



# GUIDE TO FINANCIAL STATEMENTS



Prepared September 2017

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## Purpose

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Our goal at the Coquitlam School District is to make information sharing and reporting convenient, accessible and relevant to our stakeholders. The information contained in this guide is intended to provide you with increased understanding of the District's financial statements.

This guide provides examples and explanations of the typical information contained in the District's annual audited financial statements and references figures from our 2016-17 financial statements. However, please note that while these figures will vary year to year, the categories and explanations will remain the same. This guide will be of interest to the community and stakeholders who would like to interpret and better understand the information provided in the financial statements.

Financial statements are intended to report on financial condition as at June 30<sup>th</sup> annually, to ensure accountability and transparency, and to assist the District with long term strategic planning. Financial statements are an important tool for the Board of Education and management to use in reporting to the community, stakeholders and government on the fulfillment of education services through the available financial resources.

## Legislative Requirements & Reporting Standards

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The *School Act* requires that every School District in the province prepare annual audited financial statements, a copy of which must be submitted to the Minister of Education by September 30<sup>th</sup> and prepared for distribution to the public before December 31<sup>st</sup>. The financial statements must be prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* utilizing Canadian public sector accounting standards except in regard to accounting for government transfers.

Requirements for government transfers requires School Districts to recognize these transfers made for the purposes of capital asset acquisitions into revenue on the same basis as the related amortization expense. Canadian public sector accounting standards would require these grants to be fully recognized into revenue.

Financial statements provide information on a School District's financial position in terms of its assets and liabilities, its net financial assets (or net debt), its accumulated surplus (or deficit), and its tangible capital assets and other non-financial assets. Financial statements also provide a meaningful summary of the sources, allocation and consumption of School District financial resources, how the activities of the period have affected the District's net financial assets (or debt), how District activities were financed and how cash requirements were met. Each indicator gives the readers of the financial statements information about the status of the District's finances.

Financial statements must include a Statement of Financial Position, Statement of Operations, Statement of Cash Flows, and Statement of Change in Net Financial Assets (or Net Debt). Additional supplementary information is provided in Notes to the Financial Statements and additional unaudited informational schedules.

It is important to note that financial statements are prepared in accordance with the *Budget Transparency and Accountability Act*, not the *Public Sector Accounting Board*. As a result, Note 1 to the Financial Statements explains how the two reporting standards are different and provides a reconciliation between the two.

## Introduction

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The four required statements that comprise the School District's financial statements are presented as a sample here along with explanatory notes, an overview of the supplemental schedules and helpful tips. A checklist to assist readers of the financial statements with analysis and evaluation of the statements can be found near the end of this guide. A glossary of terms is also included.

In BC, financial statements must be prepared by School Districts on an annual basis in accordance with the provisions set out in the *Budget Transparency and Accountability Act* and guidance provided by the Ministry of Education.

The four main components to the financial statements of the District which are externally audited by an independent audit firm are:

1. **Statement of Financial Position** – required statement that reports on:
  - assets – what the District owns or controls;
  - liabilities – what the District owes; and
  - accumulated surplus – what remains after the assets have been used to meet the liabilities.
2. **Statement of Operations** – required statement that reports on:
  - revenues – provincial Ministry grants, grants from other government departments or agencies out of province, student tuition fees, summer programs, investment and rental income;
  - expenses – cost of each service (e.g. education instruction, administration, facilities and maintenance, transportation) and debt services; and
  - results for a fiscal year or reporting period – net surplus or deficit.
3. **Statement of Change in Net Financial Assets (Debt)** – required statement that:
  - explains the difference between the annual surplus or deficit and the change in net financial assets (or net debt);
  - reports spending to acquire tangible capital assets and prepaid expenses; and
  - reports disposal of tangible capital assets and the use of prepaid expenses.
4. **Statement of Cash Flows** – required statement that:
  - identifies where cash came from;
  - shows how cash was used; and
  - provides details on changes in cash and cash equivalents since the previous reporting period.

In addition to the above four required statements, there are components of the financial statements that are important to note below.

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

The Notes to the Financial Statements include useful information which support the Financial Statements. For example:

1. Accounting policies – describe the accounting methods chosen when there are options or significant elements of the financial statements worthy of explanations.
2. Investments – the composition of the portfolio.
3. Unearned Revenues – primarily International Education income received in advance of subsequent school years.
4. Deferred Capital Revenue – the alignment of provincial capital contributions in the matching of capital asset amortization.
5. Employee Future Benefit Obligations – the future pay-out commitments associated with employee terminations and retirements, and benefits in retirement.
6. Capital Lease Obligations – commitments made by the District for the leasing of capital assets.
7. Tangible Capital Assets – on a historical basis, the value of assets owned, the amount consumed and the remaining life.
8. Other Contractual Obligations and Contingencies – primarily related to capital assets and construction or the improvement of facilities.
9. Accumulated Surplus – the nature, composition and amount of the reserves held for risk management, future asset replacement and capital work in process.
10. Surplus – details of how surplus funds are designated.
11. Risk – a detailed description of significant risk that the financial assets of the District are exposed to.

**Schedules:** a number of supplemental schedules that are included in the financial statements (but are not audited) provide a more in-depth review of the District’s financial expenses by operating area.

- **Schedule of Changes in Accumulated Surplus (Deficit):** provides information about the District’s activities that resulted in an increase or decrease in accumulated surplus; breaks down all the components of the accumulated surplus.
- **Schedule of Operating Operations:** provides a summary of revenues and expenses allocated to programs by type and expenditures by type for each program area.
- **Schedule of Special Purpose Operations:** provides summary of revenues and expenses allocated to programs where the revenues received are a “restricted contribution”; restricted contribution means a contribution that is subject to a legislative or contractual stipulation or restriction as to its use other than a contribution or part of a contribution that is of, or for the purpose of acquiring land

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

The complete package of the District's Financial Statements, Notes and Schedules can be found within the 2017 Audited Financial Statements on the District website at:

<http://www.sd43.bc.ca/District/Departments/Finance/Pages/default.aspx>

# Statement of Financial Position

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The Statement of Financial Position reports on a School District's assets, liabilities and accumulated surplus. A review of this statement should be in the context of a long-term view of the District's financial health, and not focus solely on how much money is currently in the bank. A reader should consider whether the District has the necessary assets to provide future services and whether there are sufficient future revenues to cover existing liabilities.

A **Net Financial Assets** position means the District has paid for most of its assets from available funds. A **Net Debt** position does not necessarily mean that a District is in difficulty as long as a robust debt management plan is in place.

**Financial Assets** are comprised of cash or items that will eventually be turned into cash. The District has a cash management program that actively seeks to minimize cash in the bank and invest to earn a better rate of return. Accounts receivable and investments are examples of items that will eventually be turned into cash.

**Accounts Payable and Accrued Liabilities** and amounts due to other governments are generally payable within one year. Restricted and deferred revenues have conditions that must be met before they can be reported as revenue and are typically associated with a specific expense yet to be incurred.

The District is not permitted to enter into **Debt** instruments except for periods of less than six months.

Unlike other school districts **Employee Future Benefits** includes Board sponsored post-retirement (group health) benefit obligations and the single employer pension benefit plan.

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

The **Accumulated Surplus** is the primary indicator of the financial resources the District has available to provide future services. It consists of both cash and non-cash components and is comprised of operation and capital reserves and capital surplus:

- held for operating purposes (working capital) and to fund employee future benefits and other liabilities;
- held for specific purposes primarily in the special purpose fund and use is restricted to specific purposes.
- equity in tangible capital assets represents the value of tangible capital remaining life owned by the District.

## Statement of Financial Position for the Year Ended June 30, 2017

	2017	2016
<b>Financial Assets</b>		
Cash and Cash Equivalents	154,078,404	135,159,793
Accounts Receivable		
Due from Province - Ministry of Education	3,719,292	769,732
Other (Note 3)	5,482,711	4,651,768
Portfolio Investments (Note 4)	11,995,000	11,995,000
<b>Total Financial Assets</b>	<b>175,275,407</b>	<b>152,576,293</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	35,350,978	29,907,039
Unearned Revenue (Note 6)	28,738,104	27,332,518
Deferred Revenue (Note 7)	11,331,439	10,828,267
Deferred Capital Revenue (Note 8)	362,699,639	337,448,564
Employee Future Benefits (Note 9)	33,784,070	53,382,288
Capital Lease Obligations (Note 10)	11,203	87,438
Other Liabilities (Note 5)	7,215,532	7,289,370
<b>Total Liabilities</b>	<b>479,130,965</b>	<b>466,275,484</b>
<b>Net Financial Assets (Debt)</b>	<b>(303,855,558)</b>	<b>(313,699,191)</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 11)	491,754,609	462,611,560
Prepaid Expenses	211,730	691,056
<b>Total Non-Financial Assets</b>	<b>491,966,339</b>	<b>463,302,616</b>
<b>Accumulated Surplus (Deficit)</b>	<b>188,110,781</b>	<b>149,603,425</b>
Contractual Obligations and Contingencies (Note 16)		



# Statement of Operations

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

**Provincial Grants** includes grants received from the Ministry of Education based on student enrolment, unique student and geographical needs.

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

**Tuition** captures revenue from out of province students enrolled in educational programs in the School District and programs offered through the continuing education department.

**Other Revenue** primarily flows through special purpose funds and is mainly associated with school generated funds. These funds are used to support school based specific programs such as field trips, sports activities, etc.

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

**Expenses** are provided by function. The detail of expenses by source, function, program and object can be found in the schedules included in the financial statement package by one of the three funds.

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

## Statement of Operations for the Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	274,033,540	<b>278,919,495</b>	271,062,622
Other	62,560	<b>53,196</b>	71,789
Municipal Grants Spent on Sites			
Federal Grants	2,390,000	<b>2,962,205</b>	2,348,897
Tuition	31,758,336	<b>35,426,895</b>	28,727,072
Other Revenue	13,956,434	<b>13,609,951</b>	12,547,015
Rentals and Leases	2,162,875	<b>2,293,881</b>	2,545,236
Investment Income	1,700,000	<b>2,089,045</b>	1,517,339
Gain (Loss) on Disposal of Tangible Capital Assets	533,051	<b>357,182</b>	23,849,061
Amortization of Deferred Capital Revenue	11,713,000	<b>11,423,966</b>	11,321,482
<b>Total Revenue</b>	<b>338,309,796</b>	<b>347,135,816</b>	<b>353,990,513</b>
<b>Expenses</b>			
Instruction	279,361,101	<b>280,368,555</b>	268,590,876
District Administration	10,535,811	<b>(17,629,958)</b>	8,493,658
Operations and Maintenance	48,620,676	<b>45,430,296</b>	42,068,579
Transportation and Housing	484,907	<b>457,234</b>	461,778
Debt Services	2,325	<b>2,333</b>	23,575
<b>Total Expense</b>	<b>339,004,820</b>	<b>308,628,460</b>	<b>319,638,466</b>
<b>Surplus (Deficit) for the year</b>	<b>(695,024)</b>	<b>38,507,356</b>	<b>34,352,047</b>
<b>Accumulated Surplus (Deficit) from Operations, beginning of year</b>		<b>149,603,425</b>	<b>115,251,378</b>
<b>Accumulated Surplus (Deficit) from Operations, end of year</b>		<b>188,110,781</b>	<b>149,603,425</b>

# Statement of Change in Net Financial Assets

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The Statement of Change in Net Financial Assets explains the difference between the annual surplus or deficit and the change in net financial assets. It tracks what the District has spent to acquire tangible capital assets and inventories of supplies. It reports on the disposal of tangible capital assets and the use of inventory.

**Acquisition of Tangible Capital Assets** is the amount spent on tangible capital assets in the current year. Funding sources could include annual surplus, reserves, or government funding. Assets are also collected by municipalities through development permits for the purpose of future land sites for new schools.

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

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

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

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

## Statement of Change in Net Financial Assets for the Year Ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
<b>Surplus (Deficit) for the year</b>	(695,024)	<b>38,507,356</b>	<b>34,352,047</b>
<b>Effect of change in Tangible Capital Assets</b>			
Acquisition of Tangible Capital Assets	(616,400)	<b>(42,761,674)</b>	<b>(32,833,561)</b>
Amortization of Tangible Capital Assets	13,525,000	<b>13,618,128</b>	<b>13,129,385</b>
Net carrying value of Tangible Capital Assets disposed of From Deferred Capital Revenue	0 (23,500,000)	<b>548</b>	<b>1,913</b>
<b>Total Effect of change in Tangible Capital Assets</b>	<b>(8,823,753)</b>	<b>(29,142,998)</b>	<b>(19,702,263)</b>
Acquisition of Prepaid Expenses		<b>(211,730)</b>	<b>(691,056)</b>
Use of Prepaid Expenses		<b>691,005</b>	<b>365,124</b>
<b>Total Effect of change in Other Non-Financial Assets</b>		<b>479,275</b>	<b>(325,932)</b>
<b>(Increase) Decrease in Net Financial Assets (Debt), before</b>	<u>18,024,402</u>	<b>9,843,633</b>	<b>14,323,852</b>
<b>Net Remeasurement Gains (Losses)</b>			
<b>(Increase) Decrease in Net Financial Assets (Debt)</b>		<b>9,843,633</b>	<b>14,323,852</b>
<b>Net Financial Assets (Debt), beginning of year</b>		<b>(313,699,191)</b>	<b>(328,023,043)</b>
<b>Net Financial Assets (Debt), end of year</b>		<u><b>(303,855,558)</b></u>	<u><b>(313,699,191)</b></u>

# Statement of Cash Flows

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The Statement of Cash Flows identifies where cash came from, shows how cash was used, and provides details on changes to cash and cash equivalents since the last reporting period.

The Statement of Cash Flows begins with the net results of the District's operations – **Surplus for the Year**. This operational result includes the amortization of tangible capital assets and the corresponding recognition of government transfers (revenue) associated with tangible capital assets acquisition - which is a non-cash expense. To determine the change in the District's cash position, the depreciation and revenue amounts are added back into the operations result. On the other hand, the value of tangible capital assets contributed is reflected as non-cash revenue in the Statement of Operations. To determine the change in the District's cash position, this amount is deducted from the operations result.

The Capital, Financing and Investing categories provide a summary of the transactions that took place.

The **Capital Transactions** section provides information on the amount the District spent on tangible capital assets as well as the amount the District received from disposal of tangible capital assets during the reporting period.

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

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

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

## Statement of Cash Flows for the Year Ended June 30, 2017

	2017 Actual	2016 Actual
<b>Operating Transactions</b>		
Surplus (Deficit) for the year	38,507,356	34,352,047
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(3,780,554)	4,325,217
Inventories for Resale		
Prepaid Expenses	479,326	(325,932)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	5,443,939	4,672,361
Unearned Revenue	1,405,586	4,420,072
Deferred Revenue	503,172	264,190
Employee Future Benefits	(19,598,218)	3,626,195
Other Liabilities	(73,838)	734,055
Amortization of Tangible Capital Assets	13,618,128	13,129,385
Amortization of Deferred Capital Revenue	(11,423,966)	(11,321,482)
Recognition of Deferred Capital Revenue spent on Sites		
<b>Total Operating Transactions</b>	<b>25,080,931</b>	<b>53,876,108</b>
<b>Capital Transactions</b>		
Tangible Capital Assets Purchased	(9,273,878)	(5,597,737)
Tangible Capital Assets -WIP Purchased	(35,129,050)	(27,235,824)
District Portion of Proceeds on Disposal	548	1,913
Tangible Capital Assets Purchased with Local Capital	1,641,254	-
Prior Period Adjustment	-	(994,213)
<b>Total Capital Transactions</b>	<b>(42,761,126)</b>	<b>(33,825,861)</b>
<b>Financing Transactions</b>		
Capital Revenue Received	36,675,041	33,294,837
Capital Lease Repayment	(76,235)	(571,409)
<b>Total Financing Transactions</b>	<b>36,598,806</b>	<b>32,723,428</b>
<b>Investing Transactions</b>		
Investments in Portfolio Investments	0	(7,000,000)
<b>Total Investing Transactions</b>	<b>0</b>	<b>(7,000,000)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>18,918,611</b>	<b>45,773,675</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>135,159,793</b>	<b>89,386,118</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>154,078,404</b>	<b>135,159,793</b>
<b>Cash and Cash Equivalents, end of year, is made up of:</b>		
Cash	154,078,404	135,159,793
	<b>154,078,404</b>	<b>135,159,793</b>

# Financial Statement Review Questions

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

## General

- Is there an unqualified audit report?
- Are there any items of financial concern that need to be mitigated or addressed?
- Have there been any extraordinary or unusual financial transactions that may have future implications for the District?
- What is Public Sector Accounting Standards (PSAS) and how are these different from prior accounting standards used in the financial statements?
- Is the District involved in any litigation or potential litigation that may have an impact on future operations?

## Statement of Financial Position:

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

### Statement of Operations:

- Why is there a significant variance to budget in revenues and/or expenditures for this year?
- What is Other Revenue and rentals and leases revenue comprised of?
- Is spending on Administration reasonable given the nature of the District and how does spending compare to other districts?
- Are there any contractual obligations that may impact future operations?
- What is the amount of School Generated Funds (SGF)? How has the reporting of SGF changed and why?

### Financial Health Indicators:

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



# Glossary of Terms

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

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

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

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

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

**Amortization:** systematic allocation to expenses of the historical cost of a tangible capital asset over its useful life.

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

**Construction in Progress:** tangible capital assets under construction at the end of the fiscal year that have not been put into service (e.g. engineered structures, buildings, land improvements).

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

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

**Deferred Revenue:** income received that will not be recorded as revenue until certain transactions or events take place.

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

**Depreciation:** the systematic allocation of the historical cost of a tangible capital asset over its useful life.

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

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

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

**Expenditure:** an outlay of cash.

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

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

**Financial Statements:** statements containing financial information for the District and its owned or controlled organizations (e.g. fire, utility, library).

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

**Government Transfers:** entitlements, transfers under cost-share agreements, and/or grants from other levels of government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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