



Financial Statements
School District No. 36 (Surrey)
June 30, 2013, June 30, 2012 and July 1, 2011

School District No. 36 (Surrey)

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

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School District No. 36 (Surrey)

MANAGEMENT REPORT

Version: 5995-5249-3267

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 36 (Surrey) have been prepared by management in accordance with Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, 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.

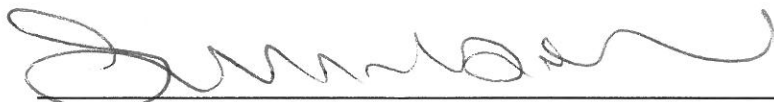
The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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. 36 (Surrey) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, Office of the Auditor General of British Columbia, 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. 36 (Surrey) 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.

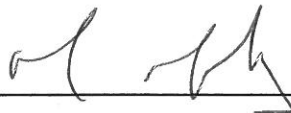
On behalf of School District No. 36 (Surrey)



Signature of the Chairperson of the Board of Education

2013/09/19

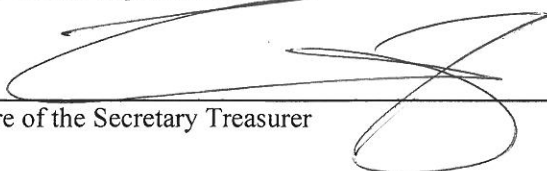
Date Signed



Signature of the Superintendent

2013/09/19

Date Signed



Signature of the Secretary Treasurer

2013/09/19

Date Signed



INDEPENDENT AUDITOR'S REPORT

*To the Members of the Board of Education of School District No. 36 (Surrey), and
To the Minister of Education, Province of British Columbia*

I have audited the accompanying financial statements of School District No. 36 (Surrey), which comprise the statements of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011, and the statements of operations, statements of changes in net financial assets (debt) and statements of cash flows for the years ended June 30, 2013 and June 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

In my view, the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements of School District No. 36 (Surrey) for the years ended June 30, 2013, June 30, 2012, and the statement of financial position as at July 1, 2011, are prepared, in all material respects in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

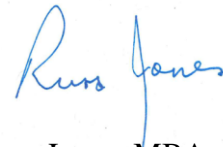
Other matters

The attached supplementary information included in Schedules 1 through 4 is presented for the purposes of additional analysis and has not been audited.

Emphasis of Matter

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

Victoria, British Columbia
September 19, 2013



Russ Jones, MBA, CA
Auditor General

School District No. 36 (Surrey)

Statement of Financial Position

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

	June 30, 2013	June 30, 2012 (Restated-Note 2)	July 1, 2011 (Restated-Note 2)
	\$	\$	\$
Financial Assets			
Cash and Cash Equivalents	120,278,884	135,051,349	122,037,436
Accounts Receivable			
Due from Province - Ministry of Education	3,223,076	3,381,228	5,355,921
Due from Province - Other	70,392	234,699	340,029
Due from LEA/Direct Funding			24,339
Other (Note 4)	2,865,876	3,981,839	3,799,760
Portfolio Investments (Note 5)	33,394,017	24,244,623	22,699,780
Total Financial Assets	159,832,245	166,893,738	154,257,265
Liabilities			
Accounts Payable and Accrued Liabilities			
Other	14,630,895	11,369,957	11,272,976
Unearned Revenue (Note 6)	8,990,140	7,419,782	6,638,760
Deferred Revenue (Note 7)	6,688,601	7,036,026	9,774,087
Deferred Capital Revenue (Note 8)	529,329,665	532,076,899	526,704,652
Employee Future Benefits (Note 9)	16,837,688	16,786,052	16,303,531
Other Liabilities (Note 10)	42,781,913	41,390,090	40,008,907
Total Liabilities	619,258,902	616,078,806	610,702,913
Net Financial Assets (Debt)	(459,426,657)	(449,185,068)	(456,445,648)
Non-Financial Assets			
Tangible Capital Assets (Note 12)	904,439,814	834,974,963	827,816,201
Prepaid Expenses	1,329,494	1,019,103	1,381,807
Total Non-Financial Assets	905,769,308	835,994,066	829,198,008
Accumulated Surplus (Deficit)	446,342,651	386,808,998	372,752,360

Contractual Obligations and Contingencies (Note 16,18)

Approved by the Board

	2013/09/19
Signature of the Chairperson of the Board of Education	Date Signed
	2013/09/19
Signature of the Superintendent	Date Signed
	2013/09/19
Signature of the Secretary Treasurer	Date Signed

School District No. 36 (Surrey)

Statement of Operations

Years Ending June 30, 2013 and June 30, 2012

Statement 2

	2013 Budget (Note 22)	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	617,939,394	620,218,106	573,053,438
Other	2,892,066	3,020,647	3,647,323
Municipal Grants Spent on Sites	19,095,000	19,165,820	300,000
Federal Grants	749,155	627,928	1,303,198
Tuition	10,242,074	10,211,172	9,667,905
Other Revenue	17,580,276	19,943,535	19,295,318
Rentals and Leases	1,783,500	2,021,094	1,894,906
Investment Income	1,300,000	1,727,623	2,864,988
Gain (Loss) on Disposal of Tangible Capital Assets	(58,481)	(58,481)	
Amortization of Deferred Capital Revenue	20,276,000	20,429,217	20,088,564
Total Revenue	<u>691,798,984</u>	<u>697,306,661</u>	<u>632,115,640</u>
Expenses (Note 20)			
Instruction	550,998,457	530,924,953	512,321,729
District Administration	12,733,737	11,639,293	11,441,397
Operations and Maintenance (Note 22)	94,884,783	90,288,848	89,707,420
Transportation and Housing	5,296,677	4,919,914	4,588,456
Total Expense	<u>663,913,654</u>	<u>637,773,008</u>	<u>618,059,002</u>
Surplus (Deficit) for the year	<u>27,885,330</u>	<u>59,533,653</u>	<u>14,056,638</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		386,808,998	372,752,360
Accumulated Surplus (Deficit) from Operations, end of year		<u>446,342,651</u>	<u>386,808,998</u>

School District No. 36 (Surrey)

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

	2013 Budget (Note 22)	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Surplus (Deficit) for the year	27,885,330	59,533,653	14,056,638
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(93,906,643)	(98,391,924)	(35,513,343)
Amortization of Tangible Capital Assets	29,012,000	28,837,684	28,327,429
Net carrying value of Tangible Capital Assets disposed of	58,481	89,389	27,152
Total Effect of change in Tangible Capital Assets	(64,836,162)	(69,464,851)	(7,158,762)
Acquisition of Prepaid Expenses		(1,329,494)	(1,019,103)
Use of Prepaid Expenses		1,019,103	1,381,807
Total Effect of change in Other Non-Financial Assets	-	(310,391)	362,704
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	(36,950,832)	(10,241,589)	7,260,580
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		(10,241,589)	7,260,580
Net Financial Assets (Debt), beginning of year		(449,185,068)	(456,445,648)
Net Financial Assets (Debt), end of year		(459,426,657)	(449,185,068)

School District No. 36 (Surrey)

Statement of Cash Flows

Years Ending June 30, 2013 and June 30, 2012

	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	59,533,653	14,056,638
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	1,438,422	1,922,283
Prepaid Expenses	(310,391)	362,704
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	3,260,938	96,981
Unearned Revenue	1,570,358	781,022
Deferred Revenue	(347,425)	(2,738,061)
Employee Future Benefits	51,636	482,521
Other Liabilities	1,391,823	1,381,183
Loss (Gain) on Disposal of Tangible Capital Assets	58,481	
Amortization of Tangible Capital Assets	28,837,684	28,327,429
Amortization of Deferred Capital Revenue	(20,429,217)	(20,088,564)
Recognition of Deferred Capital Revenue Spent on Sites	(55,484,356)	(5,847,800)
Total Operating Transactions	19,571,606	18,736,336
Capital Transactions		
Tangible Capital Assets Purchased	(73,131,791)	(30,397,808)
Tangible Capital Assets -WIP Purchased	(25,260,133)	(4,815,535)
District Portion of Proceeds on Disposal		27,150
Site Purchases		(300,000)
Transfer from Bylaw to MOE Restricted Cap and LCR		(4,723,614)
Total Capital Transactions	(98,391,924)	(40,209,807)
Financing Transactions		
Capital Revenue Received	73,197,247	34,032,225
Bylaw Transfer to Local Capital	-	2,000,000
Total Financing Transactions	73,197,247	36,032,225
Investing Transactions		
Investments in Portfolio Investments	(9,149,394)	(1,544,841)
Total Investing Transactions	(9,149,394)	(1,544,841)
Net Increase (Decrease) in Cash and Cash Equivalents	(14,772,465)	13,013,913
Cash and Cash Equivalents, beginning of year	135,051,349	122,037,436
Cash and Cash Equivalents, end of year	120,278,884	135,051,349
Cash and Cash Equivalents, end of year, is made up of:		
Cash	120,278,884	135,051,349
	120,278,884	135,051,349

School District No. 36 (Surrey)

Notes to Financial Statements

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

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. 36 (Surrey)", and operates as "School District No. 36 (Surrey)". A board of education ("the Board") is elected for a three-year term and governs the School District. The School District provides educational programs to students enrolled in its schools in the cities of Surrey and White Rock, and is principally funded by the Province of British Columbia through the Ministry of Education. School District No. 36 (Surrey) 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 Canadian Public Sector Accounting ("PSA") standards without not-for-profit provisions except as described in Note 3 (a). These financial statements are the first financial statements for which the School District has applied PSA standards. The School District has elected to use the following exemptions available as of July 1, 2011, the date of transition to the new accounting framework:

- Retirement and post-employment benefits:
 - 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:
 - The School District has elected to apply *Section PS 3150* on a prospective basis from the date of transition.

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

Adjustments – July 1, 2011:

- Previously the School District recorded funds received from the Province for "Ready, Set, Learn" and "Strong Start" programs within its operating funds. Under Ministerial direction, these programs are now accounted for as Special Purpose funds and their respective balances adjusted. At July 1, 2011, there is the balance of \$317,758 for Ready, Set, Learn, and a balance of \$117,611 for Strong Start, resulting in an increase of \$435,369 to Deferred Revenue.
- In accordance with the first time elections, the School District recognized all previous cumulative actuarial gains and losses relating to employee future benefits of \$5,384,934 at July 1, 2011 resulting in a decrease to the Employee Future Benefits liability and an increase in accumulated surplus.

	Previously stated, July 1, 2011 \$	Reclassification \$	Adjustment \$	Restated July 1, 2011 \$
Cash and Cash Equivalents	124,037,436	(2,000,000)		122,037,436
Short Term Investments	2,746,870	(2,746,870)		-
Investments	17,952,910	(17,952,910)		-
Portfolio Investments		22,699,780		22,699,780
Deferred Revenue	(6,638,760)	6,638,760		-
Unearned Revenue		(6,638,760)		(6,638,760)
Deferred Contributions - Ministry of Education	(16,888,372)	16,888,372		-
Deferred Contributions - Province Other	(283,123)	283,123		-
Deferred Contributions - Other	(23,078,158)	23,078,158		-
Deferred Capital Contributions	(495,793,717)	495,793,717		-
Deferred Revenue		(9,338,718)	(435,369)	(9,774,087)
Deferred Capital Revenue		(526,704,652)		(526,704,652)
Employee Future Benefits	(21,688,465)		5,384,934	(16,303,531)

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

(Continued)

Adjustments – June 30, 2012:

- Additional expense of \$389,422 related to Employee Future Benefits was recognized in the 2012 fiscal year as a result of removing the amortization of those cumulative actuarial gains and losses.
- The 2012 financial activities for Ready, Set, Learn and Strong Start, were restated in the 2012 operating fund as follows:
 - Decrease to Operating Revenue – Ministry of Education of \$1,026,000
 - Decrease to Operating Revenue – Misc. Revenue of \$5,000
 - Decrease to Operating Expenditures – Salaries and benefits of \$735,686
 - Decrease to Operating Services and Supplies of \$329,382
- In the 2012 fiscal year, the School District has restated the proceeds of \$291,375 into its operating revenue from Special Purpose funds IR3, IPALS, and Donations, as correcting entry to Deferred Revenue into Operating Revenue – Federal Grants of \$268,896 and \$22,480 into Operating Miscellaneous Revenue.
- In the 2012 fiscal year, the Statement of Cash Flows (Statement 5) reflects the recognition of Deferred Capital Revenue Spent on Sites of \$5,847,800 under Operating Transactions.

	Previously stated, June 30, 2012 \$	Reclassification \$	Adjustment \$	Restated June 30, 2012 \$
Cash and Cash Equivalent	137,051,349	(2,000,000)		135,051,349
Short Term Investments	2,186,808	(2,186,808)		-
Investments	20,057,815	(20,057,815)		-
Portfolio Investments		24,244,623		24,244,623
Deferred Revenue	(7,419,782)	7,419,782		-
Unearned Revenue		(7,419,782)		(7,419,782)
Deferred Contributions - Ministry of Education	(16,489,874)	16,489,874		-
Deferred Contributions - Province Other	(239,317)	239,317		-
Deferred Contributions - Other	(23,226,109)	23,226,109		-
Deferred Capital Contributions	(499,052,700)	499,052,700		-
Deferred Revenue		(6,931,101)	(104,925)	(7,036,026)
Deferred Capital Revenue		(532,076,899)		(532,076,899)
Employee Future Benefits	(21,781,564)		4,995,512	(16,786,052)

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS
(Continued)

The impact of the conversion to PSA standards on the accumulated surplus (deficit) at July 1, 2011 and the comparative annual surplus is presented below. These accounting changes have been applied retrospectively with restatement of prior periods.

Accumulated surplus as originally reported, July 1, 2011	\$367,802,795
Adjustments to accumulated surplus	
Recognize cumulative unamortized actuarial gain/loss on Employee Future Benefits	5,384,934
Reclassify Deferred Contributions, Ready, Set, Learn and Strong Start	<u>(435,369)</u>
Accumulated surplus as restated, July 1, 2011	<u>\$372,752,360</u>
Annual surplus as originally reported for the year ended June 30, 2012	\$ 8,267,816
Adjustments to annual surplus for the year	
Employee Future Benefits amortization expense/revenue	(389,422)
Reclassify Deferred Contributions to Operating Revenue	291,375
Adjust for 2012 financial activities of Ready set Learn and Strong Start	39,069
Site purchases previously recognized as direct increases to fund balances	<u>5,847,800</u>
Annual surplus for the year as restated for the year ended June 30, 2012	<u>\$ 14,056,638</u>
Accumulated surplus, end of year as restated, June 30, 2012	<u><u>\$386,808,998</u></u>

School District No. 36 (Surrey)

Notes to Financial Statements

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

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 except in regard to the accounting for government transfers as set out in Notes 3(f) and 3(k).

In September 2010, the Province of British Columbia Treasury Board ("Treasury Board") provided directive through Government Organization Accounting Standards Regulation 257/2010 requiring all 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, 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(f) and 3(k).

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

As noted in notes 3(f) and 3(k), Section 23.1 of the Budget Transparency and Accountability Act and its related regulations require the School District to recognize non-capital restricted contributions into revenue in the fiscal period in which the restriction the contribution is subject to is met and 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. Canadian public sector accounting standards would require these contributions, if they are government transfers, to be recognized into revenue immediately when received unless they contain a stipulation that meets the definition of a liability. The impact of these differences on the financial statements of the School District are as follows:

- July 1, 2011 – Increase in accumulated surplus by \$500,558,554, a decrease in deferred revenue by \$4,764,837 and a decrease in deferred capital revenue by \$495,793,717. Year-ended June 30th, 2012 – increase in annual surplus by \$2,634,186.
 - June 30, 2012 – increase in accumulated surplus by \$501,659,569, a decrease in deferred revenue by \$2,606,869 and a decrease in deferred capital revenue by \$499,052,700. Year-ended June 30, 2013 – decrease annual surplus by \$3,094,659.
 - June 30, 2013 – increase in accumulated surplus by \$517,123,387, a decrease in deferred revenue by \$3,580,358 and decrease in deferred capital revenue by \$513,543,029.
-

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand balances on deposit in financial institutions 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.

c) Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts. (See Note 4)

d) Portfolio Investments

The School District has investments in GIC's, term deposits and bonds, that either have no maturity dates or have a maturity of greater than 3 months at the time of acquisition. GIC's, term deposits, bonds and other investments not quoted in an active market are reported at cost or amortized cost. Previously, these investments were reported at fair value.

The School District did not include a statement of re-measurement gains and losses as there were no re-measurement transactions to report.

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. The loss is not reversed if there is a subsequent increase in value.

Detailed information regarding portfolio investments is disclosed in Note 5.

e) Unearned Revenue

Unearned revenue includes tuition fees received for courses to be delivered in future periods and receipt of proceeds for services or products to be delivered in a future period. Revenue will be recognized in that future period when the courses, services, or products are provided.

f) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes both government transfers and other contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 3(k). Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations.

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

School District No. 36 (Surrey)

Notes to Financial Statements

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

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

g) 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 prorated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality.

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 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.

h) Prepaid Expenses

Materials and supplies held in central stores for use within the district are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit.

i) 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 14 – Interfund Transfers and Note 23 – Internally Restricted – Operating Fund).

School District No. 36 (Surrey)

Notes to Financial Statements

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

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

j) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- 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

k) Revenue Recognition

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

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

For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized as follows:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year related expenses are incurred,
 - Contributions restricted for site acquisitions are recorded as revenue when the sites are purchased, and
 - Contributions restricted for tangible capital assets acquisitions other than sites are recorded as deferred capital revenue and amortized over the useful life of the related assets.
-

School District No. 36 (Surrey)

Notes to Financial Statements

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

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

Donated tangible capital assets other than sites are recorded at fair market value and amortized over the useful life of the assets. Donated sites are recorded as revenue at fair market value when received or receivable

The accounting treatment for restricted contributions that are government transfers 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.

l) Expenditures

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

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

School District No. 36 (Surrey)

Notes to Financial Statements

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

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

m) 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. The School District does not have any derivatives.

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. Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets 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, de-recognition and measurement policies followed in the financial statements for periods prior to July 1, 2012 are not reversed and, therefore, the financial statements of prior periods, including comparative information, have not been restated.

As at June 30, 2013 and for the year then ended, financial instruments are accounted for prospectively in accordance with public sector accounting standards as described above.

As at 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.

n) 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, rates for amortization and estimated employee future benefits. Actual results could differ from those estimated.

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 4 ACCOUNTS RECEIVABLE – OTHER

	June 30, 2013	June 30, 2012	July 1, 2011
Due from Federal Government	\$ 684,952	\$ 1,857,768	\$ 2,059,553
Trade accounts receivable	731,163	600,452	431,084
Payroll accounts receivable	60,602	41,478	48,810
Other accounts receivable	247,499	65,494	189,489
School site acquisition charges	1,141,660	1,416,647	1,070,824
	<u>\$ 2,865,876</u>	<u>\$ 3,981,839</u>	<u>\$ 3,799,760</u>

NOTE 5 PORTFOLIO INVESTMENTS

Investments consist of bank GIC, bank corporate, provincial and federal bonds.

	<u>June 30, 2013</u>			<u>June 30, 2012 Restated</u>		
	Effective Fair Value			Effective Fair Value		
	Yield	Cost	Fair Value	Yield	Cost	Fair Value
Bank term investments	2.00%	\$ 2,000,000	\$ 2,000,000	1.85%	\$ 2,000,000	\$ 2,000,000
Fixed income securities						
Bank corporate	3.28%	\$ 9,134,267	\$ 8,879,979	4.39%	\$ 3,649,492	\$ 3,557,971
Federal bonds	3.26%	16,367,046	15,770,426	3.29%	10,186,224	10,682,668
Provincial bonds	4.66%	5,892,704	5,874,621	4.20%	7,150,418	8,003,984
Total Portfolio Investments		<u>\$ 33,394,017</u>	<u>\$ 32,525,026</u>		<u>\$ 22,986,134</u>	<u>\$ 24,244,623</u>

	<u>July 1, 2011 Restated</u>		
	Effective Fair Value		
	Yield	Cost	Fair Value
Bank term investments	1.70%	\$ 2,000,000	\$ 2,000,000
Fixed income securities			
Bank corporate	4.32%	\$ 3,649,491	\$ 3,616,955
Federal bonds	4.02%	9,947,347	9,697,096
Provincial bonds	4.55%	7,150,418	7,385,729
Total Portfolio Investments		<u>\$ 22,747,256</u>	<u>\$ 22,699,780</u>

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 6 UNEARNED REVENUE

Unearned revenue as at June 30th, 2013

	Balance, June 30, 2012	Increases to Unearned Revenue	Revenue recognized in the period	Balance, June 30, 2013
	\$	\$	\$	\$
Tuition Fees	7,311,274	11,863,756	(10,211,172)	8,963,858
Investment Income	58,811	1,668,812	(1,727,623)	0
Rental/Lease of Facilities	49,697	1,997,679	(2,021,094)	26,282
Total	7,419,782	15,530,247	(13,959,889)	8,990,140

Unearned revenue as at June 30th, 2012

	Balance, July 1, 2011	Increases to Unearned Revenue	Revenue recognized in the period	Balance, June 30, 2012
	\$	\$	\$	\$
Tuition Fees	6,541,651	10,437,528	(9,667,905)	7,311,274
Investment Income	79,592	2,844,207	(2,864,988)	58,811
Rental/Lease of Facilities	17,517	1,927,086	(1,894,906)	49,697
Total	6,638,760	15,208,821	(14,427,799)	7,419,782

NOTE 7 DEFERRED REVENUE

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

Deferred Revenue as at June 30th, 2013

	Restated Balance, June 30, 2012	Contributions received	Revenue recognized in the period	Balance, June 30, 2013
	\$	\$	\$	\$
Provincial Grants - Ministry of Education	1,865,726	15,765,159	(15,549,540)	2,081,345
Provincial Grants - Other	239,317	0	(115,726)	123,591
Federal Grants	176,490	633,831	(556,158)	254,163
Other	4,754,493	15,956,757	(16,481,748)	4,229,502
Investment Income	0	8,063	(8,063)	0
Total	7,036,026	32,363,810	(32,711,235)	6,688,601

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 7 DEFERRED REVENUE (Continued)

Restated June 30th, 2012 as per adjustment made for conversion to Public Sector Accounting Standards Note 2.

	Balance, July 1, 2011	Contributions received	Revenue recognized in the period	Restated Balance, June 30, 2012
	\$	\$	\$	\$
Provincial Grants - Ministry of Education	2,159,030	8,442,053	(8,735,357)	1,865,726
Provincial Grants - Other	283,123	857,700	(901,506)	239,317
Federal Grants	276,198	1,143,489	(1,243,197)	176,490
Other	7,055,736	14,809,558	(17,110,801)	4,754,493
Investment Income	0	8,797	(8,797)	0
Total	9,774,087	25,261,597	(27,999,658)	7,036,026

NOTE 8 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired.

	2013 \$	2012 \$
Deferred Capital Revenue, (includes Work in progress), beginning of year, July 1st.	<u>532,076,899</u>	<u>526,704,652</u>
Increases:		
Provincial Grants - MOE	61,392,294	28,628,578
Local Government Site Fees	2,181,684	2,283,320
MOE Restricted Portions of Proceeds		2,723,614
Investment Income	218,255	396,713
Sale of Capital Asset	9,405,014	
Transfer to Local Capital		2,000,000
	<u>73,197,247</u>	<u>36,032,225</u>
Decreases:		
Transfers to revenue - site purchases	55,484,356	5,847,800
Interfund Transfer - Bylaw to MOE restricted		4,723,614
Amortization of Deferred Capital Revenue	20,429,217	20,088,564
Revenue Recognized on Disposal of Building	30,908	
	<u>75,944,481</u>	<u>30,659,978</u>
Net Change for the year	<u>(2,747,234)</u>	<u>5,372,247</u>
Deferred Capital Revenue (includes Work in progress), end of year, June 30th.	<u>529,329,665</u>	<u>532,076,899</u>

Work in progress amount as of June 30, 2013 was \$30,679,322 (June 30, 2012: \$5,419,189, July 1, 2011: \$10,524,219).

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 9 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance 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.

	<u>2013</u>	<u>2012</u>
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 16,330,971	\$ 16,464,834
Service Cost	960,794	905,668
Interest Cost	686,665	773,050
Benefit Payments	(1,421,051)	(1,205,907)
Actuarial (Gain) Loss	3,037,709	(606,674)
Accrued Benefit Obligation – March 31	<u>\$ 19,595,088</u>	<u>\$ 16,330,971</u>

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation - March 31	\$ 19,595,088	\$ 16,330,971
Market Value of Plan Assets - March 31	<u>0</u>	<u>0</u>
Funded Status - Surplus (Deficit)	(19,595,088)	(16,330,971)
Employer Contributions After Measurement Date	263,170	151,593
Unamortized Net Actuarial (Gain) Loss	2,494,230	(606,674)
Accrued Benefit Asset (Liability) - June 30	<u>\$ (16,837,688)</u>	<u>\$ (16,786,052)</u>

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability (Asset) - July 1	\$ 16,786,052	\$ 21,688,465
Recognize Unamortized (Gains) Losses - July 1, 2011		(5,384,934)
Accrued Benefit Liability (Asset) - July 1 (restated)	16,786,052	16,303,531
Net Expense for Fiscal Year	1,584,264	1,678,718
Employer Contributions	(1,532,628)	(1,196,197)
Accrued Benefit Liability (Asset) - June 30	<u>\$ 16,837,688</u>	<u>\$ 16,786,052</u>

	<u>2013</u>	<u>2012</u>
Components of Net Benefit Expense		
Service Cost	\$ 960,794	\$ 905,668
Interest Cost	686,665	773,050
Amortization of Net Actuarial (Gain)/Loss	(63,195)	0
Net Benefit Expense (Income)	<u>\$ 1,584,264</u>	<u>\$ 1,678,718</u>

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 9 EMPLOYEE FUTURE BENEFITS *(Continued)*

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

	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	10.1 years	9.6 years

NOTE 10 OTHER LIABILITIES

Vacation pay and banked overtime are recognized as an expense at the time the entitlement is earned through service. At June 30, 2013 the balance of \$6,617,756 (2012: \$6,716,423) is included in other liabilities.

NOTE 11 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trusteed 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. Defined contribution plan accounting is applied to the plans 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's employer contributions to these plans in the fiscal year ended June 30, 2013 were \$53,616,613, (2012: \$52,149,855).

Teachers' Pension Plan

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 Teachers' Pension Plan has about 46,000 active members from school districts, and approximately 31,000 retired members from school districts and 12,000 inactive members.

Teacher Pension Plan is determined on a formula based on contribution rates as a percentage of salary. The following rates were used for 2013 and 2012 fiscal years.

	Employer
On salary equal to or less than Year's Maximum Pensionable Earnings (YMPE)	13.33%
On salary equal to or greater than Year's Maximum Pensionable Earnings (YMPE)	14.83%

YMPE for 2013 set at \$50,100.

YMPE for 2012 set at \$48,300

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 11 EMPLOYEE PENSION PLANS *(Continued)*

Municipal Pension Plan

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.

The Municipal Pension Plan has about 175,000 active members, of which approximately 23,000 are from school districts.

Municipal Pension Plan is determined on a formula based on contribution rate of 9.28% of salary for 2013 (2012: 9.28%).

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 12 TANGIBLE CAPITAL ASSETS

June 30, 2013	Land \$	Building \$	Furniture and Equipment \$	Vehicles \$	Computer Software \$	Computer Hardware \$	2013 Total \$
Cost							
Beginning of year	200,603,045	939,532,554	34,271,642	5,594,889	2,270,366	7,672,222	1,189,944,718
Additions	56,080,807	41,074,659	3,228,291	743,451	835,057	1,848,848	103,811,113
Disposals	(58,481)	(1,024,707)					(1,083,188)
Deemed Disposals			(3,438,027)	(36,113)	(354,625)	(866,732)	(4,695,497)
Write Downs	0	0	0	0	0	0	0
Closing Balance	256,625,371	979,582,506	34,061,906	6,302,227	2,750,798	8,654,338	1,287,977,146
Accumulated Amortization							
Beginning Balance		338,515,331	15,303,257	2,479,828	1,284,164	2,806,364	360,388,944
Amortization		22,395,534	3,588,579	596,662	725,003	1,531,906	28,837,684
Disposals		(993,799)					(993,799)
Deemed Disposals			(3,438,027)	(36,113)	(354,625)	(866,732)	(4,695,497)
Write Downs		0	0	0	0	0	0
Closing Balance		359,917,066	15,453,809	3,040,377	1,654,542	3,471,538	383,537,332
Net Book Value	256,625,371	619,665,440	18,608,097	3,261,850	1,096,256	5,182,800	904,439,814

Cost at June 30th, 2013, includes work in progress on Buildings for \$30,679,322.

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 12 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2012	Land \$	Building \$	Furniture and Equipment \$	Vehicles \$	Computer Software \$	Computer Hardware \$	2012 Total \$
Cost							
Beginning of year	194,134,181	911,305,895	34,742,063	5,098,410	3,152,491	6,053,081	1,154,486,121
Additions	6,468,864	33,672,998	4,353,548	496,479	359,047	2,598,089	47,949,025
Disposals		(27,150)					(27,150)
Deemed Disposals			(4,823,969)		(1,241,172)	(978,948)	(7,044,089)
Write Downs	0	0	0	0	0	0	0
Closing Balance	200,603,045	944,951,743	34,271,642	5,594,889	2,270,366	7,672,222	1,195,363,907
Accumulated Amortization							
Beginning Balance		316,551,280	16,435,342	1,945,163	1,671,509	2,502,310	339,105,604
Amortization		21,964,051	3,691,884	534,665	853,827	1,283,002	28,327,429
Disposals							-
Deemed Disposals			(4,823,969)		(1,241,172)	(978,948)	(7,044,089)
Write Downs		0	0	0	0	0	0
Closing Balance		338,515,331	15,303,257	2,479,828	1,284,164	2,806,364	360,388,944
Net Book Value	200,603,045	606,436,412	18,968,385	3,115,061	986,202	4,865,858	834,974,963

Cost at June 30th, 2012, includes work in progress on Buildings for \$5,419,189.

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 12 TANGIBLE CAPITAL ASSETS (Continued)

July, 2011	Land \$	Building \$	Furniture and Equipment \$	Vehicles \$	Computer Software \$	Computer Hardware \$	2011 Total \$
Cost							
Beginning of year	190,813,578	850,215,701	36,335,059	4,799,489	3,349,662	4,690,238	1,090,203,727
Additions	3,320,603	73,525,878	4,325,615	298,921	684,327	1,823,899	83,979,243
Disposals							-
Deemed Disposals			(5,918,611)		(881,498)	(461,056)	(7,261,165)
Write Downs	0	0	0	0	0	0	0
Closing Balance	194,134,181	923,741,579	34,742,063	5,098,410	3,152,491	6,053,081	1,166,921,805
Accumulated Amortization							
Beginning Balance		295,653,079	18,504,166	1,450,268	1,814,642	1,842,928	319,265,083
Amortization		20,898,201	3,849,787	494,895	738,365	1,120,438	27,101,686
Disposals							-
Deemed Disposals			(5,918,611)		(881,498)	(461,056)	(7,261,165)
Write Downs		0	0	0	0	0	0
Closing Balance		316,551,280	16,435,342	1,945,163	1,671,509	2,502,310	339,105,604
Net Book Value	194,134,181	607,190,299	18,306,721	3,153,247	1,480,982	3,550,771	827,816,201

Cost at July 1st, 2011, includes work in progress on Buildings for \$12,435,684.

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 13 DISPOSAL OF SITES AND BUILDINGS

The School District sold Fleetwood Elementary on August 31, 2012. The school was acquired in 1941 at an original cost \$1,083,188. The sale price was \$9,312,500. Of the proceeds \$9,312,414 were allocated to Ministry of Education Restricted Capital within Deferred Capital Revenue.

NOTE 14 INTERFUND TRANSFERS

The School District manages their accounts using three different funds – operating, special purpose and capital. Transfers between funds during the current year are as follows:

- Transfers of \$2,578,203 (2012: \$2,846,599) from the operating fund and \$340,423 (2012: \$170,313) from the special purpose fund, totalling \$2,918,626 (2012: \$3,016,912) to the capital fund, were made to purchase capital assets;
- Transfers of \$18,918,700 (2012: \$9,116,118) from the operating fund to the capital fund's local capital were made for the purchase of furniture and equipment, vehicles and other infrastructure upgrades.

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 considered to be in the normal course of operations and are recorded at the exchange amount.

NOTE 16 CONTRACTUAL OBLIGATIONS

The School District has a total of \$26,235,283 (2012: \$17,777,738) of contractual obligations at year end related to the construction or renovation of buildings, which are funded from deferred capital revenues of Ministry of Education Bylaw capital, Restricted Capital and Land Capital funds. Disclosure relates to the unperformed portion of the contracts.

Contractual Commitment	Amount	Estimated Completion Date
Fraser Heights Addition - CCDC Contract	2,840,422	Jan 2014
Goldstone New School- CCDC Contract	6,687,566	Mar 2014
Guildford Park Fields - CCDC Contract	255,770	Mar 2014
Katzie New School - CCDC Contract	7,147,315	Mar 2014
Panorama Ridge Addition - CCDC Contract	\$3,822,184	Mar 2014
Prince Charles - CCDC Contract	118,872	Oct 2013
Summer 2013 Func Improvements - Purchase Orders	19,411	Sept 2013
Summer 2013 Mechanical Projects - CCDC Contracts	2,265,972	Dec 2013
Summer 2013 Painting - CCDC Contracts	940,552	Oct 2013
Summer 2013 Roofing - CCDC Contracts	605,452	Oct 2013
Sunnyside Replacement- CCDC Contract	1,425,302	Oct 2013
Tamanawis Elect - CCDC Contract	106,465	Oct 2013
	<u>\$26,235,283</u>	

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 17 OPERATING LEASE OBLIGATIONS

The School District has operating lease agreements for facilities that require payments over the next four fiscal years ending June 30 as follows:

2014	\$	1,130,437
2015		772,230
2016		761,689
2017		761,689

NOTE 18 CONTINGENCIES

(a) Ongoing legal proceedings: In the ordinary course of operations, the School District has legal proceedings brought against it and provisions have been included in liabilities where appropriate. It is the opinion of management that final determination of these claims will not have a material effect on the financial position or operations of the School District.

(b) Class action lawsuit: In 2011, the School District was served a writ of summons in a class action lawsuit involving 25 other school districts throughout the Province, seeking recovery of tuition fees paid for summer school courses in prior fiscal periods. A settlement agreement was presented to the Court on August 6th, 2013. Neither the outcome of this action nor any potential financial consequences are known at this time.

NOTE 19 ASSET RETIREMENT OBLIGATION

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The value of the liability for asbestos removal or disposal will be recognized in the period in which a reasonable estimate of fair value can be made. As at June 30, 2013 the liability is not reasonably determinable.

NOTE 20 EXPENSE BY OBJECT

	2013	2012
Salaries and Benefits	\$ 535,299,605	\$ 514,971,983
Services and Supplies	73,635,719	75,435,236
Amortization	28,837,684	28,327,429
Total	\$ 637,773,008	\$ 618,734,648

NOTE 21 ECONOMIC DEPENDENCE

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

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 22 BUDGET FIGURES

Budget figures included in the financial statements are the School District's amended annual budget adopted by the Board of Education on February 14th, 2013 and reflect more current estimates on student FTE, revenues and expenditures. On Statement 2, the budget for Operations and Maintenance includes Amortization of Tangible Capital Assets.

	Original Budget	Amended Budget	Change
	\$	\$	\$
Statement 2			
Revenue			
Provincial Grants			
Ministry of Education	613,330,422	617,939,394	4,608,972
Other	2,552,746	2,892,066	339,320
Municipal Grants Spent on Sites	-	19,095,000	19,095,000
Federal Grants	752,666	749,155	(3,511)
Tuition	9,696,045	10,242,074	546,029
Other Revenues	16,335,664	17,580,276	1,244,612
Rental and Leases	1,668,534	1,783,500	114,966
Investment Income	1,200,301	1,300,000	99,699
Gain (Loss) on Disposal of Tangible Capital Assets	9,100,000	(58,481)	(9,158,481)
Amortization of Deferred Capital Revenue	20,267,000	20,276,000	9,000
Total Revenue	<u>674,903,378</u>	<u>691,798,984</u>	<u>16,895,606</u>
Expenses			
Instruction	544,794,349	550,998,457	6,204,108
District Administration	12,080,568	12,733,737	653,169
Operations and Maintenance	92,883,271	94,884,783	2,001,512
Transportation and Housing	5,131,355	5,296,677	165,322
Total Expense	<u>654,889,543</u>	<u>663,913,654</u>	<u>9,024,111</u>
Net Revenue	<u>20,013,835</u>	<u>27,885,330</u>	<u>7,871,495</u>
Budgeted Allocation of Surplus (Deficit)	13,713,832	30,428,040	16,714,208
Budgeted Surplus (Deficit) for the Year	<u>33,727,667</u>	<u>58,313,370</u>	<u>24,585,703</u>
Statement 4			
Surplus (Deficit) for the year	<u>20,013,835</u>	<u>27,885,330</u>	<u>7,871,495</u>
Effect of change in Tangible Capital Assets	(27,362,667)	(93,906,643)	(66,543,976)
Acquisition of Tangible Capital Assets	28,202,000	29,012,000	810,000
Amortization of Tangible Capital Assets	-	58,481	58,481
Total Effects of change in Tangible Assets	<u>839,333</u>	<u>(64,836,162)</u>	<u>(65,675,495)</u>
(Increase) Decrease in Net Financial Assets (Debt) before Net Remeasurment Gains (Losses)	<u>20,853,168</u>	<u>(36,950,832)</u>	<u>(57,804,000)</u>

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 22 BUDGET FIGURES (Continued)

Statement 2

The significant changes between the original budget and amended were:

Revenues:

- Ministry Grants – Release of provincial holdback operating grants to school districts
- Municipal Grants Spent on Sites – Not budgeted in original budget
- Other revenues - Contributions received in support of Community Link programs
- Gain on Disposal of Tangible Capital Assets – Sale of asset never materialized

Expenses:

- Instruction – Recognition of Board approved use of internally restricted funds from 2012
- Operations and Maintenance – Recognition of Board approved use of internally restricted funds from 2012

Budgeted Allocation of Surplus – Actual 2012 year end Surplus greater than anticipated

Statement 4

The significant changes between original budget and amended were:

- Subsequent approvals from Ministry of Education to draw on Deferred Capital revenues

NOTE 23 INTERNALLY RESTRICTED – OPERATING FUND

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

2013/2014 Operating Budget	\$ 11,878,961
Education Administration	1,753,000
Technology	1,179,907
Net School Operating Surplus	831,961
Aboriginal Education Targeted Funds	628,370
Learning Resources	500,647
Instructional and Safe Schools Initiatives	482,198
Food Services	330,530
Business Development	101,319
Physical Plant	77,687
Risk Management	10,000
Total Internally Restricted Items	\$ 17,774,580

School District No. 36 (Surrey)

Notes to Financial Statements

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

NOTE 24 RISK MANAGEMENT

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:

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

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

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

b) Market risk :

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that the School District is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its investments. The investment objectives are on protecting investments rather than the potential for superior returns. The school district has very low tolerance for risk with investments and prefers a low degree of price volatility.

c) Liquidity risk

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

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

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

School District No. 36 (Surrey)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	30,440,141		356,368,857	386,808,998	367,802,795
Change in Accounting Policies/Prior Period Adjustments					
Recognize unamortized gain (loss) on Employee Future Benefits					5,384,934
Reclassify Deferred Contributions					(435,369)
Accumulated Surplus (Deficit), beginning of year, as restated	30,440,141	-	356,368,857	386,808,998	372,752,360
Changes for the year					
Surplus (Deficit) for the year	11,079,164	340,423	48,114,066	59,533,653	14,056,638
Interfund Transfers					
Tangible Capital Assets Purchased	(2,578,203)	(340,423)	2,918,626	-	
Local Capital	(18,918,700)		18,918,700	-	
Net Changes for the year	(10,417,739)	-	69,951,392	59,533,653	14,056,638
Accumulated Surplus (Deficit), end of year - Statement 1	20,022,402	-	426,320,249	446,342,651	386,808,998

School District No. 36 (Surrey)

Schedule of Operating Operations

Years Ending June 30, 2013 and June 30, 2012

Schedule 2 (Unaudited)

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	565,950,252	567,849,361	558,397,766
Other	2,652,746	2,904,921	2,745,817
Federal Grants		71,770	328,897
Tuition	10,242,074	10,211,172	9,667,905
Other Revenue	2,059,349	3,291,157	2,170,235
Rentals and Leases	1,783,500	2,021,094	1,894,906
Investment Income	1,100,000	1,294,201	2,618,474
Total Revenue	583,787,921	587,643,676	577,824,000
Expenses			
Instruction	520,119,292	501,143,106	488,174,220
District Administration	12,733,737	11,639,293	11,441,397
Operations and Maintenance	62,949,612	58,862,199	58,526,837
Transportation and Housing	5,296,677	4,919,914	4,588,456
Total Expense	601,099,318	576,564,512	562,730,910
Operating Surplus (Deficit) for the year	(17,311,397)	11,079,164	15,093,090
Budgeted Appropriation (Retirement) of Surplus (Deficit)	30,428,040		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(2,712,943)	(2,578,203)	(2,846,599)
Local Capital	(10,403,700)	(18,918,700)	(9,116,118)
Other			498,238
Total Net Transfers	(13,116,643)	(21,496,903)	(11,464,479)
Total Operating Surplus (Deficit), for the year	-	(10,417,739)	3,628,611
Operating Surplus (Deficit), beginning of year		30,440,141	21,861,965
Change in Accounting Policies/Prior Period Adjustments			
Recognize unamortized gain (loss) on Employee Future Benefits			5,384,934
Reclassify Deferred Contributions			(435,369)
Operating Surplus (Deficit), beginning of year, as restated		30,440,141	26,811,530
Operating Surplus (Deficit), end of year		20,022,402	30,440,141
Operating Surplus (Deficit), end of year			
Internally Restricted		17,774,580	25,214,976
Unrestricted		2,247,822	5,225,165
Total Operating Surplus (Deficit), end of year		20,022,402	30,440,141

School District No. 36 (Surrey)

Schedule 2A (Unaudited)

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

	2013 Budget \$	2013 Actual \$	2012 Actual (Restated-Note 2) \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	557,937,018	557,150,274	550,383,933
AANDC/LEA Recovery	(73,017)	(73,017)	(82,260)
Other Ministry of Education Grants			
Pay Equity	6,861,222	6,861,222	6,861,224
Graduated Adult Ed	1,166,474	3,820,096	1,177,273
Other Miscellaneous	58,555	90,786	57,596
Total Provincial Grants - Ministry of Education	565,950,252	567,849,361	558,397,766
Provincial Grants - Other	2,652,746	2,904,921	2,745,817
Federal Grants	-	71,770	328,897
Tuition			
Summer School Fees	97,029	97,029	111,751
Continuing Education	1,397,045	1,174,735	1,470,567
Offshore Tuition Fees	8,748,000	8,939,408	8,085,587
Total Tuition	10,242,074	10,211,172	9,667,905
Other Revenues			
LEA/Direct Funding from First Nations	73,017	73,017	74,147
Miscellaneous			
Teaching Kitchen	928,000	855,152	832,418
Energy Management	238,901	319,618	112,507
Other Miscellaneous	819,431	2,043,370	1,151,163
Total Other Revenue	2,059,349	3,291,157	2,170,235
Rentals and Leases	1,783,500	2,021,094	1,894,906
Investment Income	1,100,000	1,294,201	2,618,474
Total Operating Revenue	583,787,921	587,643,676	577,824,000

School District No. 36 (Surrey)

Schedule 2B (Unaudited)

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

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Salaries			
Teachers	288,764,364	285,794,901	277,507,441
Principals and Vice Principals	25,038,359	25,274,090	25,149,327
Educational Assistants	45,583,661	42,220,897	39,177,832
Support Staff	49,242,998	47,641,678	47,149,125
Other Professionals	8,073,907	7,916,560	7,957,890
Substitutes	20,540,131	17,478,405	18,672,501
Total Salaries	437,243,420	426,326,531	415,614,116
Employee Benefits	100,276,162	97,738,445	95,043,715
Total Salaries and Benefits	537,519,582	524,064,976	510,657,831
Services and Supplies			
Services	13,597,435	12,707,226	11,899,526
Student Transportation	4,642,523	4,247,275	3,712,444
Professional Development and Travel	2,058,433	1,846,367	1,673,496
Rentals and Leases	2,052,800	1,833,364	2,092,051
Dues and Fees	1,586,261	1,554,754	1,452,984
Insurance	1,569,290	1,521,393	1,660,570
Supplies	27,776,229	19,447,440	20,107,009
Utilities	10,296,765	9,341,717	9,474,999
Total Services and Supplies	63,579,736	52,499,536	52,073,079
Total Operating Expense	601,099,318	576,564,512	562,730,910

School District No. 36 (Surrey)

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	218,802,941	3,683,511		5,584,158	621,138	9,501,434	238,193,182
1.03 Career Programs	2,893,520	100,334		1,199,069		152,075	4,344,998
1.07 Library Services	5,982,833			581,434	71,482	248,638	6,884,387
1.08 Counselling	7,064,874	168,248				298,789	7,531,911
1.10 Special Education	33,868,619	1,595,728	39,100,048	395,147		4,591,441	79,550,983
1.30 English Language Learning	11,325,015		411,416			476,521	12,212,952
1.31 Aboriginal Education	857,065	116,651	1,656,167	73,511		43,001	2,746,395
1.41 School Administration	23,897	18,844,239		11,144,024		657,931	30,670,091
1.60 Summer School	1,326,171	150,010	1,199	150,972			1,628,352
1.61 Continuing Education	258,738	102,020		195,181		14,369	570,308
1.62 Off Shore Students	2,726,094	72,522	16,285	620,594	253,332	131,033	3,819,860
1.64 Other	272,812		1,017,704	135,913	100,777		1,527,206
Total Function 1	285,402,579	24,833,263	42,202,819	20,080,003	1,046,729	16,115,232	389,680,625
4 District Administration							
4.11 Educational Administration	265,148			133,131	1,483,680	6,949	1,888,908
4.40 School District Governance	2,000			131,319	329,615		462,934
4.41 Business Administration	17,670	440,827		2,381,200	2,673,213	48,919	5,561,829
Total Function 4	284,818	440,827	-	2,645,650	4,486,508	55,868	7,913,671
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	100,575		18,078	972,114	1,240,989	14,519	2,346,275
5.50 Maintenance Operations	6,929			21,604,351	913,728	1,266,624	23,791,632
5.52 Maintenance of Grounds				1,932,508	89,647	26,162	2,048,317
5.56 Utilities							-
Total Function 5	107,504	-	18,078	24,508,973	2,244,364	1,307,305	28,186,224
7 Transportation and Housing							
7.41 Transportation and Housing Administration				83,348	138,959		222,307
7.70 Student Transportation				323,704			323,704
Total Function 7	-	-	-	407,052	138,959	-	546,011
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	285,794,901	25,274,090	42,220,897	47,641,678	7,916,560	17,478,405	426,326,531

School District No. 36 (Surrey)

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 (Restated-Note 2)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	238,193,182	53,449,185	291,642,367	9,808,853	301,451,220	312,161,901	295,853,696
1.03 Career Programs	4,344,998	1,021,427	5,366,425	1,246,486	6,612,911	7,098,391	6,618,152
1.07 Library Services	6,884,387	1,555,198	8,439,585	4,595,059	13,034,644	13,713,114	13,005,979
1.08 Counselling	7,531,911	1,721,780	9,253,691		9,253,691	9,403,963	9,189,507
1.10 Special Education	79,550,983	19,614,126	99,165,109	1,267,685	100,432,794	104,690,387	94,382,734
1.30 English Language Learning	12,212,952	2,811,211	15,024,163		15,024,163	15,288,945	15,322,102
1.31 Aboriginal Education	2,746,395	607,014	3,353,409	415,426	3,768,835	4,303,468	3,353,222
1.41 School Administration	30,670,091	7,068,761	37,738,852	1,011,272	38,750,124	39,559,323	37,704,302
1.60 Summer School	1,628,352	299,155	1,927,507	236,534	2,164,041	2,219,046	2,373,780
1.61 Continuing Education	570,308	90,029	660,337	764,443	1,424,780	1,485,762	1,425,128
1.62 Off Shore Students	3,819,860	880,851	4,700,711	2,267,668	6,968,379	7,425,284	6,121,593
1.64 Other	1,527,206	337,649	1,864,855	392,669	2,257,524	2,769,708	2,824,025
Total Function 1	389,680,625	89,456,386	479,137,011	22,006,095	501,143,106	520,119,292	488,174,220
4 District Administration							
4.11 Educational Administration	1,888,908	401,494	2,290,402	439,700	2,730,102	3,099,080	2,598,472
4.40 School District Governance	462,934	55,647	518,581	264,473	783,054	793,043	790,544
4.41 Business Administration	5,561,829	1,132,355	6,694,184	1,431,953	8,126,137	8,841,614	8,052,381
Total Function 4	7,913,671	1,589,496	9,503,167	2,136,126	11,639,293	12,733,737	11,441,397
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	2,346,275	427,267	2,773,542	2,908,342	5,681,884	5,899,539	5,771,411
5.50 Maintenance Operations	23,791,632	5,643,128	29,434,760	11,067,279	40,502,039	43,097,468	39,814,322
5.52 Maintenance of Grounds	2,048,317	492,916	2,541,233	785,331	3,326,564	3,645,840	3,457,420
5.56 Utilities	-	-	-	9,351,712	9,351,712	10,306,765	9,483,684
Total Function 5	28,186,224	6,563,311	34,749,535	24,112,664	58,862,199	62,949,612	58,526,837
7 Transportation and Housing							
7.41 Transportation and Housing Administration	222,307	45,251	267,558	1,806	269,364	302,868	303,747
7.70 Student Transportation	323,704	84,001	407,705	4,242,845	4,650,550	4,993,809	4,284,709
Total Function 7	546,011	129,252	675,263	4,244,651	4,919,914	5,296,677	4,588,456
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	426,326,531	97,738,445	524,064,976	52,499,536	576,564,512	601,099,318	562,730,910

School District No. 36 (Surrey)

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

Schedule 3 (Unaudited)

	2013 Budget	2013 Actual	2012 Actual (Restated-Note 2)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	17,786,142	15,549,540	8,696,288
Other	239,320	115,726	901,506
Federal Grants	749,155	556,158	974,301
Other Revenue	15,467,719	16,481,748	17,088,322
Investment Income		8,063	8,797
Total Revenue	<u>34,242,336</u>	<u>32,711,235</u>	<u>27,669,214</u>
Expenses			
Instruction	30,879,165	29,781,847	24,147,509
Operations and Maintenance	2,923,171	2,588,965	2,853,154
Total Expense	<u>33,802,336</u>	<u>32,370,812</u>	<u>27,000,663</u>
Special Purpose Surplus (Deficit) for the year	<u>440,000</u>	<u>340,423</u>	<u>668,551</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(440,000)	(340,423)	(170,313)
Other			(498,238)
Total Net Transfers	<u>(440,000)</u>	<u>(340,423)</u>	<u>(668,551)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), end of year			
Total Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

School District No. 36 (Surrey)

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	Strong Start	Ready, Set, Learn
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	95,628		111,824	2,776,412		
Transfer (to) from Operating Surplus - as at July 1, 2011					117,611	317,758
Transfer to/from Operating Revenue/Expense - year ended June 30, 2012					(10,620)	(28,448)
Deferred Revenue, beginning of year, as restated	95,628	-	111,824	2,776,412	106,991	289,310
Add: Restricted Grants						
Provincial Grants - Ministry of Education	2,492,872	7,163,622	144,563		740,000	247,450
Federal Grants						
Other				13,851,687		
Investment Income	465					
	2,493,337	7,163,622	144,563	13,851,687	740,000	247,450
Less: Allocated to Revenue	2,588,965	7,163,622	193,962	13,683,667	763,084	354,915
Deferred Revenue, end of year	-	-	62,425	2,944,432	83,907	181,845
Revenues						
Provincial Grants - Ministry of Education	2,588,500	7,163,622	193,962		763,084	354,915
Provincial Grants - Other						
Federal Grants						
Other Revenue				13,683,667		
Investment Income	465					
	2,588,965	7,163,622	193,962	13,683,667	763,084	354,915
Expenses						
Salaries						
Teachers		3,013,233				99,075
Educational Assistants		2,674,629			917	7,328
Support Staff	102,569	55,918			466,139	17,440
Other Professionals					62,644	
Substitutes		85,707			6,431	
	102,569	5,829,487	-	-	536,131	123,843
Employee Benefits	21,302	1,314,904			149,004	6,190
Services and Supplies	2,465,094	19,231	193,962	13,683,667	77,949	224,882
	2,588,965	7,163,622	193,962	13,683,667	763,084	354,915
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-
Interfund Transfers						
Tangible Capital Assets Purchased	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-

School District No. 36 (Surrey)

Schedule 3A (Unaudited)

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

	Adolescent Psychiatric Unit	School Meals	Adolescent Day Treatment Program	Daughters & Sisters P.L.E.A. Program	Waypoint Substance House	French	Literacy Innovation
	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year			21,487	11,172	8,061	376,183	266,472
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	-	-	21,487	11,172	8,061	376,183	266,472
Add: Restricted Grants							
Provincial Grants - Ministry of Education	139,250	2,000,000	257,358	102,815	98,061	522,754	
Federal Grants							
Other		240,013					
Investment Income							
	139,250	2,240,013	257,358	102,815	98,061	522,754	-
Less: Allocated to Revenue	139,250	2,239,493	278,845	113,987	92,048	765,595	-
Deferred Revenue, end of year	-	520	-	-	14,074	133,342	266,472
Revenues							
Provincial Grants - Ministry of Education	139,250	1,999,480	278,845	113,987	92,048	765,595	
Provincial Grants - Other							
Federal Grants							
Other Revenue		240,013					
Investment Income							
	139,250	2,239,493	278,845	113,987	92,048	765,595	-
Expenses							
Salaries							
Teachers	84,781		170,456	85,779	64,518	142,316	
Educational Assistants	17,469		35,778				
Support Staff		346,154				2,533	
Other Professionals		69,451					
Substitutes		37,011			3,974		
	102,250	452,616	206,234	85,779	68,492	144,849	-
Employee Benefits	23,696	107,356	46,312	17,593	12,865	10,227	
Services and Supplies	13,304	1,679,521	26,299	10,615	10,691	610,519	
	139,250	2,239,493	278,845	113,987	92,048	765,595	-
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-
Interfund Transfers							
Tangible Capital Assets Purchased	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-

School District No. 36 (Surrey)

Schedule 3A (Unaudited)

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

	Community Link Community Schools	Intensive Core French	Community Link Innercity Schools	Diverse Youth Gang Prevention	Donations	PAC Contributions	IR3
	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	627,417	80,324	392,077	199,320	1,173,030	295,930	268,896
Transfer (to) from Operating Surplus - as at July 1, 2011							
Transfer to/from Operating Revenue/Expense - year ended June 30, 2012					(12,101)		(268,896)
Deferred Revenue, beginning of year, as restated	627,417	80,324	392,077	199,320	1,160,929	295,930	-
Add: Restricted Grants							
Provincial Grants - Ministry of Education	1,548,184	30,850	277,380				
Federal Grants							
Other	708,848	75			671,754	484,380	
Investment Income					7,598		
	2,257,032	30,925	277,380	-	679,352	484,380	-
Less: Allocated to Revenue	1,968,835	104,849	252,710	115,101	774,955	560,569	-
Deferred Revenue, end of year	915,614	6,400	416,747	84,219	1,065,326	219,741	-
Revenues							
Provincial Grants - Ministry of Education	738,768	104,774	252,710				
Provincial Grants - Other				115,101			
Federal Grants							
Other Revenue	1,230,067	75			767,357	560,569	
Investment Income					7,598		
	1,968,835	104,849	252,710	115,101	774,955	560,569	-
Expenses							
Salaries							
Teachers	36,188	5,949	36,141		8,597		
Educational Assistants			200		1,750		
Support Staff	848,865			44,115			
Other Professionals	257,600						
Substitutes							
	1,142,653	5,949	36,341	44,115	10,347	-	-
Employee Benefits	221,956		10,241	10,741	375		
Services and Supplies	604,226	98,900	206,128	60,245	700,364	284,640	
	1,968,835	104,849	252,710	115,101	711,086	284,640	-
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	63,869	275,929	-
Interfund Transfers							
Tangible Capital Assets Purchased					(63,869)	(275,929)	
	-	-	-	-	(63,869)	(275,929)	-
Net Revenue (Expense)	-	-	-	-	-	-	-

School District No. 36 (Surrey)

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

	IPALS	Wraparound	SAME Project	Coyote Creek BEP	TOTAL
	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	10,379	51,141	125,348	40,000	6,931,101
Transfer (to) from Operating Surplus - as at July 1, 2011					435,369
Transfer to/from Operating Revenue/Expense - year ended June 30, 2012	(10,379)				(330,444)
Deferred Revenue, beginning of year, as restated	-	51,141	125,348	40,000	7,036,026
Add: Restricted Grants					
Provincial Grants - Ministry of Education					15,765,159
Federal Grants		290,451	343,380		633,831
Other					15,956,757
Investment Income					8,063
	-	290,451	343,380	-	32,363,810
Less: Allocated to Revenue	-	281,407	274,751	625	32,711,235
Deferred Revenue, end of year	-	60,185	193,977	39,375	6,688,601
Revenues					
Provincial Grants - Ministry of Education					15,549,540
Provincial Grants - Other				625	115,726
Federal Grants		281,407	274,751		556,158
Other Revenue					16,481,748
Investment Income					8,063
	-	281,407	274,751	625	32,711,235
Expenses					
Salaries					
Teachers		46,511			3,793,544
Educational Assistants					2,738,071
Support Staff		92,262	129,458		2,105,453
Other Professionals		55,854			445,549
Substitutes			4,075		137,198
	-	194,627	133,533	-	9,219,815
Employee Benefits		36,373	25,679		2,014,814
Services and Supplies		50,407	115,539		21,136,183
	-	281,407	274,751	-	32,370,812
Net Revenue (Expense) before Interfund Transfers	-	-	-	625	340,423
Interfund Transfers					
Tangible Capital Assets Purchased				(625)	(340,423)
	-	-	-	(625)	(340,423)
Net Revenue (Expense)	-	-	-	-	-

School District No. 36 (Surrey)

Schedule of Capital Operations

Years Ending June 30, 2013 and June 30, 2012

Schedule 4 (Unaudited)

	2013 Budget	2013 Actual			2012 Actual (Restated-Note 2)
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	34,203,000	36,318,536	500,669	36,819,205	5,959,384
Municipal Grants Spent on Sites	19,095,000	19,165,820		19,165,820	300,000
Other Revenue	53,208		170,630	170,630	36,761
Investment Income	200,000		425,359	425,359	237,717
Gain (Loss) on Disposal of Tangible Capital Assets	(58,481)	(58,481)		(58,481)	
Amortization of Deferred Capital Revenue	20,276,000	20,429,217		20,429,217	20,088,564
Total Revenue	73,768,727	75,855,092	1,096,658	76,951,750	26,622,426
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	29,012,000	28,837,684		28,837,684	28,327,429
Total Expense	29,012,000	28,837,684	-	28,837,684	28,327,429
Capital Surplus (Deficit) for the year	44,756,727	47,017,408	1,096,658	48,114,066	(1,705,003)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	3,152,943	2,918,626		2,918,626	3,016,912
Local Capital	10,403,700		18,918,700	18,918,700	9,116,118
Total Net Transfers	13,556,643	2,918,626	18,918,700	21,837,326	12,133,030
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		5,038,488	(5,038,488)	-	
Total Other Adjustments to Fund Balances		5,038,488	(5,038,488)	-	
Total Capital Surplus (Deficit) for the year	58,313,370	54,974,522	14,976,870	69,951,392	10,428,027
Capital Surplus (Deficit), beginning of year		335,922,264	20,446,593	356,368,857	345,940,830
Capital Surplus (Deficit), end of year		390,896,786	35,423,463	426,320,249	356,368,857

School District No. 36 (Surrey)

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	200,603,045	939,532,554	34,271,642	5,594,889	2,270,366	7,672,222	1,189,944,718
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	28,517,107	8,752,044	96,705	310,577		170,324	37,846,757
Deferred Capital Revenue - Other	26,967,249	360,671					27,327,920
Operating Fund			65,750		835,057	1,677,396	2,578,203
Special Purpose Funds	283,418	625	56,380				340,423
Local Capital	313,033	1,281,997	3,009,456	432,874		1,128	5,038,488
	<u>56,080,807</u>	<u>10,395,337</u>	<u>3,228,291</u>	<u>743,451</u>	<u>835,057</u>	<u>1,848,848</u>	<u>73,131,791</u>
Decrease:							
Disposed of	58,481	1,024,707					1,083,188
Deemed Disposals			3,438,027	36,113	354,625	866,732	4,695,497
	<u>58,481</u>	<u>1,024,707</u>	<u>3,438,027</u>	<u>36,113</u>	<u>354,625</u>	<u>866,732</u>	<u>5,778,685</u>
Cost, end of year	<u>256,625,371</u>	<u>948,903,184</u>	<u>34,061,906</u>	<u>6,302,227</u>	<u>2,750,798</u>	<u>8,654,338</u>	<u>1,257,297,824</u>
Work in Progress, end of year		<u>30,679,322</u>					<u>30,679,322</u>
Cost and Work in Progress, end of year	<u>256,625,371</u>	<u>979,582,506</u>	<u>34,061,906</u>	<u>6,302,227</u>	<u>2,750,798</u>	<u>8,654,338</u>	<u>1,287,977,146</u>
Accumulated Amortization, beginning of year		338,515,331	15,303,257	2,479,828	1,284,164	2,806,364	360,388,944
Changes for the Year							
Increase: Amortization for the Year		22,395,534	3,588,579	596,662	725,003	1,531,906	28,837,684
Decrease:							
Disposed of		993,799					993,799
Deemed Disposals			3,438,027	36,113	354,625	866,732	4,695,497
		<u>993,799</u>	<u>3,438,027</u>	<u>36,113</u>	<u>354,625</u>	<u>866,732</u>	<u>5,689,296</u>
Accumulated Amortization, end of year		<u>359,917,066</u>	<u>15,453,809</u>	<u>3,040,377</u>	<u>1,654,542</u>	<u>3,471,538</u>	<u>383,537,332</u>
Tangible Capital Assets - Net	<u>256,625,371</u>	<u>619,665,440</u>	<u>18,608,097</u>	<u>3,261,850</u>	<u>1,096,256</u>	<u>5,182,800</u>	<u>904,439,814</u>

School District No. 36 (Surrey)

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	5,419,189				5,419,189
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	23,330,586				23,330,586
Deferred Capital Revenue - Other	1,929,547				1,929,547
	<u>25,260,133</u>	-	-	-	<u>25,260,133</u>
Net Changes for the Year	<u>25,260,133</u>	-	-	-	<u>25,260,133</u>
Work in Progress, end of year	<u>30,679,322</u>	-	-	-	<u>30,679,322</u>

School District No. 36 (Surrey)

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	487,026,005	6,607,506		493,633,511
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	9,329,650	360,671		9,690,321
	<u>9,329,650</u>	<u>360,671</u>	-	<u>9,690,321</u>
Decrease:				
Amortization of Deferred Capital Revenue	20,223,661	205,556		20,429,217
Revenue Recognized on Disposal of Buildings	30,908			30,908
	<u>20,254,569</u>	<u>205,556</u>	-	<u>20,460,125</u>
Net Changes for the Year	<u>(10,924,919)</u>	<u>155,115</u>	-	<u>(10,769,804)</u>
Deferred Capital Revenue, end of year	<u>476,101,086</u>	<u>6,762,621</u>	-	<u>482,863,707</u>
Work in Progress, beginning of year	4,954,511	464,678		5,419,189
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	23,330,586	1,929,547		25,260,133
	<u>23,330,586</u>	<u>1,929,547</u>	-	<u>25,260,133</u>
Net Changes for the Year	<u>23,330,586</u>	<u>1,929,547</u>	-	<u>25,260,133</u>
Work in Progress, end of year	<u>28,285,097</u>	<u>2,394,225</u>	-	<u>30,679,322</u>
Total Deferred Capital Revenue, end of year	<u>504,386,183</u>	<u>9,156,846</u>	-	<u>513,543,029</u>

School District No. 36 (Surrey)

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	5,406,684	9,613,764		18,003,751		33,024,199
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	61,392,294					61,392,294
Investment Income		171,947		46,308		218,255
Sale of Capital Assets		9,405,014				9,405,014
Local Government Site Fees				2,181,684		2,181,684
	<u>61,392,294</u>	<u>9,576,961</u>	<u>-</u>	<u>2,227,992</u>	<u>-</u>	<u>73,197,247</u>
Decrease:						
Transferred to DCR - Capital Additions	9,329,650	360,671				9,690,321
Transferred to DCR - Work in Progress	23,330,586	1,929,547				25,260,133
Transferred to Revenue - Site Purchases	28,517,107	7,801,429		19,165,820		55,484,356
	<u>61,177,343</u>	<u>10,091,647</u>	<u>-</u>	<u>19,165,820</u>	<u>-</u>	<u>90,434,810</u>
Net Changes for the Year	<u>214,951</u>	<u>(514,686)</u>	<u>-</u>	<u>(16,937,828)</u>	<u>-</u>	<u>(17,237,563)</u>
Balance, end of year	<u>5,621,635</u>	<u>9,099,078</u>	<u>-</u>	<u>1,065,923</u>	<u>-</u>	<u>15,786,636</u>