



# **GUIDE TO FINANCIAL STATEMENTS**



**Surrey Schools**  
LEADERSHIP IN LEARNING



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# PURPOSE

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The information contained in this guide is intended to provide the reader by providing examples and explanations of the typical information in the School District's financial statements. Financial statements are intended to report on the financial conditions as at June 30th, a school district's fiscal year end.

# INTRODUCTION

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In British Columbia, the audited financial statements must be prepared by school districts on an annual basis in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and guidance provided by the Ministry of Education. School districts must prepare their financial statements under the Canadian Public Sector Accounting Standards (PSAS) framework, with the above noted exceptions.

Financial statements provide information on a school district's financial position in terms of its assets and liabilities, its net financial assets (or net debt), its tangible capital assets and other non-financial assets, and its accumulated surplus (or deficit). Financial statements also provide a meaningful summary of the sources of funds, allocation of resources, how the activities for the fiscal period have affected a school district's net financial assets (net debt), how activities were financed, and how cash requirements were met.

There are four required audited statements that comprise the school district's financial statements. Additional supplementary information is provided in notes to the financial statements and supporting schedules. For this guide, these statements are presented as a sample along with explanatory notes, an overview of the supplemental schedules and helpful tips. A checklist to assist readers of the financial statements with analysis and evaluation of the statements can be found near the end of this guide. A glossary of terms is also included.

They include comparative figures from the prior year and a comparison of actual to budget results. The financial statements are prepared on an accrual basis recognizing revenues and expenses when they occur and not necessarily when they are paid. As such, they can provide insight on the cost of decisions that may not need to be funded until a future period.

The four financial statements of a school district which are externally audited by an independent audit firm are as follows:

1. **Statement of Financial Position** – summarizes:
  - financial assets – what the district owns or controls;
  - liabilities – what the district owes; and
  - net debt position (liabilities minus financial assets);
  - non-financial assets; and
  - accumulated surplus/deficit – what remains after the assets have been used to meet the liabilities.
2. **Statement of Operations** – summarizes:
  - revenues – provincial grants, grants from other government departments or agencies out of province, student tuition fees, summer programs, investment and rental income;
  - expenses – cost of each function (e.g. instruction, administration, operations and maintenance, transportation and debt services);
  - surplus or deficit for the period – difference between revenues and expenses; and
  - accumulated surplus/deficit at the beginning and end of the period.
3. **Statement of Change in Net Financial Assets (Debt)** – summarizes:
  - the difference between the annual surplus or deficit and the change in net financial assets (or net debt);
  - spending to acquire tangible capital assets and prepaid expenses; and
  - disposal of tangible capital assets and the use of prepaid expenses.
4. **Statement of Cash Flows** – summarizes:
  - where cash came from;
  - how cash was used; and
  - details on changes in cash and cash equivalents since the previous reporting period.

**Notes to the Financial Statements:** contain important information and explanations which compliment disclosure required by legislation, regulation, and accounting standard requirements. The notes highlight various aspects of the financial statements and provide background information and insight on the impacts of specific values in the financial statements. In fact, reviewing the notes before examining the main statements may be helpful.



Typical Notes to the Financial Statements include useful information which support the Financial Statements on:

1. Significant Accounting Policies – describe the accounting methods chosen when there are options or significant elements of the financial statements worthy of explanations.
2. Investments – the composition of the portfolio investments.
3. Unearned Revenues – primarily prepaid tuition or rental income received in advance of subsequent school years.
4. Deferred Revenue – residual funds provided with external restrictions and provided for a specific purpose.
5. Deferred Capital Revenue – the alignment of provincial capital contributions in the matching of capital asset amortization.
6. Employee Future Benefit Obligations – the future pay-out commitments associated with employee terminations, retirements and benefits in retirement, including vested sick leave and accumulated non-vested sick leave.
7. Capital Lease Obligations – commitments made by the district for the leasing of capital assets.
8. Tangible Capital Assets – on a historical basis, the value of assets owned, the amount consumed and the remaining life.
9. Other Contractual Obligations and Contingencies – primarily related to capital assets and construction or the improvement of facilities.
10. Accumulated Surplus – reserves held for specific purposes, examples can include: risk management, future capital investments, multi-year contractual obligations.
11. Risk – a detailed description of significant risk that the financial assets of the district are exposed to.

A several supplemental schedules that are included in the financial statements provide a more in-depth review of the district's financial expenses by fund class, operating, special purpose and capital.

- **Schedule of Changes in Accumulated Surplus (Deficit) by Fund:** provides information about the district's activities that resulted in an increase or decrease in accumulated fund balances; breaks down all the components of the accumulated fund balance – Surplus (Deficit).
- **Schedule of Operating Operations:** provides a summary of revenues and expenses allocated to programs by type and expenditures by type for each program area.
- **Schedule of Special Purpose Operations:** provides summary of revenues and expenses allocated to programs where the revenues received are a "restricted contribution"; restricted contribution means a contribution that is subject to a legislative or contractual stipulation or restriction as to its use.
- **Schedule of Capital Operations:** presents the consolidated capital fund revenues, expenses and changes in fund balances (local capital and Investment in capital assets).

# STATEMENT OF FINANCIAL POSITION

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The Statement of Financial Position reports on a school district's assets, liabilities and accumulated surplus for a given year. The statement provides two key performance measures of the district ability to finance its operations and provide future services. A reader should consider whether the district has the necessary assets to provide future services and whether there are sufficient future revenues to cover existing liabilities. A net financial asset position means that the school district has sufficient funds available to pay for its liabilities, invest in assets and manage risks. There are four key elements of a statement of financial position, underlined below.

Financial Assets - are comprised of cash and cash equivalents, accounts receivable and investments that are convertible to cash or that generate cash to pay liabilities as they become due.

Liabilities - are current financial obligations owed to outside parties, vendors or lenders or reflect funds received for services yet to be rendered. Common liabilities are accounts payable, debt, employee pension obligations. For items where funds are received in advance of recognizing an expense include, unearned revenues, deferred revenues and deferred capital revenues.

Accounts Payable and Accrued Liabilities are generally payable within one year. Unearned Revenues reflect rental and tuition fees received for the future period. Deferred Revenue, commonly linked to special purpose funds, have conditions that must be met before they can be reported as revenue and are typically associated with a specific expense yet to be incurred. Deferred Capital Revenue are restricted contributions for the purpose of acquiring or developing depreciable tangible capital assets.

Employee Future Benefits represents the district's obligation for certain post-employment benefits including vested and non-vested benefits. This includes sick leave provisions, early retirement, retirement/severance, vacation, overtime and death benefits.

A Net Financial Assets position means the district has paid for most of its assets from available funds. A net debt position means financial assets are insufficient to repay existing liabilities, and future revenues will be required to fund costs incurred in prior years for the delivery of services, investments in tangible capital assets, and other transactions.

Non-Financial Assets - represents assets used for providing future services and are not generally used to settle liabilities with external parties. Often referred as tangible assets, can be physical in nature like sites, buildings, equipment which are acquired to provide services over many years. Prepaid expenses are also classed as non-financial assets.

The amount recorded for Tangible Capital Assets is the net historical book value, which is the total cost of all assets acquired over time (net of disposal and retirement) less the accumulated depreciation which represents their remaining use. The replacement costs of these assets far exceed the historical amount.

The Accumulated Surplus (Deficit) - represents the net recognized economic resources (all assets and liabilities) at the date of the financial statements. A surplus position means the district has net positive resource that could be used for future services. A deficit position would mean that the district must fund past transactions from future revenues.



## Statement of Financial Position for the Year Ended June 30, 2022

### School District No. 36 (Surrey)

Statement 1

Statement of Financial Position

As at June 30, 2022

	2022 Actual \$	2021 Actual \$
<b>Financial Assets</b>		
Cash and Cash Equivalents	170,451,709	170,209,473
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	10,043,095	11,548,075
Due from First Nations		84,483
Other (Note 4)	7,699,222	6,570,476
Land held for sale		2,200,000
<b>Total Financial Assets</b>	<b>188,194,026</b>	<b>190,612,507</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	20,757,201	25,880,003
Unearned Revenue (Note 6)	11,428,990	9,220,572
Deferred Revenue (Note 7)	12,701,078	9,766,334
Deferred Capital Revenue (Note 8)	779,678,677	732,557,868
Employee Future Benefits (Note 9)	12,649,697	13,074,455
Other Liabilities (Note 10)	69,396,793	72,719,711
<b>Total Liabilities</b>	<b>906,612,436</b>	<b>863,218,943</b>
<b>Net Debt</b>	<b>(718,418,410)</b>	<b>(672,606,436)</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 12)	1,352,272,206	1,304,894,669
Prepaid Expenses	2,268,390	2,010,622
<b>Total Non-Financial Assets</b>	<b>1,354,540,596</b>	<b>1,306,905,291</b>
<b>Accumulated Surplus (Deficit)</b>	<b>636,122,186</b>	<b>634,298,855</b>
Contractual Obligations (Note 15, 16)		
Contingent Liabilities (Note 17)		

# STATEMENT OF OPERATIONS

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The Statement of Operations reports on revenues, expenses and the results of operations for a fiscal year (surplus or deficit) for the reporting period. The Statement of Operations provides information on specific transactions have impacted the accumulated surplus from the beginning of the year to the end of the year. Non-cash items such as depreciation expense and contributed assets (e.g. donated) are also included. There are three key elements to the statement of operations.

Revenues – is an accounting of all school district source of revenues in a given year. With some of the main categories identified below.

Provincial Grants includes grants received from the Ministry of Education based on student enrolment, unique student and geographical needs and any other supplemental operating grant provided.

Federal Grants are associated with special program funding including immigrant learning services. These programs are operated by contract for the federal government and can change annually based on contracted level of services required.

Tuition captures revenue from out of province students enrolled in educational programs in the School District and Surrey College.

Other sources of revenue other revenue, rental and leases and investment income, primarily flow through rental and investment income and special purpose funds, including school generated funds.

A Gain on Disposal of Tangible Capital Assists is reported when a tangible capital asset is sold or disposed of, and the proceeds are greater than the net book value of the asset. A (Loss) is reported if the proceeds are less than the net book value of the asset or assets are retired before they are fully depreciated.

Amortization of Deferred Capital Revenue is the recognition of capital revenues closely aligned with the recognition of the depreciation (Amortization) of Tangible Capital Assets. Depreciation represents the portion of capital assets that is consumed in the delivery of educational services during the year.

Expenses - are provided by function. The detail of expenses by fund source, function, program and object can be found in the supporting schedules included in the financial statement. The expenses will also include the amortization of tangible capital assets.

Surplus (Deficit) for the year and Accumulated Surplus – under normal conditions, an annual surplus will be expected on the Statement of Operations. This is because the Statement of Operations does not reflect the transactions associated with the acquisition of tangible capital assets during the year. To gain a full understanding of the result of operations, the reader needs to refer to the Statement of Change in Financial Assets which shows how the surplus was utilized to fund capital replacement and acquisition.

### Statement of Operations for the Year Ended June 30, 2022

#### School District No. 36 (Surrey)

Statement 2

Statement of Operations  
Year Ended June 30, 2022

	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education and Child Care	801,895,158	800,523,888	817,368,723
Other	708,068	1,278,406	1,131,668
Municipal Grants Spent on Sites			52
Federal Grants	2,886,328	2,787,204	2,886,515
Tuition	11,348,326	11,640,585	12,334,462
Other Revenue	13,272,295	17,062,611	10,677,684
Rentals and Leases	2,727,396	2,915,786	817,936
Investment Income	1,056,000	1,410,833	1,703,953
Gain (Loss) on Disposal of Tangible Capital Assets	27,933,827	27,933,827	63,500
Amortization of Deferred Capital Revenue	31,463,971	31,377,496	27,916,494
<b>Total Revenue</b>	<b>893,291,369</b>	<b>896,930,636</b>	<b>874,900,987</b>
<b>Expenses</b>			
Instruction	747,680,940	746,918,686	716,908,388
District Administration	19,686,519	16,530,056	15,336,142
Operations and Maintenance	131,894,136	124,355,346	125,789,164
Transportation and Housing	7,162,056	7,303,217	6,643,427
<b>Total Expense</b>	<b>906,423,651</b>	<b>895,107,305</b>	<b>864,677,121</b>
<b>Surplus (Deficit) for the year</b>	<b>(13,132,282)</b>	<b>1,823,331</b>	<b>10,223,866</b>
Accumulated Surplus (Deficit) from Operations, beginning of year		634,298,855	624,074,989
Accumulated Surplus (Deficit) from Operations, end of year		<b>636,122,186</b>	<b>634,298,855</b>

# STATEMENT OF CHANGE IN NET DEBT

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The Statement of Change in Net Debt explains the difference between the annual surplus or deficit and the change in net financial assets and is a key indicator of the district's financial position. It tracks what the district has spent to acquire tangible capital assets and reports on the amortization/disposal of tangible capital assets. In addition, change to prepaid expenses.

Acquisition of Tangible Capital Assets is the amount spent on tangible capital assets in the current year. Funding sources could include annual surplus, capital reserves, or government funding.

Amortization of Tangible Capital Assets is the annual depreciation of tangible capital assets for the year.

A Disposal Gain is reported when a tangible capital asset is sold or disposed of and the proceeds are greater than the net book value of the asset. A Loss is reported if the proceeds are less than the net book value of the asset or assets are retired before they are fully depreciated. These amounts are also reported on the Statement of Operations, with a gain reported as revenue and a loss reported as a decrease to revenue.

An increase in the net financial assets position is typically due to an underspending of the revenue received for the year. An increase in the net debt position is most likely associated with the difference between the amount recognized into revenue and the amortization expense.

A Net Debt position is not in itself an indicator the district is in financial difficulty as tangible capital assets and how government transfers of capital revenue is deferred and recognized at the same rate as the related tangible capital asset is amortized.

## Statement of Change in Net Financial Assets for the Year Ended June 30, 2022

### School District No. 36 (Surrey)

Statement 4

Statement of Changes in Net Debt

Year Ended June 30, 2022

	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Surplus (Deficit) for the year	(13,132,282)	1,823,331	10,223,866
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(130,082,532)	(92,352,214)	(116,262,059)
Amortization of Tangible Capital Assets	44,995,665	44,974,677	41,480,840
Reclassification of land held for resale			2,200,000
Total Effect of change in Tangible Capital Assets	(85,086,867)	(47,377,537)	(72,581,219)
Acquisition of Prepaid Expenses		(2,268,390)	(2,010,622)
Use of Prepaid Expenses		2,010,622	1,864,969
Total Effect of change in Other Non-Financial Assets	-	(257,768)	(145,653)
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	(98,219,149)	(45,811,974)	(62,503,006)
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		(45,811,974)	(62,503,006)
Net Debt, beginning of year		(672,606,436)	(610,103,430)
Net Debt, end of year		(718,418,410)	(672,606,436)

# STATEMENT OF CASH FLOWS

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The Statement of Cash Flows identifies where cash came from, shows how cash was used, and provides details on changes to cash and cash equivalents since the last reporting period. The statement is designed to show how the district financed its activities during the fiscal year. The statement presents cash flow in four categories:

Operating Transactions – provides information on the amount of cash generated from current revenues to cover the costs of delivering programs. Amortization of tangible capital assets and the corresponding recognition of capital revenue associated with tangible capital assets acquisition are non-cash activities and are added back to determine the cash derived from operations.

Capital Transactions - provides information on the amount the district spent on tangible capital assets as well as the amount the district received from disposal of tangible capital assets during the reporting period.

Financing Transactions - identifies funds received from long-term debt financing as well as the amount of long-term debt principal repaid during the reporting period.

Investing Transactions - identifies the value of the investment portfolio that matured and the value of the investment portfolio that was reinvested during the reporting period.

The Statement of Cash Flows provides detailed information on significant cash transactions that are not included in the Statement of Operations.



## Statement of Cash Flows for the Year Ended June 30, 2022

### School District No. 36 (Surrey)

Statement 5

Statement of Cash Flows

Year Ended June 30, 2022

	2022 Actual \$	2021 Actual \$
<b>Operating Transactions</b>		
Surplus (Deficit) for the year	1,823,331	10,223,866
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	460,717	3,045,098
Prepaid Expenses	(257,768)	(145,653)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(5,122,802)	(1,893,121)
Unearned Revenue	2,208,418	(4,062,351)
Deferred Revenue	2,934,744	(135,019)
Employee Future Benefits	(424,758)	(423,847)
Other Liabilities	(3,322,918)	4,119,024
Loss (Gain) on Disposal of Tangible Capital Assets	(27,933,827)	(63,500)
Amortization of Tangible Capital Assets	44,974,677	41,480,840
Amortization of Deferred Capital Revenue	(31,377,496)	(27,916,494)
Recognition of Deferred Capital Revenue Spent on Sites	395,594	(3,444,525)
<b>Total Operating Transactions</b>	<b>(15,642,088)</b>	<b>20,784,318</b>
<b>Capital Transactions</b>		
Tangible Capital Assets Purchased	(45,555,423)	(76,780,660)
Tangible Capital Assets -WIP Purchased	(46,796,791)	(39,481,399)
District Portion of Proceeds on Disposal	30,133,827	63,500
<b>Total Capital Transactions</b>	<b>(62,218,387)</b>	<b>(116,198,559)</b>
<b>Financing Transactions</b>		
Capital Revenue Received	78,888,938	94,512,269
Reclassified Prior Year Expenditures to Local Capital	(786,227)	
<b>Total Financing Transactions</b>	<b>78,102,711</b>	<b>94,512,269</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>242,236</b>	<b>(901,972)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>170,209,473</b>	<b>171,111,445</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>170,451,709</b>	<b>170,209,473</b>
<b>Cash and Cash Equivalents, end of year, is made up of:</b>		
Cash	170,451,709	170,209,473
	<b>170,451,709</b>	<b>170,209,473</b>

# FINANCIAL STATEMENT REVIEW QUESTIONS

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This tool will assist the reader in obtaining a greater understanding of the strategic and structural elements that comprise a School District's financial foundation.

### General

- Is there an unqualified opinion issued by the auditor?
- Are there any items of financial concern that need to be mitigated or addressed?
- Have there been any extraordinary or unusual financial transactions that may have future implications for the district?
- Is the District involved in any litigation or potential litigation that may have an impact on future operations?

### Statement of Financial Position:

- What is the cash position and debt level?
- Does the District have sufficient working capital?
- Is there a significant decrease in the district's cash position from the previous year? If so, why?
- Is restricted surplus fully supported by financial assets?
- Is there an accumulated operating deficit? If so, is there a plan to extinguish the deficit within one year? What is the plan?
- What is included in Local Capital? What plans are in place for these funds?
- Are there sufficient resources to replace tangible capital assets nearing the end of their useful life?
- Why is Deferred Capital Revenue such a large dollar value? What does Deferred Capital Revenue consist of?
- Why is Unearned Revenue such a large dollar value? What does Unearned Revenue consist of?
- How does Unearned Revenue differ from Deferred Revenue?
- What is the Accumulated Surplus and what portion of the surplus is "unrestricted"?
- Are there any investments that may be at risk of losing their value? Are investments invested in accordance with the School District's investment policy?
- What is included in Accounts Receivable? Are there significant amounts owed to the district that may be at risk?

- Is there a plan in place for the use of Accumulated Operating Surplus? Are there future operating implications to take into consideration?

### Statement of Operations:

- Why is there a significant variance to budget in revenues and/or expenditures for this year?
- What is Other Revenue and Rentals and Leases revenue comprised of?
- Are there any contractual obligations that may impact future operations?
- What is the amount of School Generated Funds (SGF)? How has the reporting of SGF changed and why?

### Financial Health Indicators:

- Does the Statement of Operations metrics indicate a decline in financial health that needs to be addressed? Is there a plan in place to improve the financial health of the district?
- How is the district planning for the replacement of capital assets? What is the status of capital reserves?
- Is there a concern with a continuous declining trend in Accumulated Surplus from Operations? If there is a continuous increasing trend in Accumulated Surplus from Operations, is there a plan in place to utilize these funds?
- How does the district compare to the financial health of other similar districts?

# GLOSSARY OF TERMS

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**Accounts Payable:** includes amounts owing to external parties for goods and services where a liability exists but has not yet been paid; accrued liabilities are also included where payment for goods or services is not required until future reporting periods.

**Accounts Receivable:** funds owing to the district.

**Accumulated Amortization:** total depreciation pertaining to a tangible capital asset from the time the asset was placed into service until the date of the financial statement.

**Accumulated Surplus:** primary indicator of the financial resources that the district has available to provide future services; it consists of both cash and non-cash components; it is achieved by spending less than the revenue it earns.

**Accumulated Surplus from Operations:** both unrestricted and restricted operating surplus funds.

**Amortization:** (or depreciation) systematic allocation to expenses of the historical cost of a tangible capital asset over its useful life for the fiscal period.

**Cash and Cash Equivalents:** cash and short-term investments (held less than 3 months) that have insignificant risk for change in value.

**Contributed Assets:** assets that have been transferred or donated to the district and that will provide a future economic benefit.

**Debt:** includes debt incurred directly by the district; includes short-term borrowing or lines of credit to meet current operating expenditures, debentures, capital loans, mortgages and capital leases.

**Deferred Revenue:** includes funds received from external parties for capital or operating purposes that are restricted for a particular use and will not be recorded as revenue until certain transactions or events take place.

**Employee Future Benefits Liabilities:** includes post-employment benefits, compensated absences (such as accrued sick, holiday and banked time leave) and termination and death benefits.

**Endowments:** cash or investments held in which the principal may not be expended as stipulated by the contributor.

**Equity in Tangible Capital Assets:** the net book value of recorded tangible capital assets less capital debt.

**Expenditure:** an outlay of cash.

**Expense:** a cash or non-cash cost (e.g., wages, materials, depreciation).

**Financial Assets:** comprised of cash or items that will eventually be turned into cash and used to discharge the district's liabilities or provide resources for future programs and services.

**Financial Statements:** statements containing financial information for the district, and it's owned or controlled organizations.

**Financial Statement Discussion and Analysis Report:** a report prepared by management, to assist readers of the financial statements, by highlighting the financial conditions and operating results for the given fiscal year.

**Gain or Loss on Sale:** proceeds from the sale of a tangible capital asset that are greater than (gain) or less than (loss) the net book value of the asset.

**Historical Cost:** the aggregate paid to acquire ownership and use of an asset, including all payments necessary to obtain the asset in the location and condition required for it to provide services.

**Liabilities:** amounts owing by the district.

**Net Book Value:** total cost of a tangible capital asset minus the accumulated depreciation and any write-downs or deemed disposal of the asset.

**Net Financial Assets (Net Debt):** represents the financial resources available after discharging the district's liabilities; in many cases a District will show a Net Debt position on the statement of financial position; it does not necessarily mean the district is in financial difficulty.

**Non-Financial Assets:** assets that are used in the operation of the district for the provision of services and are not readily converted to cash resources.

**Notes to the Financial Statements:** provides additional required information to assist users of the financial statements in understanding the basis of preparation of the statements and further enhance the understanding of the financial position of the district.

**Portfolio Investments:** investments that are held for longer than 3 months; may include equity or debt instruments.

**Prepaid Expenses:** goods and services that have been purchased for a subsequent financial period and are not readily converted to cash resources.

**Public Sector Accounting Standards (PSAS):** a set of financial reporting standards to ensure consistency of reporting across government entities; the SUCH section (Schools, Universities, Colleges and Hospitals) is required to report information under these standards.

**Replacement Cost:** amount that a District would have to pay to replace an asset with the same effectiveness at the present time, according to current worth.

**Restricted Surplus:** amount that results from excess revenues which have been internally designated for a specific future purpose, or externally restricted.

**Schedule of Capital Operations:** provides information on externally restricted capital revenue provided to the district for the acquisition of tangible capital assets where there is an obligation of the district to acquire and use the asset for a substantial portion of its life.

**Schedule of Changes in Accumulated Surplus (Deficit):** provides information about the district's activities that resulted in an increase or decrease in accumulated surplus; breaks down all the components of the accumulated surplus.

**Schedule of Operating Operations:** provides a summary of revenues and expenses allocated to programs by type and expenditures by type for each program area.

**Schedule of Special Purpose Operations:** provides summary of revenues and expenses allocated to programs where the revenues received are a "restricted contribution"; restricted contribution means a contribution that is subject to a legislative or contractual stipulation or restriction as to its use other than a contribution or part of a contribution that is of, or for the purpose of acquiring land.

**Statement of Cash Flows:** identifies where cash came from and where it is used; highlights operating, capital, financing and investing transactions that impacted the cash of the district.

**Statement of Changes in Net Financial Assets (Debt):** presents information to understand the changes in financial assets and liabilities.

**Statement of Financial Position:** reports on financial and non-financial assets that the district owns or controls, liabilities which are amounts owed by the district and the accumulated surplus which remains after the assets have been used to meet the liabilities.

**Statement of Operations:** reports on revenue, expenses and the results of the fiscal year; includes budget figures, current year and prior year(s) results.

**Tangible Capital Assets:** non-financial assets having physical substance that are held for use in the supply of goods and services, have economic lives beyond accounting period, are used on a continuing basis and are not for sale in the ordinary course of operations.

**Unqualified Opinion:** Issued by the external auditor, means the district's financial statements are fairly presented in all significant respects.

**Unrestricted Surplus:** portion of accumulated surplus that results from excess revenue and expenses available for any future use.



**Unspent Deferred Capital Revenue and Local Capital:** funds set aside for future capital purchases to be funded by the district.

**Working Capital:** excess of current assets minus current liabilities; positive working capital indicates ability to meet short term obligations.

**Work in Progress:** tangible capital assets under construction at the end of the fiscal year that have not been put into service, such as new school facilities.