NOTE 16 COMMITMENTS

The School District leases photo-copiers under operating leases which expire September 1, 2017. The School District is obligated to make the following minimum lease payments under its operating leases in each of the following fiscal years ending:

June 30, 2014	110,366
June 30, 2015	28,296
June 30, 2016	28,296
June 30, 2017	28,296

In addition, the School District has in place a long term supply arrangement with Super Save Enterprises Ltd. Providing the School District with its propane delivery.

School District No. 73 (Kamloops/Thompson)

Notes to Financial Statements

Years Ended June 30, 2013 and June 30, 2012

NOTE 17 BUDGET FIGURES

The budget figures these financial statements is the amended budget approved by the board of education on February 14, 2013. This budget was amended from the original budget approved on April 26, 2012 due to it reflecting actual funding for final student enrolment, the related cost for changed enrolment, and other small changes. As PSAB requires the original budget to be presented, a reconciliation from the original to amended is below.

	Original	Adjustment	Amended
Revenue			
Province grants	\$ 127,356,469	\$ 4,681,112	\$ 132,037,581
Other grants	105,193	-	105,193
Tuition	50,000	-	50,000
Other revenue	7,411,298	2,258,277	9,669,575
Rental & lease	263,684	-	263,684
Investment income	246,000	-	246,000
Amount of deferred revenue	2,700,387	61,135	2,761,522
Sale of miscellaneous assets	50,000	(50,000)	-
	<u>138,183,031</u>	<u>6,950,524</u>	<u>145,133,555</u>
Expenses:			
Instruction	103,137,550	2,666,212	105,803,762
Direct administrative	3,471,115	211,458	3,682,573
Operation & maintenance	18,813,781	276,197	19,089,978
Transportation & housing	4,528,891	37,649	4,566,540
Amortization of capital assets	3,791,859	183,540	3,975,399
Supplies and services	6,563,464	1,245,757	7,809,221
	<u>140,306,660</u>	<u>4,620,813</u>	<u>144,927,473</u>
Net revenue (expenses)	(2,123,629)	2,329,711	206,082
Budget allocation (retirement) of surplus (deficit)	1,178,157	412,023	1,590,180
Budgeted surplus (deficit) for the year	<u>\$ (945,472)</u>	<u>\$ 2,741,734</u>	<u>\$ 1,796,262</u>

NOTE 18 CONTINGENCIES

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

NOTE 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 in accordance with PSA standards. This contemplates continuation of the School District as a "going concern".

School District No. 73 (Kamloops/Thompson)

Notes to Financial Statements

Years Ended June 30, 2013 and June 30, 2012

NOTE 20 ENDOWMENT FUNDS

On December 31, 2010 with approval from the original donors, School District No. 73 transferred \$173,757 of the Scholarship/Bursary funds to the Kamloops Foundation for investment. \$140,125 of the scholarship fund were endowment funds and \$33,632 of the funds were considered "Flow Thru" funds are utilized to service on-going awards. The Foundation invests all contributions to the Fund in accordance with the investment policy as established by the Foundation Board, and any provisions of legislation which regulates the activities of the Foundation. Income from the Fund shall be returned annually to the School District for distribution to the scholarship awardees. Disbursements will be at 5.00% of the endowment and this practise shall be reviewed with the Foundation at the end of the 10th year taking into account the actual and expected investment yields.

	June 30, 2012	Investment Income (Loss)	Increases	Decreases	June 30, 2013
Endowments held by:					
School District	\$10,000	\$ 189	\$ 450	\$ (639)	\$ 10,000
Kamloops Foundation	140,125	7,103		(7,103)	140,125
Total Endowments	\$ 150,125	\$ 7,292	\$ 450	\$ (7,742)	\$ 150,125

NOTE 21 ASSET RETIREMENT OBLIGATION

The School District is required to recognize any liabilities that may occur as a result of the removal and disposal, or abatement of asbestos in any schools within the District that may undergo major renovations or be subject to demolition. A reasonable estimate of fair value of the potential liability related to the disposal cannot be reasonably determined as the amount and distribution of asbestos and a method of resolving the issue has not yet been determined. As such no liability has been included on the Statement of Financial Position.

NOTE 22 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds are reported on Schedule 2 – Schedule of Operations. For the year ended June 30, 2013 there were no transfers between funds.

NOTE 23 RISK MANAGEMENT

A) GENERAL RISK MANAGEMENT

The School District's principal source of capital funding is received from the Province of British Columbia through the Ministry of Education. The School District defines capital to be fund balances.

School District No. 73 (Kamloops/Thompson) objectives when managing capital are:

- To safeguard the District's ability to carry on as a going concern, so the District can continue to provide its students and stakeholders with the following:
 - The best possible learning environment based on the District's Annual Facility Grant (AFG) plus additional funding, when available, from the local capital reserve.
 - To ensure capital projects are implemented for the benefit of the students and staff and to make certain the Board mitigates any potential liability from safety concerns.
- The management of the District establishes an annual list of capital needs for presentation to the Board following the approval of the annual operating budget. This list of projects to be completed annually with AFG funding is presented to the Board for review and approval. AFG projects are prioritized to address the most pressing needs of the District's physical plant.
- A separate report is prepared based on the equipment needs of the District (ie: information technology, maintenance vehicles, classroom equipment, and other non-AFG projects). This report is presented to the Board on an annual basis with funding from the Local Capital Reserve. The Local Capital Reserve is funded from operating surpluses, when available.

The Board ensures there is adequate cash flow to complete the capital projects based on the priority list above. The Board manages the capital project structure and makes adjustments to it in light of changes in economic conditions and the availability of cash flows from operations.

B) 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 guaranteed investment certificates.

NOTE 23 RISK MANAGEMENT (continued)

C) 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's management's opinion that the School District is not exposed to significant interest rate risk as they invest solely in guaranteed investment certificates that have a maturity date of no more than five years. A 1% change in interest rates would cause interest income to increase or decrease by \$80,000

D) 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.

Independent Auditor's Comments on Supplementary Information

To the Board of Education of School District No. 73 (Kamloops/Thompson)

We have audited the financial statements of School District No. 73 (Kamloops/Thompson) as at June 30, 2013, and the statements of revenue and expense, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated September 23, 2013 which contained an unmodified opinion on the financial statements as a whole. The following supplementary financial information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Signature on File

Chartered Accountants

Kamloops, British Columbia
September 23, 2013

School District No. 73 (Kamloops/Thompson)

Schedule 1 (Unaudited)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2013 Actual	2012 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	4,166,115	165,879	27,548,406	31,880,400	23,090,325
Change in Accounting Policies/Prior Period Adjustments					
Add non-vested benefits to Employee Future Benefits					(898,659)
Recognize unamortized gain (loss) on Employee Future Benefits					1,522,520
Reclassify Deferred Contributions					89,965
Adjust Equity Investment					-
Accumulated Surplus (Deficit), beginning of year, as restated	4,166,115	165,879	27,548,406	31,880,400	23,804,151
Changes for the year					
Surplus (Deficit) for the year	1,157,655	731,400	(880,192)	1,008,863	8,076,249
Net Changes for the year	1,157,655	731,400	(880,192)	1,008,863	8,076,249
Accumulated Surplus (Deficit), end of year - Statement 2	5,323,770	897,279	26,668,214	32,889,263	31,880,400

School District No. 73 (Kamloops/Thompson)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	122,765,295	123,479,416	122,488,344
Other	105,193	269,824	166,439
Tuition	50,000	1,487,385	1,093,401
Other Revenue	2,662,669	3,047,069	2,789,073
Rentals and Leases	263,684	348,878	279,550
Investment Income	150,000	161,489	194,528
Total Revenue	<u>125,996,841</u>	<u>128,794,061</u>	<u>127,011,335</u>
Expenses			
Instruction	103,568,632	104,315,284	102,308,359
District Administration	3,682,573	3,459,637	3,312,559
Operations and Maintenance	15,769,276	15,555,106	15,097,106
Transportation and Housing	4,566,540	4,306,379	4,316,605
Total Expense	<u>127,587,021</u>	<u>127,636,406</u>	<u>125,034,629</u>
Operating Surplus (Deficit) for the year	<u>(1,590,180)</u>	<u>1,157,655</u>	<u>1,976,706</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>1,590,180</u>		
Net Transfers (to) from other funds			
Local Capital			(1,658,430)
Total Net Transfers	<u>-</u>	<u>-</u>	<u>(1,658,430)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>1,157,655</u>	<u>318,276</u>
Operating Surplus (Deficit), beginning of year		4,166,115	3,134,013
Change in Accounting Policies/Prior Period Adjustments			
Add non-vested benefits to Employee Future Benefits			(898,659)
Recognize unamortized gain (loss) on Employee Future Benefits			1,522,520
Reclassify Deferred Contributions			89,965
Operating Surplus (Deficit), beginning of year, as restated		<u>4,166,115</u>	<u>3,847,839</u>
Operating Surplus (Deficit), end of year		<u>5,323,770</u>	<u>4,166,115</u>
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 12)		5,180,183	3,612,315
Unrestricted		143,587	553,800
Total Operating Surplus (Deficit), end of year		<u>5,323,770</u>	<u>4,166,115</u>

School District No. 73 (Kamloops/Thompson)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual	2012 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	124,509,048	124,936,903	123,977,381
AANDC/LEA Recovery	(2,398,880)	(2,384,626)	(2,460,691)
Other Ministry of Education Grants			
Foundation Skills Assessment	18,668	18,668	18,585
Pay Equity	575,959	575,959	575,959
Carbon Tax Grant	60,500	166,784	169,453
Education Guarantee		165,728	207,657
Total Provincial Grants - Ministry of Education	<u>122,765,295</u>	<u>123,479,416</u>	<u>122,488,344</u>
Provincial Grants - Other	<u>105,193</u>	<u>269,824</u>	<u>166,439</u>
Tuition			
Offshore Tuition Fees	50,000	1,487,385	1,093,401
Total Tuition	<u>50,000</u>	<u>1,487,385</u>	<u>1,093,401</u>
Other Revenues			
LEA/Direct Funding from First Nations	2,491,798	2,384,626	2,412,851
Miscellaneous			
City of Kamloops	95,000	96,000	96,400
Course Fees		10,500	29,544
Student Paid Meals		188,442	
Miscellaneous Revenue	75,871	367,501	245,865
Tree Canada/BCSTA Pinebeetle			4,413
Total Other Revenue	<u>2,662,669</u>	<u>3,047,069</u>	<u>2,789,073</u>
Rentals and Leases	<u>263,684</u>	<u>348,878</u>	<u>279,550</u>
Investment Income	<u>150,000</u>	<u>161,489</u>	<u>194,528</u>
Total Operating Revenue	<u><u>125,996,841</u></u>	<u><u>128,794,061</u></u>	<u><u>127,011,335</u></u>

School District No. 73 (Kamloops/Thompson)

Schedule 2B (Unaudited)

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

	2013 Budget	2013 Actual	2012 Actual
	\$	\$	\$
Salaries			
Teachers	57,428,295	57,042,840	56,626,374
Principals and Vice Principals	6,652,279	6,930,208	6,756,037
Educational Assistants	6,804,148	7,006,127	6,766,726
Support Staff	13,460,794	13,782,907	13,497,397
Other Professionals	2,508,740	3,332,620	3,119,513
Substitutes	4,585,797	4,873,456	4,798,076
Total Salaries	91,440,053	92,968,158	91,564,123
Employee Benefits	20,966,050	21,016,883	20,526,127
Total Salaries and Benefits	112,406,103	113,985,041	112,090,250
Services and Supplies			
Services	1,000,379	1,802,851	1,923,336
Student Transportation	372,008	418,373	387,426
Professional Development and Travel	1,130,690	1,168,802	905,219
Dues and Fees	89,430	81,740	80,878
Insurance	400,724	435,132	455,444
Supplies	9,283,909	7,215,399	6,651,968
Utilities	2,903,778	2,529,068	2,540,108
Total Services and Supplies	15,180,918	13,651,365	12,944,379
Total Operating Expense	127,587,021	127,636,406	125,034,629

School District No. 73 (Kamloops/Thompson)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2013

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	44,327,396	737,280		936,144	642,974	3,058,132	49,701,926
1.03 Career Programs	191,018					12,806	203,824
1.07 Library Services	1,394,137			1,117,833		148,720	2,660,690
1.08 Counselling	1,391,841			483,099		115,521	1,990,461
1.10 Special Education	8,225,028	263,314	5,882,959	67,397		883,690	15,322,388
1.30 English Language Learning	116,240					7,793	124,033
1.31 Aboriginal Education	252,415	67,599	1,123,168		314,111	25,459	1,782,752
1.41 School Administration		5,424,274		777,075		122,124	6,323,473
1.60 Summer School	128,197	5,000					133,197
1.61 Continuing Education	148,076	111,045		3,950		21,163	284,234
1.62 Off Shore Students	199,929	111,045		29,491		421	340,886
1.64 Other	668,563	210,651		12,837		147,262	1,039,313
Total Function 1	57,042,840	6,930,208	7,006,127	3,427,826	957,085	4,543,091	79,907,177
4 District Administration							
4.11 Educational Administration				83,810	529,959		613,769
4.40 School District Governance					168,686		168,686
4.41 Business Administration				609,425	912,179		1,521,604
Total Function 4	-	-	-	693,235	1,610,824	-	2,304,059
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				66,926	387,934		454,860
5.50 Maintenance Operations				6,691,177	278,995	222,424	7,192,596
5.52 Maintenance of Grounds				760,608		8,582	769,190
5.56 Utilities							-
Total Function 5	-	-	-	7,518,711	666,929	231,006	8,416,646
7 Transportation and Housing							
7.41 Transportation and Housing Administration				109,008	97,782		206,790
7.70 Student Transportation				2,034,127		99,359	2,133,486
7.73 Housing							-
Total Function 7	-	-	-	2,143,135	97,782	99,359	2,340,276
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	57,042,840	6,930,208	7,006,127	13,782,907	3,332,620	4,873,456	92,968,158

School District No. 73 (Kamloops/Thompson)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2013

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2013 Actual	2013 Budget	2012 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	49,701,926	11,345,282	61,047,208	3,296,437	64,343,645	66,258,969	64,763,582
1.03 Career Programs	203,824	46,673	250,497	10,441	260,938	269,006	252,239
1.07 Library Services	2,660,690	625,596	3,286,286	329,726	3,616,012	3,554,176	3,685,980
1.08 Counselling	1,990,461	461,913	2,452,374		2,452,374	2,466,643	2,464,397
1.10 Special Education	15,322,388	3,566,372	18,888,760	330,116	19,218,876	17,059,185	16,528,098
1.30 English Language Learning	124,033	28,402	152,435		152,435	105,388	153,494
1.31 Aboriginal Education	1,782,752	332,514	2,115,266	311,966	2,427,232	2,584,310	2,467,836
1.41 School Administration	6,323,473	1,320,192	7,643,665	474,842	8,118,507	8,919,465	8,177,974
1.60 Summer School	133,197	17,791	150,988	537	151,525	128,200	98,327
1.61 Continuing Education	284,234	60,055	344,289	475,740	820,029	307,652	856,406
1.62 Off Shore Students	340,886	73,217	414,103	886,990	1,301,093		984,915
1.64 Other	1,039,313	206,972	1,246,285	206,333	1,452,618	1,915,638	1,875,111
Total Function 1	79,907,177	18,084,979	97,992,156	6,323,128	104,315,284	103,568,632	102,308,359
4 District Administration							
4.11 Educational Administration	613,769	126,801	740,570	197,032	937,602	1,272,108	949,901
4.40 School District Governance	168,686	7,825	176,511	118,740	295,251	301,272	305,715
4.41 Business Administration	1,521,604	303,849	1,825,453	401,331	2,226,784	2,109,193	2,056,943
Total Function 4	2,304,059	438,475	2,742,534	717,103	3,459,637	3,682,573	3,312,559
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	454,860	80,351	535,211	360,000	895,211	941,549	873,646
5.50 Maintenance Operations	7,192,596	1,654,981	8,847,577	1,907,330	10,754,907	10,503,698	10,312,518
5.52 Maintenance of Grounds	769,190	181,413	950,603	425,317	1,375,920	1,420,251	1,370,834
5.56 Utilities	-	-	-	2,529,068	2,529,068	2,903,778	2,540,108
Total Function 5	8,416,646	1,916,745	10,333,391	5,221,715	15,555,106	15,769,276	15,097,106
7 Transportation and Housing							
7.41 Transportation and Housing Administration	206,790	40,562	247,352	103,976	351,328	364,314	341,490
7.70 Student Transportation	2,133,486	536,122	2,669,608	1,285,443	3,955,051	4,200,726	3,973,615
7.73 Housing	-	-	-	-	-	1,500	1,500
Total Function 7	2,340,276	576,684	2,916,960	1,389,419	4,306,379	4,566,540	4,316,605
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	92,968,158	21,016,883	113,985,041	13,651,365	127,636,406	127,587,021	125,034,629

School District No. 73 (Kamloops/Thompson)

Schedule 3 (Unaudited)

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

	2013 Budget	2013 Actual	2012 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	5,694,234	4,457,378	3,204,514
Federal Grants		19,282	86,321
Other Revenue	5,210,306	5,747,086	4,212,367
Investment Income			210
Income (Loss) from Investments in Government Business Enterprises		731,400	7,456
Total Revenue	<u>10,904,540</u>	<u>10,955,146</u>	<u>7,510,868</u>
Expenses			
Instruction	2,235,130	2,522,593	890,795
Operations and Maintenance	860,189	782,719	1,048,849
Supplies	7,809,221	6,918,434	5,563,768
Total Expense	<u>10,904,540</u>	<u>10,223,746</u>	<u>7,503,412</u>
Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>731,400</u>	<u>7,456</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>731,400</u>	<u>7,456</u>
Special Purpose Surplus (Deficit), beginning of year		165,879	158,423
Special Purpose Surplus (Deficit), end of year		<u>897,279</u>	<u>165,879</u>
Special Purpose Surplus (Deficit), end of year			
Related Entities		747,154	15,754
Endowment Contributions		150,125	150,125
Total Special Purpose Surplus (Deficit), end of year		<u>897,279</u>	<u>165,879</u>

School District No. 73 (Kamloops/Thompson)

Schedule 3A (Unaudited)

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

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	School Generated Funds	Related Entities	Strong Start
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	20,014		22,932	1,943,930		42,451
Transfer (to) from Operating Surplus - as at July 1, 2011						
Transfer to/from Operating Revenue/Expense - year ended June 30, 2012						
Deferred Revenue, beginning of year, as restated	20,014	-	22,932	1,943,930	-	42,451
Add: Restricted Grants						
Provincial Grants - Ministry of Education	1,176,154	1,576,539	32,952			224,000
Federal Grants						
Other				4,919,749		
Investment Income	4,644					
	1,180,798	1,576,539	32,952	4,919,749	-	224,000
Less: Allocated to Revenue	782,719	1,576,539	25,743	4,848,791		252,982
Deferred Revenue, end of year	418,093	-	30,141	2,014,888	-	13,469
Revenues						
Provincial Grants - Ministry of Education	782,719	1,576,539	25,743			252,982
Federal Grants						
Other Revenue				4,848,791		
Income (Loss) from Investments in Government Business Enterprises					731,400	
	782,719	1,576,539	25,743	4,848,791	731,400	252,982
Expenses						
Salaries						
Teachers		680,844				38,757
Principals and Vice Principals						
Educational Assistants		508,443				
Support Staff						142,691
Substitutes		55,158				
	-	1,244,445	-	-	-	181,448
Employee Benefits		319,989				54,377
Services and Supplies	782,719	12,105	25,743	4,848,791		17,157
	782,719	1,576,539	25,743	4,848,791	-	252,982
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	731,400	-
Interfund Transfers						
	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	731,400	-

School District No. 73 (Kamloops/Thompson)

Schedule 3A (Unaudited)

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

	Ready, Set, Learn	OLEP	Community- LINK	Early Learning	Literacy Innovation	BCLCA E-Learning
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year			218,406	19,614	40,188	3,265
Transfer (to) from Operating Surplus - as at July 1, 2011						
Transfer to/from Operating Revenue/Expense - year ended June 30, 2012						
Deferred Revenue, beginning of year, as restated	-	-	218,406	19,614	40,188	3,265
Add: Restricted Grants						
Provincial Grants - Ministry of Education	78,400	197,555	1,563,259			
Federal Grants						
Other						18,501
Investment Income						
	78,400	197,555	1,563,259	-	-	18,501
Less: Allocated to Revenue	78,400	197,555	1,540,227	3,213	-	15,916
Deferred Revenue, end of year	-	-	241,438	16,401	40,188	5,850
Revenues						
Provincial Grants - Ministry of Education	78,400	197,555	1,540,227	3,213		
Federal Grants						
Other Revenue						15,916
Income (Loss) from Investments in Government Business Enterprises						
	78,400	197,555	1,540,227	3,213	-	15,916
Expenses						
Salaries						
Teachers		35,453	355,731			
Principals and Vice Principals			32,339			
Educational Assistants						
Support Staff	654			551		
Substitutes	1,005	6,714	1,787			
	1,659	42,167	389,857	551	-	-
Employee Benefits		8,610	76,530			
Services and Supplies	76,741	146,778	1,073,840	2,662		15,916
	78,400	197,555	1,540,227	3,213	-	15,916
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-
Interfund Transfers						
	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-

School District No. 73 (Kamloops/Thompson)

Schedule 3A (Unaudited)

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

	District	Gov't of Canada	Gov't of Canada	Other	Contributor	
	Scholarships	Enviromental	Youth	Building Maint	Restricted (A5)	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	30,765	2,509	56,875	91,545	602,769	3,095,263
Transfer (to) from Operating Surplus - as at July 1, 2011				(89,965)		(89,965)
Transfer to/from Operating Revenue/Expense - year ended June 30, 2012				(1,580)		(1,580)
Deferred Revenue, beginning of year, as restated	30,765	2,509	56,875	-	602,769	3,003,718
Add: Restricted Grants						
Provincial Grants - Ministry of Education						4,848,859
Federal Grants		31,250	74,115			105,365
Other	25,848	925			879,639	5,844,662
Investment Income	189					4,833
	26,037	32,175	74,115	-	879,639	10,803,719
Less: Allocated to Revenue	9,300	20,207	-	-	872,154	10,223,746
Deferred Revenue, end of year	47,502	14,477	130,990	-	610,254	3,583,691
Revenues						
Provincial Grants - Ministry of Education						4,457,378
Federal Grants		19,282				19,282
Other Revenue	9,300	925			872,154	5,747,086
Income (Loss) from Investments in Government Business Enterprises						731,400
	9,300	20,207	-	-	872,154	10,955,146
Expenses						
Salaries						
Teachers		5,645			20,822	1,137,252
Principals and Vice Principals						32,339
Educational Assistants						508,443
Support Staff					122,602	266,498
Substitutes					29,272	93,936
	-	5,645	-	-	172,696	2,038,468
Employee Benefits		1,237			23,382	484,125
Services and Supplies	9,300	13,325			676,076	7,701,153
	9,300	20,207	-	-	872,154	10,223,746
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	731,400
Interfund Transfers						
	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	731,400

School District No. 73 (Kamloops/Thompson)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Years Ending June 30, 2013 and June 30, 2012

	2013 Budget	2013 Actual			2012 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	3,578,052	2,458,988		2,458,988	2,509,418
Other Revenue	1,796,600		168,748	168,748	90,949
Investment Income	96,000		162,163	162,163	111,624
Gain (Loss) on Disposal of Tangible Capital Assets				-	6,921,279
Amortization of Deferred Capital Revenue	2,761,522	2,761,522		2,761,522	2,850,586
Total Revenue	8,232,174	5,220,510	330,911	5,551,421	12,483,856
Expenses					
Operations and Maintenance	2,460,513	2,458,988		2,458,988	2,509,418
Amortization of Tangible Capital Assets					
Operations and Maintenance	3,975,399	3,972,625		3,972,625	3,882,351
Total Expense	6,435,912	6,431,613	-	6,431,613	6,391,769
Capital Surplus (Deficit) for the year	1,796,262	(1,211,103)	330,911	(880,192)	6,092,087
Net Transfers (to) from other funds					
Local Capital				-	1,658,430
Total Net Transfers	-	-	-	-	1,658,430
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		1,799,824	(1,799,824)	-	
Total Other Adjustments to Fund Balances		1,799,824	(1,799,824)	-	
Total Capital Surplus (Deficit) for the year	1,796,262	588,721	(1,468,913)	(880,192)	7,750,517
Capital Surplus (Deficit), beginning of year		19,034,734	8,513,672	27,548,406	19,797,889
Capital Surplus (Deficit), end of year		19,623,455	7,044,759	26,668,214	27,548,406

School District No. 73 (Kamloops/Thompson)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2013

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	10,345,129	124,697,163	5,165,899	7,518,957	431,645	2,210,001	150,368,794
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		209,198	99,030	872,441			1,180,669
Deferred Capital Revenue - Other			6,973				6,973
Local Capital		7,697	673,829	467,290	150,206	500,802	1,799,824
	-	216,895	779,832	1,339,731	150,206	500,802	2,987,466
Decrease:							
Deemed Disposals				124,798		589,212	714,010
	-	-	-	124,798	-	589,212	714,010
Cost, end of year	10,345,129	124,914,058	5,945,731	8,733,890	581,851	2,121,591	152,642,250
Work in Progress, end of year							-
Cost and Work in Progress, end of year	10,345,129	124,914,058	5,945,731	8,733,890	581,851	2,121,591	152,642,250
Accumulated Amortization, beginning of year		81,273,215	2,059,501	2,526,136		1,017,385	86,876,237
Changes for the Year							
Increase: Amortization for the Year		2,175,810	516,590	751,896	86,329	442,000	3,972,625
Decrease:							
Deemed Disposals				124,798		589,212	714,010
				124,798		589,212	714,010
Accumulated Amortization, end of year		83,449,025	2,576,091	3,153,234	86,329	870,173	90,134,852
Tangible Capital Assets - Net	10,345,129	41,465,033	3,369,640	5,580,656	495,522	1,251,418	62,507,398

School District No. 73 (Kamloops/Thompson)

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	\$	\$	\$	\$	\$
					-
Changes for the Year					
Net Changes for the Year	-	-	-	-	-
Work in Progress, end of year	-	-	-	-	-

School District No. 73 (Kamloops/Thompson)

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	\$ 43,759,256	\$ 103,781	\$ 606,785	\$ 44,469,822
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,180,669		6,973	1,187,642
	<u>1,180,669</u>	<u>-</u>	<u>6,973</u>	<u>1,187,642</u>
Decrease:				
Amortization of Deferred Capital Revenue	2,652,319	14,995	94,208	2,761,522
	<u>2,652,319</u>	<u>14,995</u>	<u>94,208</u>	<u>2,761,522</u>
Net Changes for the Year	<u>(1,471,650)</u>	<u>(14,995)</u>	<u>(87,235)</u>	<u>(1,573,880)</u>
Deferred Capital Revenue, end of year	<u>42,287,606</u>	<u>88,786</u>	<u>519,550</u>	<u>42,895,942</u>
Work in Progress, beginning of year				-
Changes for the Year				
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Work in Progress, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Capital Revenue, end of year	<u>42,287,606</u>	<u>88,786</u>	<u>519,550</u>	<u>42,895,942</u>

School District No. 73 (Kamloops/Thompson)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2013

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
Balance, beginning of year	\$ (47,978)	\$ 74,147	\$	\$	\$ (1,009)	\$ 25,160
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	3,679,691					3,679,691
Other					1,706,973	1,706,973
Investment Income		1,218			11,675	12,893
Government of Canada					44,752	44,752
	<u>3,679,691</u>	<u>1,218</u>	<u>-</u>	<u>-</u>	<u>1,763,400</u>	<u>5,444,309</u>
Decrease:						
Transferred to DCR - Capital Additions	1,180,669				6,973	1,187,642
Building Repair and Maintenance	2,451,044	7,944				2,458,988
	<u>3,631,713</u>	<u>7,944</u>	<u>-</u>	<u>-</u>	<u>6,973</u>	<u>3,646,630</u>
Net Changes for the Year	<u>47,978</u>	<u>(6,726)</u>	<u>-</u>	<u>-</u>	<u>1,756,427</u>	<u>1,797,679</u>
Balance, end of year	<u>-</u>	<u>67,421</u>	<u>-</u>	<u>-</u>	<u>1,755,418</u>	<u>1,822,839</u>