

SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FISCAL YEAR 2010/2011

SCHOOL DISTRICT NUMBER 68	NAME OF SCHOOL DISTRICT Nanaimo-Ladysmith	YEAR 2010/2011
OFFICE LOCATION 395 Wakesiah Ave		TELEPHONE NUMBER 250-754-5521
CITY/PROVINCE Nanaimo BC		POSTAL CODE V9R 3K6
WEBSITE ADDRESS www.sd68.bc.ca		
NAME OF SUPERINTENDENT David Hutchinson		NAME OF SECRETARY-TREASURER Phil Turin

DECLARATION AND SIGNATURES

SCHOOL DISTRICT MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and supporting schedules of The Board of Education of School District No. 68 (Nanaimo-Ladysmith) ("the Board") have been prepared by school district management which has responsibility for their preparation, integrity and objectivity. The financial statements and schedules, including notes, have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school district's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that the accounting records may be relied upon to properly reflect the school district's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong budgetary system of control.

The Board's Responsibility

The ultimate responsibility for the financial statements lies with the Board. The Board has reviewed and approved the financial statements.

External Auditors

The Board appoints external auditors to audit the financial statements. The external auditors have full and free access to school district records, and present their report to the Board.

Declaration of Management and Board Chairperson

To the best of our knowledge and belief, these financial statements and supporting schedules reflect, in all material respects, the financial position, revenue and expense, changes in fund balances, and cash flows for the year in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

We, the undersigned, certify that the attached is a correct and true copy of the Audited Financial Statements of School District No. 68 (Nanaimo-Ladysmith) for the year ended June 30, 2011.

Original Signed by S. Welch, Board Chair	Sept. 14, 2011
Original Signed by D. Hutchinson, Superintendent	Sept. 14, 2011
Original Signed by P. Turin, Secretary-Treasurer	Sept. 14, 2011

**SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
2010/2011 AUDITED FINANCIAL STATEMENTS**

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Independent Auditors' Report

To the Board of Education of School District No. 68 (Nanaimo-Ladysmith):

We have audited the accompanying financial statements of School District No. 68 (Nanaimo-Ladysmith) which comprise the statement of financial position as at June 30, 2011 and the statements of revenue and expense, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of School District No. 68 (Nanaimo-Ladysmith) as at June 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

We draw attention to the Supplementary Financial Information included in Schedules A1 to A5, B1 to B3 and C1 to C5 which has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Nanaimo, British Columbia
September 14, 2011

MNP LLP

Chartered Accountants

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2011

Statement 1

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2011	TOTAL 2010
ASSETS					
Current Assets					
Cash and Cash Equivalents (Note 3)	\$ 12,018,536	\$ 1,793,880	\$ 4,106,312	\$ 17,918,728	\$ 16,969,909
Short Term Investments (Note 4)	21,824			21,824	
Accounts Receivable					
Due from Province - Ministry of Education	91,636			91,636	98,338
Due from Province - Other	86,973			86,973	66,977
Due from LEA/Direct Funding	93,396			93,396	323,205
Other Receivables (Note 5)	623,344		131,875	755,219	434,096
Interfund Loans	767,804				
Inventories	49,906			49,906	48,697
Prepaid Expenses (Note 6)	190,638			190,638	85,939
	<u>13,944,057</u>	<u>1,793,880</u>	<u>4,238,187</u>	<u>19,208,320</u>	<u>18,027,161</u>
Investments				-	20,952
Capital Assets - Net (Note 7)			140,891,124	140,891,124	143,762,790
TOTAL ASSETS	<u>\$ 13,944,057</u>	<u>\$ 1,793,880</u>	<u>\$ 145,129,311</u>	<u>\$ 160,099,444</u>	<u>\$ 161,810,903</u>
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts Payable and Accrued Liabilities					
Other	8,647,917			8,647,917	6,747,109
Capital Lease Obligations - Current Portion (Note 13)			128,952	128,952	98,796
Interfund Loans			767,804		
Other Current Liabilities	1,360,936			1,360,936	1,335,915
	<u>10,008,853</u>	<u>-</u>	<u>896,756</u>	<u>10,137,805</u>	<u>8,181,820</u>
Deferred Revenue (Note 10)	1,020,015			1,020,015	807,015
Deferred Contributions					
Ministry of Education (Note 11)		355,710	3,793,871	4,149,581	5,384,741
Other (Note 11)		1,438,170	124,379	1,562,549	1,606,405
Accrued Employee Future Benefits (Note 8)	1,675,504			1,675,504	1,738,067
Deferred Capital Contributions (Note 12)			101,428,331	101,428,331	105,355,390
Capital Lease Obligations (Note 13)			329,788	329,788	330,263
TOTAL LIABILITIES	<u>12,704,372</u>	<u>1,793,880</u>	<u>106,573,125</u>	<u>120,303,573</u>	<u>123,403,701</u>
Fund Balances					
Invested in Capital Assets (Note 15)			38,367,735	38,367,735	37,342,022
Internally Restricted (Note 15)	1,113,500		188,451	1,301,951	873,159
Unrestricted (Note 15)	126,185			126,185	192,021
TOTAL FUND BALANCES	<u>1,239,685</u>	<u>-</u>	<u>38,556,186</u>	<u>39,795,871</u>	<u>38,407,202</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,944,057</u>	<u>\$ 1,793,880</u>	<u>\$ 145,129,311</u>	<u>\$ 160,099,444</u>	<u>\$ 161,810,903</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
STATEMENT OF REVENUE AND EXPENSE
YEAR ENDED JUNE 30, 2011

Statement 2

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2011	TOTAL 2010
REVENUE					
Provincial Grants - Ministry of Education	\$ 118,527,513	\$ 2,583,480		\$ 121,110,993	\$ 116,991,877
Provincial Grants - Other	152,772			152,772	1,539,761
Other Revenue	5,616,609	3,058,246	169,604	8,844,459	8,700,868
Rentals and Leases	443,925			443,925	370,829
Investment Income	74,230	23,773	2,444	100,447	81,448
Amortization of Deferred Capital Contributions			4,561,627	4,561,627	4,618,222
	<u>124,815,049</u>	<u>5,665,499</u>	<u>4,733,675</u>	<u>135,214,223</u>	<u>132,303,005</u>
EXPENSE					
Salaries					
Teachers	55,048,035	67,035		55,115,070	54,589,683
Principals and Vice Principals	6,237,890	320		6,238,210	6,484,597
Educational Assistants	10,337,557			10,337,557	10,731,913
Support Staff	11,979,634	29,988		12,009,622	12,227,606
Other Professionals	2,284,062			2,284,062	2,337,260
Substitutes	5,151,830	50,007		5,201,837	5,147,460
	<u>91,039,008</u>	<u>147,350</u>	-	<u>91,186,358</u>	<u>91,518,519</u>
Employee Benefits	21,660,645	20,477		21,681,122	20,473,986
Services and Supplies	11,134,620	3,299,714		14,434,334	14,369,610
Amortization of Capital Assets			6,508,940	6,508,940	6,502,580
Interest Expense on Capital Leases			14,800	14,800	14,121
	<u>123,834,273</u>	<u>3,467,541</u>	<u>6,523,740</u>	<u>133,825,554</u>	<u>132,878,816</u>
NET REVENUE (EXPENSE)	<u>\$ 980,776</u>	<u>\$ 2,197,958</u>	<u>\$ (1,790,065)</u>	<u>\$ 1,388,669</u>	<u>\$ (575,811)</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2011

Statement 3

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2011	TOTAL 2010
FUND BALANCES, BEGINNING OF YEAR	\$ 746,021	\$ -	\$ 37,661,181	\$ 38,407,202	\$ 39,039,666
Changes for the Year					
Net Revenue (Expense) for the Year	980,776	2,197,958	(1,790,065)	1,388,669	(575,811)
Interfund Transfers					
Capital Assets Purchased (Note 16)	(356,456)	(2,197,958)	2,554,414	-	-
Local Capital (Note 16)	(130,656)		130,656	-	-
Reclassify previous SPF purchase to Local Capital				-	16,118
Other				-	(72,771)
Net Changes for the Year	<u>493,664</u>	<u>-</u>	<u>895,005</u>	<u>1,388,669</u>	<u>(632,464)</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,239,685</u>	<u>\$ -</u>	<u>\$ 38,556,186</u>	<u>\$ 39,795,871</u>	<u>\$ 38,407,202</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

Statement 4.1

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2011	TOTAL 2010
CASH PROVIDED BY (USED FOR)					
OPERATIONS					
Net Revenue (Expense) for the Year	\$ 980,776	\$ 2,197,958	\$ (1,790,065)	\$ 1,388,669	\$ (575,811)
Changes in Non-Cash Working Capital					
Decrease (Increase)					
Accounts Receivable	(51,429)		(53,179)	(104,608)	(407,522)
Interfund Loans	(52,789)		52,789	-	
Inventories	(1,209)			(1,209)	68,601
Prepaid Expenses	(104,699)			(104,699)	(17,064)
Increase (Decrease)					
Accounts Payable/Accrued Liabilities	1,900,808			1,900,808	187,962
Other Current Liabilities	25,021			25,021	(24,561)
Deferred Revenue	213,000			213,000	(136,940)
Deferred Contributions		(1,301,784)		(1,301,784)	168,292
Accrued Employee Future Benefits	(62,563)			(62,563)	(3,109)
Items Not Involving Cash					
Amortization of Capital Assets			6,508,940	6,508,940	6,502,580
Amortization of Deferred Capital Contributions			(4,561,627)	(4,561,627)	(4,618,222)
Correct FS Capital Assets to GL				-	(4)
Interfund Transfers	(487,112)	(2,197,958)	2,685,070	-	-
	<u>2,358,804</u>	<u>(1,301,784)</u>	<u>2,841,928</u>	<u>3,899,948</u>	<u>1,144,202</u>
FINANCING					
Deferred Contributions Received - Capital			657,336	657,336	136,347
Capital Lease Financing			(113,675)	(113,675)	(156,811)
	<u>-</u>	<u>-</u>	<u>543,661</u>	<u>543,661</u>	<u>(20,464)</u>
INVESTING					
Capital Assets Purchased - Operating			(356,456)	(356,456)	(342,492)
Capital Assets Purchased - Special Purpose			(2,197,958)	(2,197,958)	(1,110,122)
Capital Assets Purchased - Local Capital			(304,936)	(304,936)	-
Capital Assets Purchased - Deferred Contributions - Capital			(634,568)	(634,568)	(1,495,038)
Reclassify previous SPF purchases to Local Capital				-	(72,771)
Decrease (Increase) in Investments	(872)			(872)	(838)
	<u>(872)</u>	<u>-</u>	<u>(3,493,918)</u>	<u>(3,494,790)</u>	<u>(3,021,259)</u>
NET INCREASE (DECREASE) IN CASH	<u>\$ 2,358,932</u>	<u>\$ (1,301,784)</u>	<u>\$ (108,329)</u>	<u>\$ 948,819</u>	<u>\$ (1,897,521)</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

Statement 4.2

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2011	TOTAL 2010
NET INCREASE (DECREASE) IN CASH	\$ 2,358,932	\$ (1,301,784)	\$ (108,329)	\$ 948,819	\$ (1,897,521)
Net Cash, Beginning of Year	9,659,604	3,095,664	4,214,641	16,969,909	18,867,430
NET CASH, END OF YEAR	<u>\$ 12,018,536</u>	<u>\$ 1,793,880</u>	<u>\$ 4,106,312</u>	<u>\$ 17,918,728</u>	<u>\$ 16,969,909</u>
Cash	\$ 12,018,536	\$ 1,793,880	\$ 4,106,312	\$ 17,918,728	\$ 16,969,909
NET CASH, END OF YEAR	<u>\$ 12,018,536</u>	<u>\$ 1,793,880</u>	<u>\$ 4,106,312</u>	<u>\$ 17,918,728</u>	<u>\$ 16,969,909</u>

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. AUTHORITY

The School District operates under the authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 68 (Nanaimo-Ladysmith)", and operates as "School District No. 68 (Nanaimo-Ladysmith)". A board of education (Board) elected for a three-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district, and is principally funded by the Province of British Columbia through the Ministry of Education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for not-for-profit organizations. These principles are consistent with those used in prior years.

The deferral method of accounting for contributions, which includes government grants, is used by the School District. Results are reported in the operating fund, special purpose funds and the capital fund. Revenues and expenses are recorded on a gross and accrual basis.

Statement 1 (Statement of Financial Position) presents the assets, liabilities and fund balances of each fund as at June 30th. Statement 2 (Statement of Revenue and Expense), Statement 3 (Statement of Changes in Fund Balances) and Statement 4 (Statement of Cash Flows) present the annual results of each fund, changes in fund balances and cash flows for the year. Inter-fund transfers and loans are recognized in each fund and eliminated in the consolidated totals.

a) Fund Accounting

The resources and operations of the School District are segregated into various funds for accounting and financial reporting purposes based on the types of external restrictions on the use of contributions by governments or other granting agencies, and appropriations or other internal restrictions by the Board. While separate accounts are maintained for each fund, for financial statement reporting purposes, funds with similar characteristics are grouped together as described below:

- The operating fund reports assets, liabilities, revenues and expenses for general operations.
- The Special purpose funds report assets, liabilities, revenues and expenses for:
 - Contributions restricted in use by the *School Act* or the Ministry of Education;
 - Contributions restricted in use by other external bodies;
 - Endowment Funds;
 - Funds collected and used at the school level (i.e. school-generated funds);
 - Controlled and/or related entities.
- The capital fund reports assets, liabilities, revenues and expenses for capital purposes. Amounts from other funds used for capital purposes are transferred to the capital fund.

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(continued)**

b) Fund Balances

Fund balances represent resources invested in capital assets, resources internally restricted by the Board, and resources that are unrestricted (available for use in operations at the discretion of the Board).

c) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid securities with original terms to maturity of three months or less when purchased.

d) Short Term Investments

Short Term Investments include securities with terms to maturity of greater than three months and less than one year.

e) Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts.

f) Inventories

Inventories of materials held for use within the district are stated at the lower of cost and net realizable value. Cost is acquisition cost using the average costing method.

g) Prepaid Expenses

Payments for supplies and services related to the following twelve months are recorded as prepaid expenses.

h) Capital Assets

Capital assets acquired or constructed are recorded at cost. Donated capital assets are recorded at their fair market value on the date of donation. Capital asset work-in-progress is recorded as an asset acquisition at substantial completion.

Buildings and sites that no longer contribute to the district's ability to provide services are written down to residual value. Buildings that are demolished or destroyed are written off.

Amortization is recorded on a straight-line basis over the estimated useful life of the asset. The estimated useful life of each category of capital assets is as follows:

Buildings	40 years
Furniture & equipment	10 years
Vehicles	10 years
Computer hardware	5 years
Computer software	5 years

SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(continued)

Effective July 1, 2007, the School District revised its estimate of the amortization expense based on the pattern of consumption of the underlying net assets, to include amortization in the year of acquisition at one-half the normal rate.

i) Leases

Leases that transfer substantially all the benefits and risks incident to ownership of property to the Board are considered capital leases. These leases are accounted for as a capital asset and an obligation. Capital leases are amortized on a straight-line basis over the estimated useful life of the asset. Obligations recorded under capital leases are reduced by lease payments net of imputed interest.

All other leases are accounted for as operating leases with the lease payments expensed as incurred.

j) Revenue Recognition

Unrestricted operating government grants are recognized as revenue when received or become receivable. Such grants, if contributed for a future period, are deferred and reported as deferred contributions until that future period. Other unrestricted revenue, including tuition fees and sales of services and products are reported as revenue when services are provided or products are delivered.

Externally restricted contributions, grants and donations are reported as revenue depending on the nature of the restrictions imposed on the use of the funds by the contributors:

- Non-capital contributions for specific purposes are recorded as deferred contributions and recognized as revenue in the year in which related expenses are incurred.
- Contributions restricted for capital purposes are recorded as deferred contributions until the amount is invested in capital assets.
 - If the capital asset is a site, the amount invested is recorded as a direct increase to net assets invested in capital assets.
 - If the capital asset is not a site, the amount invested is recorded as a deferred capital contribution and amortized over the useful life of the asset.
 - Donated capital assets are recorded at fair market value and treated as deferred capital contributions.

Investment income is recognized as revenue when earned.

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(continued)**

k) Expenses

- **Categories of salaries**

- School Principals, School Vice-Principals, District Principals and District Vice-Principals are categorized as Principals and Vice-Principals.
- Superintendents, Assistant Superintendents, Secretary-Treasurers, Trustees and any other employees excluded from union contracts are categorized as Other Professionals.

- **Allocation of costs**

- Operating expenses are reported by function, program, and object. Whenever possible, expenses 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 regular 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 identification of program.

l) Financial Instruments

Financial instruments consist of cash, short term investments, accounts receivable, accounts payable, accrued liabilities and other current liabilities. Unless otherwise noted, it is management's opinion that the School District is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The School District has designated cash and accounts receivable as held for trading and measured them at fair value, short term investments as held to maturity and measured them at amortized cost, and accounts payable and accrued liabilities as other financial liabilities and measured them at amortized cost. The measured amounts of these financial instruments approximate their carrying value.

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(continued)**

m) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements, revenues and expenses during the reporting periods, and related disclosures. Significant areas requiring the use of management estimates relate to rates for amortization, employee future benefits, asset retirement obligations, impairment of assets and contingent liabilities. Amounts are based on best estimates but actual amounts may vary from the amounts recorded or disclosed.

n) Employee Future Benefits

The School District provides certain benefits including pensions, accumulated sick and vacation pay, retirement allowances and death benefits for certain employees pursuant to certain contracts and union agreements.

The pension plans to which most employees belong are multi-employer contributory defined benefit pension plans. Contributions to these plans are expensed in the year that they are made and are deemed to be the cost of pension benefits provided to employees (See Note 9 – Employee Pension Plans).

The School District accrues its obligations and related costs under employee future benefit plans. The future benefits cost is actuarially determined using the projected unit credit method pro-rata on service and using management's best estimate of expected salary escalation, termination and retirement rates and mortality. The discount rate used to measure obligations is based on market rates at the measurement date.

The excess of cumulative unrecognized actuarial gains (losses) over 10 percent of the accrued benefit obligation is amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan. The EARSL for employees of the School District is 9 years.

The most recent valuation of the obligation was performed at March 31, 2011 and projected to June 30, 2014. The next valuation will be performed at March 31, 2013 for use at June 30, 2013. 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.

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

o) Assessing Going Concern:

Effective July 1, 2008, the School District implemented Handbook Section 1400, General Standards of Financial Statement Presentation. This standard includes requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has made its assessment and concluded there is no issue regarding the School District's ability to continue as a going concern based on the assumption that the current funding levels are maintained and any committed additional future funding is received. If there are significant declines in funding, expenses will be adjusted to match committed funding.

p) Future Accounting Pronouncements

The School District is currently classified as a government not-for-profit organization. Under the direction of the Public Sector Accounting Standards Board (PSAB), the School District adheres to the standards for not-for-profit organizations in the CICA Handbook (Section 4400 Standards).

In accordance with a Treasury Board directive, School Districts will adopt Public Sector Accounting Standards, without not-for-profit provisions, for fiscal periods beginning on or after January 1, 2012.

The School District intends to continue applying the existing CICA Section 4400 Standards and is awaiting the finalization of the new standards. Once the new standards are finalized, the School District will determine the impact on the financial statements, including the possible need for retrospective treatment (restatement of prior year's information).

3. CASH

The Operating fund cash balance includes an amount of \$1,675,504 (2010 - \$1,738,067) that the District has determined to maintain to meet its estimated employee future benefits.

4. SHORT TERM INVESTMENTS

Investments comprise three term deposits with maturities in November 2011.

5. ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	<u>2011</u>	<u>2010</u>
Due from Federal Government	\$ 284,356	\$ 97,957
Schools Protect Program	131,875	78,696
Other	338,988	257,443
	<u>\$ 755,219</u>	<u>\$ 434,096</u>

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

6. PREPAID EXPENSES

	<u>2011</u>	<u>2010</u>
Insurance Premiums	\$ 113,896	\$ 36,520
Software Licensing and Support	48,869	16,548
Tuition	25,873	-
Memberships/Training Fees	-	10,451
Supplies	-	20,420
Postage	2,000	2,000
	<u>\$ 190,638</u>	<u>\$ 85,939</u>

7. CAPITAL ASSETS

	<u>2011</u>			<u>2010</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Sites	\$ 13,272,434	\$ -	\$ 13,272,434	\$ 13,231,185
Buildings	215,880,115	92,645,993	123,234,122	125,535,345
Furniture & Equipment	5,534,307	3,753,123	1,781,184	2,115,245
Vehicles	2,970,985	1,508,950	1,462,035	1,341,286
Computer Software	617,191	297,675	319,516	464,031
Computer Hardware	1,804,073	982,240	821,833	1,075,698
	<u>\$240,079,105</u>	<u>\$99,187,981</u>	<u>\$140,891,124</u>	<u>\$143,762,790</u>

8. ACCRUED EMPLOYEE FUTURE BENEFITS

While there are no assets held externally to fund employee future benefits, the School District has fully provided for the payment of these benefits. These benefits consist of banked sick leave and vacation time, retiring allowances and life insurance.

Reconciliation of Accrued Benefit Obligation

	<u>2011</u>	<u>2010</u>
Accrued Benefit Obligation – April 1	\$ 1,181,960	\$ 1,110,719
Service Cost	84,247	79,501
Interest Cost	58,477	78,823
Benefit Payments	(157,843)	(79,909)
Actuarial (Gain)/Loss	(20,089)	(7,174)
Accrued Benefit Obligation – March 31	<u>\$ 1,146,752</u>	<u>\$ 1,181,960</u>

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

8. ACCRUED EMPLOYEE FUTURE BENEFITS (continued)

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation – March 31	\$ 1,146,752	\$ 1,181,960
Market Value of Plan Assets – March 31	-	-
Funded Status - Surplus/(Deficit)	<u>(1,146,752)</u>	<u>(1,181,960)</u>
Employer Contributions After March 31	27,427	32,220
Unamortized Net Actuarial (Gain)/Loss	<u>(556,179)</u>	<u>(588,327)</u>
Accrued Benefit Asset/(Liability)- June 30	<u>\$ (1,675,504)</u>	<u>\$ (1,738,067)</u>

The components of the net benefit expense are as follows:

Service Cost	\$ 84,247	\$ 79,501
Interest Cost	58,477	78,823
Amortization of Net Actuarial (Gain)/Loss	<u>(52,237)</u>	<u>(55,304)</u>
	<u>\$ 90,487</u>	<u>\$ 103,020</u>

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

	<u>2011</u>	<u>2010</u>
Discount Rate – April 1	5.00%	7.00%
Discount Rate – March 31	4.75%	5.00%
Long Term Salary Growth – April 1	2.50% + seniority	3.25% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	9.0 years	9.0 years

For the purposes of determining the financial position of the plan as at June 30, 2011 and the employee future benefit costs for the year then ended, the School District has based its calculations on the March 31, 2011 actuarial valuation.

9. EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plans including investment of the assets and administration of the plans. The pension plans are multi-employer contributory defined benefit pension plans. The Teachers' Pension Plan has about 47,000 active members from school districts, and approximately 29,000 retired members from school districts. The Municipal Pension Plan has about 163,000 active members, of which approximately 23,000 are from school districts.

Every three years an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The most recent valuation of the Teachers' Pension Plan as at December 31, 2008 indicated a \$291 million unfunded liability for basic pension benefits. The next valuation will be as at December 31, 2011 with results available in late 2012. The most recent valuation for the Municipal Pension Plan as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

9. EMPLOYEE PENSION PLANS (continued)

valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the surplus or unfunded liabilities to individual employers.

School District contributions to these plans in the fiscal year ended June 30, 2011 were \$11,117,638 (2010 - \$10,298,547).

10. DEFERRED REVENUE

Deferred revenue consists of contributions received for services or products to be delivered in a future period.

Changes in deferred revenue are as follows:

	<u>2011</u>			<u>2010</u>
	<u>Offshore Tuition Fees</u>	<u>Other Amounts</u>	<u>Total</u>	<u>Total</u>
BALANCE, BEGINNING OF YEAR	<u>\$ 799,285</u>	<u>\$ 7,730</u>	<u>\$ 807,015</u>	<u>\$ 943,955</u>
Increase:				
Amounts Received	2,500,454	325,729	2,826,183	2,651,440
Decrease:				
Transfer to Revenue	<u>2,282,064</u>	<u>331,119</u>	<u>2,613,183</u>	<u>2,788,380</u>
BALANCE, END OF YEAR	<u>\$ 1,017,675</u>	<u>\$ 2,340</u>	<u>\$1,020,015</u>	<u>\$ 807,015</u>

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

11. DEFERRED CONTRIBUTIONS – MINISTRY of EDUCATION

Deferred Contributions (Ministry of Education) recorded in the special purpose fund represent government grants for repairs and maintenance and minor additions to existing buildings, aboriginal education technology and special education equipment. Deferred Contributions (Ministry of Education) recorded in the capital fund represent government grants for new or major replacements of buildings and equipment and asset disposal proceeds restricted in use by the Ministry of Education.

Changes in these deferred contributions are as follows:

	2011			2010
	Special Purpose Fund	Capital Fund	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 1,613,638	\$ 3,771,103	\$ 5,384,741	\$ 6,825,422
Increase:				
Provincial Grants –				
Ministry of Education	1,315,552	619,484	1,935,036	1,433,253
Provincial Grants - Other	60,596	-	60,596	14,970
Investment Income	5,286	37,852	43,138	23,208
	<u>1,381,434</u>	<u>657,336</u>	<u>2,038,770</u>	<u>1,471,431</u>
Decrease:				
Transfer to Revenue	2,639,362		2,693,362	1,417,074
Transfer to DSS – Capital Addition		634,568	634,568	1,495,038
	<u>2,639,362</u>	<u>634,568</u>	<u>3,273,930</u>	<u>2,912,112</u>
BALANCE, END OF YEAR	\$ 355,710	\$ 3,793,871	\$ 4,149,581	\$ 5,384,741

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

11. DEFERRED CONTRIBUTIONS – OTHER

Deferred Contributions (Other) recorded in the special purpose fund represent donations, funds generated by individual schools for extra-curricular activities and other miscellaneous sources. Deferred Contributions (Other) recorded in the capital fund represent funds received in the past from the municipality for school facilities.

Changes in these deferred contributions are as follows:

	<u>2011</u>		<u>2010</u>
	<u>Special Purpose Fund</u>	<u>Capital Fund</u>	<u>Total</u>
BALANCE, BEGINNING OF YEAR	<u>\$ 1,482,026</u>	<u>\$ 124,379</u>	<u>\$ 1,606,405</u>
Increase:			
Provincial Grants – Other	2,000		37,158
School Generated Funds	2,769,560		2,549,253
Investment Income	18,487		7,886
Other Revenue	192,234		317,660
	<u>2,982,281</u>		<u>2,911,957</u>
Decrease:			
Transfer to Revenue	3,026,137		2,661,675
	<u>3,026,137</u>		<u>2,661,675</u>
BALANCE, END OF YEAR	<u>\$ 1,438,170</u>	<u>\$ 124,379</u>	<u>\$ 1,562,549</u>

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

12. DEFERRED CAPITAL CONTRIBUTIONS

Deferred Capital Contributions represent the unamortized balance of externally restricted funding used to purchase capital assets. These contributions will be recognized as revenue in future periods on the same basis as the amortization of the related capital assets.

Changes in these deferred capital contributions are as follows:

	2011	2010
BALANCE, BEGINNING OF YEAR	<u>\$ 105,355,390</u>	<u>\$ 108,478,574</u>
Increase:		
Transfer from Deferred Contributions	634,568	1,495,038
Decrease:		
Amortization of Deferred Capital Contributions	<u>4,561,627</u>	<u>4,618,222</u>
	<u>4,561,627</u>	<u>4,618,222</u>
BALANCE, END OF YEAR	<u><u>\$ 101,428,331</u></u>	<u><u>\$ 105,355,390</u></u>

13. LEASE OBLIGATIONS AND CAPITAL COMMITMENTS

The School District is committed under various capital lease agreements for vehicles and equipment and under other operating leases for equipment. At June 30 2011, the future minimum lease payments under these leases were:

YEAR	Capital	Operating
2011/2012	\$ 128,952	\$ 255,773
2012/2013	129,711	229,639
2013/2014	120,872	226,000
2014/2015	66,090	-
2015/2016	13,115	-
2016/2017	-	-
Lease Obligation	<u>458,740</u>	<u>\$ 711,412</u>
Less: Current Portion	<u>128,952</u>	
Non-current Capital Lease Obligation	<u><u>\$ 329,788</u></u>	

The School District has committed to capital expenditures to upgrade current facilities. The outstanding capital commitments at year end were \$1,004,164 (2010 - \$1,185,178). The expenditures will be funded by capital grants.

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

14. ASSET RETIREMENT OBLIGATION

The District is subject to environmental laws and regulations enacted by the Province and local authorities.

The District currently provides educational programs in 40 schools. It also operates a number of administrative support buildings. Many of these schools and buildings were constructed prior to the implementation of current asbestos removal regulations and asbestos containing materials were utilized in their construction. The nature and extent of asbestos construction material varies from building to building.

Upon the retirement of these District buildings, either through demolition or sale, the District may incur removal costs or realize reduced sale proceeds because of the presence of asbestos. The District has made no provision for the financial impact of removal costs or reduced sale proceeds as they cannot be reasonably estimated due to the indeterminate nature and date of potential future retirements.

15. FUND BALANCES, END OF YEAR

OPERATING FUND	2011	2010
Internally Restricted (appropriated) by Board for:		
2011/12 Operating Budget	\$ 575,000	\$ -
Community Schools	96,000	94,000
Aboriginal Education Programs	79,000	28,000
Federal French Programs	72,000	68,000
School Supplies and Learning Resources	68,000	167,000
Asset Management Plan	60,000	-
Project Student Success	31,500	-
Education Initiatives	28,000	-
Primary Project	25,000	-
Human Resources	20,000	-
Immigrant Youth at Risk Program	17,000	33,000
Ready Set Learn	14,000	29,000
Judicial Review	12,000	-
Strong Start Centres Grant	10,000	-
Other	6,000	4,000
Community Link Programs	-	46,000
GPS/Fleet Consultation	-	40,000
Community Connections	-	35,000
Literacy Programs	-	10,000
	\$ 1,113,500	\$ 554,000

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

15. FUND BALANCES, END OF YEAR (continued)

Unrestricted Operating Surplus	<u>126,185</u>	<u>192,021</u>
Total Available for Future Operations	<u>\$ 1,239,685</u>	<u>\$ 746,021</u>
CAPITAL FUND		
Invested in Capital Assets	<u>\$ 38,367,735</u>	<u>\$ 37,342,022</u>
Local Capital	<u>188,451</u>	<u>319,159</u>
	<u>\$ 38,556,186</u>	<u>\$ 37,661,181</u>

16. INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds are reported on Statement 3. For the year ended June 30, 2011 the transfers were as follows:

- A transfer in the amount of \$2,197,958 was made from the special purpose fund to the capital fund for capital purchases made during the year.
- A transfer in the amount of \$356,456 was made from the operating fund to the capital fund for capital purchases made during the year.
- A transfer in the amount of \$130,656 was made from the operating fund budget to the capital fund for capital purchases made during the year.

17. 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. Unless otherwise disclosed, transactions with related entities are generally considered to be in the normal course of operations and are recorded at the exchange amount.

18. NANAIMO-LADYSMITH SCHOOLS FOUNDATION

The School District and the Nanaimo-Ladysmith Schools Foundation (the "Foundation") have a mutually supportive relationship whereby the Foundation acts as a fundraising agency for the students in School District No. 68, and the School District provided the Foundation with financial and administrative support. The Foundation is a separate legal entity, has its own Board of Directors and is a registered charity under the provisions of the Income Act of Canada.

During the year, the School District received \$13,500 from the Foundation which is included in Other Revenue. The Foundation also provided miscellaneous grants directly to Schools. The School District provided contributions of \$161,912 to provided administrative assistance and support to the Foundation and also provided office space.

**SCHOOL DISTRICT NO. 68 (NANAIMO-LADYSMITH)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

19. CONTINGENT LIABILITIES

Each year the School District is involved with a number of legal actions and arbitrations. Although the outcomes of these matters are not determinable at this time, management believes they will not have a material adverse effect on the School District's financial position or results of operations.

20. BUDGET FIGURES

Budget figures included in the unaudited schedules to the financial statements were approved by the Board of Education through the adoption of an amended annual budget on January 31, 2011.

21. ECONOMIC DEPENDENCE

Operations of the School District are dependent on continued funding from the Ministry of Education and various governmental agencies to carry out its programs. These financial statements have been prepared in accordance with Canadian GAAP for not-for-profit organizations. This contemplates continuation of the School District as a "going concern".

22. CAPITAL MANAGEMENT

The School District defines capital as fund balances (operating fund, special purpose funds, and capital fund). The School District receives the majority of these operating and capital funds from the Ministry of Education.

The School District's objective when managing capital is to meet its current operating budget with the current funding available from the Ministry and other sources and to complete the budgeted capital expansions and improvements with the capital funding available from the Ministry. The School District manages its capital structure in conjunction with the Ministry and makes adjustments to its expenses in order to ensure operating deficits are eliminated, as under the School Act, Boards of Education are not permitted to incur operating deficits without the approval of the Minister of Education. Currently, the School District's strategy is to obtain reductions in spending, but minimizing any direct impact on the classrooms. This will include reductions in administrative costs, general supplies and services, and teacher staffing. The focus is to ensure that service levels are preserved, while not exceeding the funding granted by the Ministry.

The School District is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes are accumulated in the special purposes fund or capital fund and must be used for the purpose outlined by the funding party. The School District has complied with the restrictions on any external funding provided.

23. COMPARATIVE AMOUNTS

Certain comparative figures have been restated to conform to the current year's presentation.

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
OPERATING FUND
SURPLUS (DEFICIT)
YEAR ENDED JUNE 30, 2011

Schedule A1

	2011		
	2011	2011	2010
	ACTUAL	AMENDED ANNUAL BUDGET	ACTUAL
REVENUE			
Provincial Grants - Ministry of Education	\$ 118,527,513	\$ 118,298,206	\$ 115,565,622
Provincial Grants - Other	152,772	141,454	1,552,755
Other Revenue	5,616,609	5,589,273	5,967,489
Rentals and Leases	443,925	421,000	370,829
Investment Income	74,230	70,000	67,757
	<u>124,815,049</u>	<u>124,519,933</u>	<u>123,524,452</u>
EXPENSE			
Salaries			
Teachers	55,048,035	54,611,817	54,564,052
Principals and Vice Principals	6,237,890	6,255,632	6,484,597
Educational Assistants	10,337,557	10,374,083	10,731,258
Support Staff	11,979,634	11,833,576	12,202,263
Other Professionals	2,284,062	2,304,821	2,337,260
Substitutes	5,151,830	4,924,694	5,131,161
	<u>91,039,008</u>	<u>90,304,623</u>	<u>91,450,591</u>
Employee Benefits	21,660,645	21,699,103	20,458,799
Services and Supplies	11,134,620	12,555,728	11,484,098
	<u>123,834,273</u>	<u>124,559,454</u>	<u>123,393,488</u>
NET REVENUE (EXPENSE), FOR THE YEAR	980,776	(39,521)	130,964
INTERFUND TRANSFERS			
Capital Assets Purchased	(356,456)	(676,500)	(342,492)
Local Capital	(130,656)		(65,387)
OTHER ADJUSTMENTS TO OPERATING FUND BALANCE			
BUDGETED ALLOCATION (RETIREMENT) OF SURPLUS (DEFICIT)		716,021	
SURPLUS (DEFICIT), FOR THE YEAR	493,664	\$ -	(276,915)
SURPLUS (DEFICIT), BEGINNING OF YEAR	746,021		1,022,936
SURPLUS (DEFICIT), END OF YEAR			
(Section 156 (12) of School Act)	<u>\$ 1,239,685</u>		<u>\$ 746,021</u>
SURPLUS (DEFICIT), END OF YEAR			
Internally Restricted	1,113,500		
Unrestricted	126,185		
	<u>\$ 1,239,685</u>		

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
OPERATING FUND
COMPARATIVE SCHEDULE OF REVENUE BY SOURCE
YEAR ENDED JUNE 30, 2011

Schedule A2

	2011	2011	2010
	ACTUAL	AMENDED ANNUAL BUDGET	ACTUAL
PROVINCIAL GRANTS - MINISTRY OF EDUCATION			
Operating Grant, Ministry of Education	\$ 117,835,475	\$ 117,761,409	\$ 116,276,156
INAC/LEA Recovery	(2,281,172)	(2,329,720)	(2,329,720)
Other Ministry of Education Grants			
Community Link	2,146,757	2,144,554	764,224
Additional Ministry Grants	79,242	80,913	62,452
Carbon Tax	70,707	50,000	76,256
Early Learning and Strong Start	240,000	240,000	279,750
Literacy and Ready Set Learn	71,050	71,050	71,050
Pay Equity	160,000	160,000	160,000
French Language	205,454	140,000	205,454
	<u>118,527,513</u>	<u>118,298,206</u>	<u>115,565,622</u>
PROVINCIAL GRANTS - OTHER	<u>152,772</u>	<u>141,454</u>	<u>1,552,755</u>
FEDERAL GRANTS			
OTHER REVENUE			
Other School District/Education Authorities	403,779	403,979	414,027
Offshore Tullon Fees	2,282,064	2,260,000	2,293,858
LEA/Direct Funding from First Nations	2,281,172	2,329,720	2,329,720
Miscellaneous			
Cafeteria Revenue	227,237	250,000	256,781
Industry Training Grants	100,006	130,000	139,494
BCPSEA (Trades Adl., CUPE, LMA, SSEAC)	31,338	31,574	300,485
BC Hydro (Energy Manager Grant)	94,925	95,500	-
Other	196,088	88,500	233,124
	<u>5,616,609</u>	<u>5,589,273</u>	<u>5,967,489</u>
RENTALS AND LEASES	<u>443,925</u>	<u>421,000</u>	<u>370,829</u>
INVESTMENT INCOME	<u>74,230</u>	<u>70,000</u>	<u>67,757</u>
TOTAL OPERATING REVENUE	<u>\$ 124,815,049</u>	<u>\$ 124,519,933</u>	<u>\$ 123,524,452</u>

**SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
OPERATING FUND
COMPARATIVE SCHEDULE OF EXPENSE BY OBJECT
YEAR ENDED JUNE 30, 2011**

Schedule A3

	2011		
	2011 ACTUAL	AMENDED ANNUAL BUDGET	2010 ACTUAL
SALARIES			
Teachers	\$ 55,048,035	\$ 54,611,817	\$ 54,564,052
Principals and Vice Principals	6,237,890	6,255,632	6,484,597
Educational Assistants	10,337,557	10,374,083	10,731,258
Support Staff	11,979,634	11,833,576	12,202,263
Other Professionals	2,284,062	2,304,821	2,337,260
Substitutes	5,151,830	4,924,694	5,131,161
	<u>91,039,008</u>	<u>90,304,623</u>	<u>91,450,591</u>
EMPLOYEE BENEFITS	21,660,645	21,699,103	20,458,799
TOTAL SALARIES AND BENEFITS	<u>112,699,653</u>	<u>112,003,726</u>	<u>111,909,390</u>
SERVICES AND SUPPLIES			
Services	2,172,680	2,502,214	2,054,339
Student Transportation	160,325	193,059	204,774
Professional Development and Travel	709,439	710,049	672,347
Rentals and Leases	61,783	77,900	146,216
Dues and Fees	310,672	370,490	353,092
Insurance	233,007	252,432	255,933
Supplies	5,213,210	6,264,979	5,650,108
Utilities	2,273,504	2,184,605	2,147,289
TOTAL SERVICES AND SUPPLIES	<u>11,134,620</u>	<u>12,555,728</u>	<u>11,484,098</u>
TOTAL OPERATING EXPENSE	<u>\$ 123,834,273</u>	<u>\$ 124,559,454</u>	<u>\$ 123,393,488</u>

**SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
OPERATING FUND
EXPENSE BY FUNCTION, PROGRAM AND OBJECT
YEAR ENDED JUNE 30, 2011**

Schedule A4.1

	TEACHERS SALARIES	PRINCIPALS & VICE PRINCIPALS SALARIES	EDUCATIONAL ASSISTANTS SALARIES	SUPPORT STAFF SALARIES	OTHER PROFESSIONALS SALARIES	SUBSTITUTES SALARIES	TOTAL SALARIES
1 INSTRUCTION							
1.02 Regular Instruction	\$ 44,383,786	\$ 1,097,274	\$ 1,009,200	\$ 65,574		\$ 3,109,922	\$ 49,665,726
1.03 Career Programs	48,743		121,049			6,894	176,686
1.07 Library Services	1,188,565	41,526		312,412		61,165	1,603,668
1.08 Counselling	1,192,303					54,696	1,246,999
1.10 Special Education	6,950,905	300,571	7,988,729	98,369		925,001	16,154,575
1.30 English as a Second Language	436,186	94,917	48,638			25,947	545,688
1.31 Aboriginal Education	659,677	107,369	824,249	42,101		84,343	1,717,769
1.41 School Administration	49,034	4,357,346		2,687,744		550,895	7,645,019
1.62 Off Shore Students	115,926	115,676		68,570	94,044	24,342	418,568
1.64 Other	22,940		313,165	28,958		5,435	370,498
Total Function 1	55,048,035	6,054,709	10,255,030	3,244,728	94,044	4,949,640	79,545,186
4 DISTRICT ADMINISTRATION							
4.11 Educational Administration		119,942		121,129	584,984		826,055
4.40 School District Governance				43,243	208,578		251,821
4.41 Business Administration		63,239	35,314	827,832	668,315	35,560	1,630,250
Total Function 4	-	183,181	35,314	992,204	1,461,877	35,560	2,708,126
5 OPERATIONS AND MAINTENANCE							
5.41 Operations and Maintenance Administration			47,213	379,361	422,170	21,196	869,940
5.50 Maintenance Operations				5,799,469	225,663	196,207	6,221,339
5.52 Maintenance of Grounds				639,899			639,899
5.56 Utilities				39,945			39,945
Total Function 5	-	-	47,213	6,856,674	647,833	217,403	7,771,123
7 TRANSPORTATION AND HOUSING							
7.41 Transportation and Housing Administration				43,320	80,308		123,628
7.70 Student Transportation				840,708		50,237	890,945
Total Function 7	-	-	-	884,028	80,308	50,237	1,014,573
9 DEBT SERVICES (OPERATING)							
Total Function 9	-	-	-	-	-	-	-
TOTAL FUNCTIONS 1 - 9	\$ 55,048,035	\$ 6,237,890	\$ 10,337,557	\$ 11,979,634	\$ 2,284,062	\$ 5,151,830	\$ 91,039,008

**SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
OPERATING FUND
EXPENSE BY FUNCTION, PROGRAM AND OBJECT
YEAR ENDED JUNE 30, 2011**

Schedule A4.2

	TOTAL SALARIES	EMPLOYEE BENEFITS	TOTAL SALARIES AND BENEFITS	SERVICES AND SUPPLIES	2011 ACTUAL	2011 AMENDED ANNUAL BUDGET	2010 ACTUAL
1 INSTRUCTION							
1.02 Regular Instruction	\$ 49,665,726	\$ 11,945,600	\$ 61,611,326	\$ 2,901,651	\$ 64,512,977	\$ 65,833,154	\$ 63,772,418
1.03 Career Programs	176,688	50,794	227,480	228,304	455,784	533,592	491,056
1.07 Library Services	1,603,668	372,881	1,976,549	86,681	2,062,230	2,271,293	2,048,958
1.08 Counselling	1,246,998	272,108	1,519,107	2,364	1,521,471	1,298,784	1,564,108
1.10 Special Education	16,154,575	4,108,917	20,263,492	321,248	20,584,740	19,928,026	20,865,076
1.30 English as a Second Language	545,688	138,228	683,916	18,866	702,782	597,410	672,815
1.31 Aboriginal Education	1,717,789	405,305	2,123,074	137,083	2,260,157	2,387,140	2,113,092
1.41 School Administration	7,645,019	1,750,617	9,395,638	192,925	9,588,561	9,228,745	9,721,751
1.62 Off Shore Students	418,568	99,363	517,921	503,234	1,021,155	1,038,039	904,223
1.64 Other	370,498	88,992	459,490	325,103	784,593	887,930	763,680
Total Function 1	79,545,186	19,232,805	98,777,991	4,716,459	103,494,450	103,980,113	102,917,177
4 DISTRICT ADMINISTRATION							
4.11 Educational Administration	826,055	171,388	997,443	95,298	1,092,741	1,148,198	1,091,804
4.40 School District Governance	251,821	37,067	288,888	144,473	433,361	449,044	438,485
4.41 Business Administration	1,630,250	324,965	1,955,215	623,355	2,578,570	2,611,699	2,798,383
Total Function 4	2,708,126	533,420	3,241,546	863,126	4,104,672	4,208,941	4,328,672
5 OPERATIONS AND MAINTENANCE							
5.41 Operations and Maintenance Administration	869,940	148,707	1,018,647	318,810	1,335,457	1,553,366	1,320,084
5.50 Maintenance Operations	6,221,539	1,417,728	7,639,267	2,170,116	9,809,183	9,756,258	10,008,460
5.52 Maintenance of Grounds	639,899	128,777	768,676	240,063	1,008,729	1,126,244	1,001,694
5.56 Utilities	39,945	7,006	46,951	2,391,772	2,438,723	2,430,281	2,249,183
Total Function 5	7,771,123	1,700,218	9,471,341	5,120,751	14,592,092	14,866,151	14,580,451
7 TRANSPORTATION AND HOUSING							
7.41 Transportation and Housing Administration	123,628	25,703	149,331	23,813	173,144	171,882	167,736
7.70 Student Transportation	890,945	168,489	1,059,434	410,471	1,469,915	1,332,387	1,398,452
Total Function 7	1,014,573	184,202	1,208,775	434,284	1,643,059	1,504,249	1,567,188
9 DEBT SERVICES (OPERATING)							
Total Function 9	-	-	-	-	-	-	-
TOTAL FUNCTIONS 1 - 9	\$ 91,039,008	\$ 21,660,645	\$ 112,699,653	\$ 11,134,620	\$ 123,834,273	\$ 124,569,454	\$ 123,393,488

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
 SPECIAL PURPOSE FUNDS
 SUMMARY OF CHANGES
 YEAR ENDED JUNE 30, 2011

	MINISTRY OF EDUCATION DESIGNATED	OTHER	SCHOOL GENERATED FUNDS	RELATED ENTITIES	TOTAL
DEFERRED CONTRIBUTIONS					
DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	\$ 1,612,717	\$ 260,256	\$ 1,222,691		\$ 3,095,664
Add: Contributions Received					
Provincial Grants - Ministry of Education	1,315,552	2,000			1,317,552
Other	50,596	192,234	2,769,560		3,022,390
Investment Income	5,286		18,487		23,773
	1,381,434	194,234	2,788,047		4,363,715
Less: Allocated to Revenue	2,638,766	233,087	2,793,616		5,665,469
DEFERRED CONTRIBUTIONS, END OF YEAR	\$ 365,365	\$ 221,393	\$ 1,217,122	\$ -	\$ 1,793,880
REVENUE AND EXPENSE					
REVENUE					
Provincial Grants - Ministry of Education	2,582,904	576			2,583,480
Other Revenue	50,596	232,521	2,775,129		3,058,246
Investment Income	5,286		18,487		23,773
	2,638,786	233,087	2,793,616		5,665,469
EXPENSE					
Salaries					
Teachers		55,772	11,263		67,035
Principals and Vice Principals			320		320
Support Staff			29,988		29,988
Substitutes		20,807	29,100		50,007
Employee Benefits		76,679	70,671		147,350
Services and Supplies	543,324	4,099	16,379		20,477
	543,324	82,563	2,673,627		3,299,714
	543,324	163,341	2,760,876		3,467,541
NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS	2,095,462	66,756	32,740		2,197,958
INTERFUND TRANSFERS					
Capital Assets Purchased	(2,095,462)	(66,756)	(32,740)		(2,197,958)
	(2,095,462)	(66,756)	(32,740)		(2,197,958)
NET REVENUE (EXPENSE)	\$ -	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
SPECIAL PURPOSE FUNDS
CHANGES IN MINISTRY OF EDUCATION DESIGNATED SPECIAL PURPOSE FUNDS
YEAR ENDED JUNE 30, 2011

	207 Annual Facility Grant	231 Aboriginal Education Technology	250 Special Education Equipment	TOTAL
DEFERRED CONTRIBUTIONS				
DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	\$ 1,388,956	\$ 74,805	\$ 148,958	\$ 1,612,717
ADD: Contributions Received				
Provincial Grants - Ministry of Education	1,271,073		44,479	1,315,552
Other	60,596			60,596
Investment Income	5,286			5,286
	1,336,955	-	44,479	1,381,434
Less: Allocated to Revenue	2,615,319	5,199	18,268	2,638,786
DEFERRED CONTRIBUTIONS, END OF YEAR	\$ 110,592	\$ 69,606	\$ 175,167	\$ 355,365
REVENUE AND EXPENSE				
REVENUE				
Provincial Grants - Ministry of Education	\$ 2,559,437	\$ 5,199	\$ 18,268	\$ 2,582,904
Other Revenue	50,596			50,596
Investment Income	5,286			5,286
	2,615,319	5,199	18,268	2,638,786
EXPENSE				
Salaries				
Services and Supplies				
	519,857	5,199	18,268	543,324
	519,857	5,199	18,268	543,324
NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS	2,095,462	-	-	2,095,462
INTERFUND TRANSFERS				
Capital Assets Purchased	(2,095,462)			(2,095,462)
	(2,095,462)	-	-	(2,095,462)
NET REVENUE (EXPENSE)	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
 SPECIAL PURPOSE FUNDS
 CHANGES IN OTHER SPECIAL PURPOSE FUNDS
 YEAR ENDED JUNE 30, 2011

	Donations	Misc Grants	Aboriginal Implementation	TOTAL
DEFERRED CONTRIBUTIONS				
DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	\$ 12,885	\$ 246,450	\$ 921	\$ 260,256
Add: Contributions Received				
Provincial Grants - Ministry of Education		2,000		2,000
Other	38,524	153,710		192,234
	38,524	155,710	-	194,234
Less: Allocated to Revenue	40,232	192,289	576	233,097
DEFERRED CONTRIBUTIONS, END OF YEAR	\$ 11,177	\$ 209,871	\$ 345	\$ 221,393
REVENUE AND EXPENSE				
REVENUE				
Provincial Grants - Ministry of Education			\$ 576	\$ 576
Other Revenue	40,232	192,289		232,521
	40,232	192,289	576	233,097
EXPENSE				
Salaries				
Teachers		55,772		55,772
Substitutes		20,907		20,907
		76,679		76,679
Employee Benefits		4,069		4,069
Services and Supplies	40,232	41,755	576	82,563
	40,232	122,633	576	163,441
NET REVENUE (EXPENSE) BEFORE INTERFUND TRANSFERS	-	68,756	-	68,756
INTERFUND TRANSFERS				
Capital Assets Purchased		(68,756)		(68,756)
NET REVENUE (EXPENSE)	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
 CAPITAL FUND
 CAPITAL ASSETS
 YEAR ENDED JUNE 30, 2011

	SITES	BUILDINGS	FURNITURE AND EQUIPMENT	VEHICLES	COMPUTER SOFTWARE	COMPUTER HARDWARE	TOTAL
COST, BEGINNING OF YEAR	\$ 13,231,185	\$ 213,324,499	\$ 7,089,218	\$ 2,801,560	\$ 717,495	\$ 2,376,229	\$ 239,340,176
Changes for the Year							
Increase:							
Purchases from:							
Deferred Contributions - Bylaw		343,879	64,653	228,036			634,568
Operating Fund		5,121	74,921	19,285	6,001	251,128	356,456
Special Purpose Funds	41,249	2,123,969	32,740				2,197,958
Local Capital		82,657	222,279				304,936
Capital Lease				155,636	(7,133)	(5,147)	143,356
	41,249	2,555,626	394,593	400,957	(1,132)	245,981	3,637,274
Decrease:							
Deemed Disposals			1,949,504	31,532	99,172	818,137	2,898,345
			1,949,504	31,532	99,172	818,137	2,898,345
COST, END OF YEAR	13,272,434	215,880,115	5,634,307	2,970,985	617,191	1,804,073	240,079,105
WORK IN PROGRESS, END OF YEAR							
COST AND WORK IN PROGRESS, END OF YEAR	\$ 13,272,434	\$ 215,880,115	\$ 5,634,307	\$ 2,970,985	\$ 617,191	\$ 1,804,073	\$ 240,079,105
ACCUMULATED AMORTIZATION, BEGINNING OF YEAR							
Changes for the Year							
Increase: Amortization for the Year		\$ 87,789,144	\$ 4,973,973	\$ 1,260,274	\$ 253,464	\$ 1,300,531	\$ 95,577,386
Decrease:							
Deemed Disposals		4,856,849	728,654	280,208	143,383	499,846	6,508,940
			1,949,504	31,532	99,172	818,137	2,898,345
			1,949,504	31,532	99,172	818,137	2,898,345
ACCUMULATED AMORTIZATION, END OF YEAR	\$ -	\$ 92,645,993	\$ 3,753,123	\$ 1,508,950	\$ 297,675	\$ 982,240	\$ 99,187,881
CAPITAL ASSETS - NET	\$ 13,272,434	\$ 123,234,122	\$ 1,781,184	\$ 1,462,035	\$ 319,516	\$ 821,833	\$ 140,891,124

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
 CAPITAL FUND
 CAPITAL ASSETS - WORK IN PROGRESS
 YEAR ENDED JUNE 30, 2011

	BUILDINGS	FURNITURE AND EQUIPMENT	COMPUTER SOFTWARE	COMPUTER HARDWARE	TOTAL
WORK IN PROGRESS, BEGINNING OF YEAR					\$ -
Changes for the Year					
Increase	-	-	-	-	-
Decrease	-	-	-	-	-
Net Changes for the Year	-	-	-	-	-
WORK IN PROGRESS, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
CAPITAL FUND
DEFERRED CAPITAL CONTRIBUTIONS
YEAR ENDED JUNE 30, 2011

Schedule C3

	BYLAW CAPITAL	OTHER PROVINCIAL	OTHER CAPITAL	TOTAL CAPITAL
DEFERRED CAPITAL CONTRIBUTIONS, BEGINNING OF YEAR	\$ 103,950,776	\$ 1,404,614		\$ 105,355,390
Changes for the Year				
Increase				
Transferred from Deferred Contributions - Capital Additions	634,568			634,568
	<u>634,568</u>	<u>-</u>	<u>-</u>	<u>634,568</u>
Decrease				
Amortization of Deferred Capital Contributions	4,526,021	35,606		4,561,627
	<u>4,526,021</u>	<u>35,606</u>	<u>-</u>	<u>4,561,627</u>
Net Changes for the Year	<u>(3,891,453)</u>	<u>(35,606)</u>	<u>-</u>	<u>(3,927,059)</u>
DEFERRED CAPITAL CONTRIBUTIONS, END OF YEAR	<u>\$ 100,059,323</u>	<u>\$ 1,369,008</u>	<u>\$ -</u>	<u>\$ 101,428,331</u>
WORK IN PROGRESS, BEGINNING OF YEAR				\$ -
Changes for the Year				
Increase				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Decrease				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
WORK IN PROGRESS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL DEFERRED CAPITAL CONTRIBUTIONS, END OF YEAR	<u>\$ 100,059,323</u>	<u>\$ 1,369,008</u>	<u>\$ -</u>	<u>\$ 101,428,331</u>

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
 CAPITAL FUND
 CHANGES IN DEFERRED CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2011

	BYLAW CAPITAL	MINISTRY OF EDUCATION RESTRICTED CAPITAL	OTHER PROVINCIAL CAPITAL	LAND CAPITAL	OTHER CAPITAL	TOTAL
BALANCE, BEGINNING OF YEAR	\$ 602,536	\$ 3,168,567	\$ -	\$ 124,379	\$ -	\$ 3,895,482
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	619,484	37,852				619,484
Investment Income	619,484	37,852				37,852
						657,336
Decrease:						
Transferred to DCC - Capital Additions	634,568					634,568
	634,568					634,568
	(15,084)	37,852				22,768
Net Changes for the Year	\$ 587,452	\$ 3,206,419	\$ -	\$ 124,379	\$ -	\$ 3,918,250
BALANCE, END OF YEAR						

BALANCE, BEGINNING OF YEAR

Changes for the Year

Increase:
 Provincial Grants - Ministry of Education
 Investment Income

Decrease:
 Transferred to DCC - Capital Additions

Net Changes for the Year

BALANCE, END OF YEAR

SCHOOL DISTRICT No. 68 (NANAIMO-LADYSMITH)
CAPITAL FUND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2011

Schedule C5

	INVESTED IN CAPITAL ASSETS	LOCAL CAPITAL	FUND BALANCE
BALANCE, BEGINNING OF YEAR	\$ 37,342,022	\$ 319,159	\$ 37,661,181
Changes for the Year			
Investment Income		2,444	2,444
Amortization of Deferred Capital Contributions	4,561,627		4,561,627
Capital Assets Purchased from Local Capital	304,937	(304,937)	-
Interfund Transfers - Capital Assets Purchased	2,554,414		2,554,414
Interfund Transfers - Local Capital		130,656	130,656
Amortization of Capital Assets	(6,508,940)		(6,508,940)
Other Revenue		169,604	169,604
Capital Lease Payments - Interest		(14,800)	(14,800)
Capital Lease Payments - Principal	113,675	(113,675)	-
Net Changes for the Year	1,025,713	(130,708)	895,005
BALANCE, END OF YEAR	\$ 38,367,735	\$ 188,451	\$ 38,556,186