

SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR 2005/2006

SCHOOL DISTRICT NUMBER 60	NAME OF SCHOOL DISTRICT Peace River North	YEAR 2005/2006
OFFICE LOCATION 10112 105 Ave		TELEPHONE NUMBER 250-262-6000
CITY / PROVINCE Fort St John, BC		POSTAL CODE V1J 4S4
WEBSITE ADDRESS http://www.prn.bc.ca		
NAME OF SUPERINTENDENT Larry Espe		NAME OF SECRETARY - TREASURER Ernest Inglehart

DECLARATION AND SIGNATURES

SCHOOL DISTRICT MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and supporting schedules of The Board of School Trustees of School District No. 60 (Peace River North) ("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 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

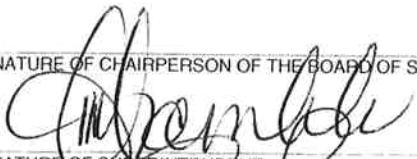
The Board appoints external auditors to audit the financial statements. The external auditors have full and free access to school district records, and present their report to the Board.

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 and cash flows for the year in accordance with 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. 60 (Peace River North) for the year ended June 30, 2006.

SIGNATURE OF CHAIRPERSON OF THE BOARD OF SCHOOL TRUSTEES



DATE SIGNED

2006-09-25

SIGNATURE OF SUPERINTENDENT



DATE SIGNED

SEPT 25th '06

SIGNATURE OF SECRETARY - TREASURER



DATE SIGNED

SEPT 25th '06

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SCHILDS & KURJATA
LTD.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

The Board of School Trustees
School District 60 (Peace River North)
Fort St. John, BC

We have audited the statement of financial position of School District 60 (Peace River North) as at June 30, 2006 and the statements of revenue and expense, changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Beginning with the year ended June 30, 2005, School Based Accounts have been included in the financial statements in the Special Purpose Fund. The opening numbers, recorded as current year deferred revenue in the June 30, 2005 financial statements, were not subject to satisfactory audit verification. In addition, the school based accounts raise revenue by way of cash transactions through concession and ticket sales and other forms of cash fundraising for which we could not obtain satisfactory audit verification.

In our opinion, except for any adjustments that may be required on the School Based Accounts in the Special Purpose Fund opening numbers or cash transactions, these financial statements present fairly, in all material respects, the financial position of School District 60 (Peace River North) as at June 30, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accounting principles. As required by the School Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year with allowances made for changes in accounting policies as disclosed in the notes.

September 1, 2006
Fort St John, BC

Schilds Kurjata Ltd.
CHARTERED ACCOUNTANTS

SCHOOL DISTRICT NO. 60 (Peace River North)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2006

Statement 1

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
ASSETS					
Current Assets					
Cash	27,552	2,699,902		2,727,454	2,835,431
Short Term Investments				0	0
Accounts Receivable					
Due from Province - Ministry of Education	35,699			35,699	0
Due from Province - Other	3,055,783			3,055,783	0
Due from LEA / Direct Funding				0	0
Other Receivables	794,799			794,799	1,122,573
Interfund Loans	1,277,564				
Inventories				0	0
Prepaid Expenses (Note Note 3)	308,083			308,083	956,652
	5,499,480	2,699,902	0	6,921,818	4,914,656
Investments				0	0
Equity Investments				0	0
Capital Assets - Net (Note Note 4)			48,937,716	48,937,716	46,388,419
TOTAL ASSETS	5,499,480	2,699,902	48,937,716	55,859,534	51,303,075
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Bank Overdraft				0	0
Accounts Payable and Accrued Liabilities					
Due to Province - Ministry of Education			112,862	112,862	217,572
Due to Province - Other				0	0
Other				0	38,377
Bank Loans				0	0
Interfund Loans (Note Note 6)			1,277,564		
Other Current Liabilities	3,550,490			3,550,490	1,139,342
	3,550,490	0	1,390,426	3,663,352	1,395,291
Deferred Contributions					
Ministry of Education		1,372,688		1,372,688	971,480
Province - Other		120,992		120,992	171,402
Other	27,108	1,206,222		1,233,330	1,302,873
Accrued Employee Future Benefits (Note Note 7)	274,314			274,314	352,056
Deferred Capital Contributions			33,938,309	33,938,309	33,002,028
Bank Loans				0	0
Capital Lease Obligations				0	0
Other Long Term Liabilities				0	0
TOTAL LIABILITIES	3,851,912	2,699,902	35,328,735	40,602,985	37,195,130
Fund Balances					
Invested in Capital Assets			13,579,130	13,579,130	13,054,984
Endowment				0	0
Internally Restricted (Note Note 9)	1,603,497		29,851	1,633,348	1,052,961
Unrestricted (Note Note 9)	44,071			44,071	0
Unfunded Accrued Employee Future Benefits and Vacation Pay				0	0
TOTAL FUND BALANCES	1,647,568	0	13,608,981	15,256,549	14,107,945
TOTAL LIABILITIES AND FUND BALANCES	5,499,480	2,699,902	48,937,716	55,859,534	51,303,075

SCHOOL DISTRICT NO. 60 (Peace River North)
STATEMENT OF REVENUE AND EXPENSE
YEAR ENDED JUNE 30, 2006

Statement 2

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
REVENUE					
Provincial Grants - Ministry of Education	45,538,425	1,632,713		47,171,138	45,502,871
Provincial Grants - Other	2,831,383	521,045		3,352,428	551,314
Federal Grants		75,217		75,217	74,447
Other Revenue	69,468	3,811,249		3,880,717	3,545,200
Rentals and Leases	68,094	97,940		166,034	67,575
Investment Income	107,860		600	108,460	75,259
Gain (Loss) on Equity Investment				0	0
Amortization of Deferred Capital Contributions			1,548,224	1,548,224	1,590,466
Gain (Loss) on Disposal of Capital Assets			13,698	13,698	0
	<u>48,615,230</u>	<u>6,138,164</u>	<u>1,562,522</u>	<u>56,315,916</u>	<u>51,407,132</u>
EXPENSE					
Salaries					
Teachers	19,119,692	567,458		19,687,150	18,402,883
Principals and Vice Principals	2,884,576	255,752		3,140,328	2,917,581
Educational Assistants	2,941,338	17,929		2,959,267	2,616,815
Support Staff	5,062,526	540,751		5,603,277	4,597,752
Other Professionals	1,281,273	52,172		1,333,445	1,166,354
Substitutes	886,384	18,316		904,700	911,594
	<u>32,175,789</u>	<u>1,452,378</u>	<u>0</u>	<u>33,628,167</u>	<u>30,612,979</u>
Employee Benefits	6,639,393	361,060		7,000,453	6,448,451
Services and Supplies	8,519,247	4,252,911		12,772,158	12,395,548
Amortization of Capital Assets			1,895,825	1,895,825	1,948,290
Write-off/down of Buildings and Sites				0	0
	<u>47,334,429</u>	<u>6,066,349</u>	<u>1,895,825</u>	<u>55,296,603</u>	<u>51,405,268</u>
NET REVENUE (EXPENSE)	<u>1,280,801</u>	<u>71,815</u>	<u>(333,303)</u>	<u>1,019,313</u>	<u>1,864</u>

SCHOOL DISTRICT NO. 60 (Peace River North)
 STATEMENT OF CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2006

Statement 3

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
FUND BALANCES, BEGINNING OF YEAR	1,037,408	0	13,070,537	14,107,945	14,114,929
Changes in Accounting Policies/ Prior Period Adjustments					
Accrued Employee Future Benefits				0	0
Accrued Vacation Pay				0	0
Accumulated Amortization of Capital Assets				0	0
Transfer Land Capital Reserve to Deferred Contributions				0	0
Transfer Capital Reserve to Deferred Contributions				0	0
School-Generated Funds				0	(8,848)
Related Entities				0	0
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>1,037,408</u>	<u>0</u>	<u>13,070,537</u>	<u>14,107,945</u>	<u>14,106,081</u>
Changes for the Year					
Net Revenue (Expense) for the Year	1,280,801	71,815	(333,303)	1,019,313	1,864
Interfund Transfers					
Capital Assets Purchased	(460,817)	(71,815)	532,632	0	0
Local Capital				0	0
Other	(209,824)		209,824	0	0
Direct Increases in Fund Balances					
Endowment Contributions				0	0
Site Purchases			129,291	129,291	0
Comprehensive Income (Loss)				0	0
Net Changes for the Year	<u>610,160</u>	<u>0</u>	<u>538,444</u>	<u>1,148,604</u>	<u>1,864</u>
FUND BALANCES, END OF YEAR	<u><u>1,647,568</u></u>	<u><u>0</u></u>	<u><u>13,608,981</u></u>	<u><u>15,256,549</u></u>	<u><u>14,107,945</u></u>

SCHOOL DISTRICT NO. 60 (Peace River North)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006

Statement 4.1

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
CASH PROVIDED BY (USED FOR)					
OPERATIONS					
Net Revenue (Expense) for the Year	1,280,801	71,815	(333,303)	1,019,313	1,864
Changes In Non-Cash Working Capital					
Decrease (Increase)					
Accounts Receivable	(2,763,708)			(2,763,708)	(443,152)
Interfund Loans	(1,179,282)		1,179,282	0	0
Inventories				0	0
Prepaid Expenses	648,569			648,569	189,072
Increase (Decrease)					
Allowance for Doubtful Accounts				0	0
Accounts Payable/Accrued Liabilities	2,372,771			2,372,771	(772,101)
Other Current Liabilities				0	1,139,342
Deferred Contributions	27,108	254,147		281,255	1,475,832
Accrued Employee Future Benefits	(77,742)			(77,742)	352,056
Other Long Term Liabilities				0	0
Loss (Gain) on Disposal of Capital Assets			(13,698)	(13,698)	0
Items Not Involving Cash					
Amortization of Capital Assets			1,895,825	1,895,825	1,948,290
Amortization of Deferred Capital Contributions			(1,548,224)	(1,548,224)	(1,590,466)
Accounting Change - Accrued EFB				0	0
Accounting Change - Accrued Vacation Pay				0	0
Write-off/down of Buildings and Sites				0	0
Comprehensive Income (Loss)				0	0
Interfund Transfers	(670,641)	(71,815)	742,456	0	0
	(362,124)	254,147	1,922,338	1,814,361	2,300,737
FINANCING					
Bank Loan Received				0	0
Bank Loan Paid				0	0
Endowment Contributions				0	0
Increase (Decrease) Deferred Contributions - Capital			(104,710)	(104,710)	203,811
Proceeds from Disposal of Capital Assets			13,698	13,698	0
MEd Restricted Portion of Proceeds on Disposal				0	0
Net Deferred Capital Contributions					(286,200)
	0	0	(91,012)	(91,012)	(82,389)
INVESTING					
Capital Assets Purchased - Operating			(460,817)	(460,817)	(157,285)
Capital Assets Purchased - Special Purpose			(71,815)	(71,815)	(129,312)
Capital Assets Purchased - Local Capital				0	0
Increase in Work in Process			(247,095)	(247,095)	(400,080)
Underspent on vehicles			16,670	16,670	1,499
Bus purchase - other			(1,068,269)	(1,068,269)	
Decrease (Increase) in Investments				0	0
Decrease (Increase) in Equity Investments				0	0
	0	0	(1,831,326)	(1,831,326)	(685,178)
Net Increase (Decrease) in Cash	(362,124)	254,147	0	(107,977)	1,533,170

SCHOOL DISTRICT NO. 60 (Peace River North)
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2006

Statement 4.2

	OPERATING FUND	SPECIAL PURPOSE FUNDS	CAPITAL FUND	TOTAL 2006	TOTAL 2005
NET INCREASE (DECREASE) IN CASH	(362,124)	254,147	0	(107,977)	1,533,170
Net Cash, Beginning of Year	389,676	2,445,755	0	2,835,431	1,302,261
Changes in Accounting Policies/ Prior Period Adjustments					
Net Cash, Beginning of Year, as Restated	389,676	2,445,755	0	2,835,431	1,302,261
 NET CASH, END OF YEAR	 27,552	 2,699,902	 0	 2,727,454	 2,835,431
Cash	27,552	2,699,902		2,727,454	2,835,431
Short Term Investments				0	0
Bank Overdraft				0	0
 NET CASH, END OF YEAR	 27,552	 2,699,902	 0	 2,727,454	 2,835,431

SCHOOL DISTRICT NO. 60 (PEACE RIVER NORTH)

Notes to the Audited Financial Statements

Year Ended June 30, 2006

NOTE 1 AUTHORITY AND PURPOSE

The School District operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of School Trustees of School District No. 60 (Peace River North)", and operates as "School District No. 60 (Peace River North)." A board of school trustees (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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements were 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 except as disclosed as a change in accounting policy.

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

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

a) Fund Accounting

Fund accounting procedures recognize 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 reporting purposes, funds with similar characteristics are grouped together:

- Operating fund reports assets, liabilities, revenues and expenses for general operations.
- Special purpose funds report assets, liabilities, revenues and expenses for:
 - Contributions restricted in use by the *School Act* or 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.
- Capital fund reports assets, liabilities, revenues and expenses for capital. Contributions of other funds used for capital purposes are transferred to the capital fund.

SCHOOL DISTRICT NO. 60 (PEACE RIVER NORTH)

Notes to the Audited Financial Statements

Year Ended June 30, 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

b) Prepaid Expenses

Materials and supplies held in central stores for use within the district are included as a prepaid expense and stated at acquisition cost using the first-in-first-out method.

d) Capital Assets

The following criteria apply:

- Capital assets acquired or constructed are recorded at cost. Donated capital assets are recorded at their fair market value on the date of donation.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Sites and buildings that no longer contribute to the ability of the district 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 and commences the year following acquisition. Estimated useful life is as follows:

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

- Disposals of sites or buildings are recorded and gains/losses calculated. Proceeds from the sale of other assets are recorded as other revenue in the operating fund. Assets that are fully amortized, except buildings, are written off as deemed disposals.

e) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incidental to ownership of property to the Board are considered capital leases. These are accounted for as an asset and an obligation.

SCHOOL DISTRICT NO. 60 (PEACE RIVER NORTH)

Notes to the Audited Financial Statements

Year Ended June 30, 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

f) Revenue Recognition

Unrestricted operating government grants, are recognized as revenue when received. 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/products are reported as revenue when services are provided or products delivered.

Externally restricted contributions, grants, and donations are reported as revenue depending on the nature of 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 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. Amortization commences in the year following acquisition.
 - Donated capital assets are recorded at fair market value and treated as a deferred capital contribution.
- Endowment contributions and matching contributions are reported as direct increases to net assets held as endowment principal.
- Investment income earned on endowment principal is recognized as a direct increase to net assets (endowment) to the extent required or agreed by donors. The remaining investment income earned on endowment principal is recorded as a deferred contribution and recognized as revenue in the year related expenses are incurred.

SCHOOL DISTRICT NO. 60 (PEACE RIVER NORTH)

Notes to the Audited Financial Statements

Year Ended June 30, 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

g) Expenditures

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

- Allocation of Costs
 - Operating expenses are reported by function, program, and object. Whenever possible, expenditures are determined by actual identification. Additional costs pertaining to specific instructional programs, such as special and aboriginal education, are allocated to these programs. All other costs are allocated to 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.

h) Financial Instruments

Financial instruments consist of cash, 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.

i) Use of Estimates

Preparation of financial statements requires management to make estimates and assumptions that impact reported amounts for assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the impairment of assets, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

SCHOOL DISTRICT NO. 60 (PEACE RIVER NORTH)

Notes to the Audited Financial Statements

Year Ended June 30, 2006

NOTE 3 PREPAID EXPENSES

Included in prepaid expenses is a Ministry of Education approved project titled the "Honeywell Project". Total project cost was \$2,450,178 with recovery through energy savings in the operating fund and transfers from the Annual Capital Grant (ACG) in the special purpose fund. To date, \$2,195,436 has been recovered with the remaining \$220,182 to be recovered in July, 2006.

NOTE 4 CAPITAL ASSETS

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Sites	\$ 4,050,063	\$ -	\$ 4,050,063	\$ 3,920,772
Buildings	72,659,995	32,051,782	40,608,213	39,849,467
Furniture & Equipment	1,084,666	466,482	618,184	560,716
Vehicles	3,641,634	926,504	2,715,130	1,431,066
Computer Software	198,646	13,623	185,023	68,117
Computer Hardware	336,433	124,125	212,308	158,200
Work in Process	548,795	-	548,795	400,081
	<u>\$ 82,520,232</u>	<u>\$ 33,582,516</u>	<u>\$ 48,937,716</u>	<u>\$ 46,388,419</u>

NOTE 5 DISPOSAL OF SITES

During the year the School District disposed of two sites, one in Clayhurst obtained in 1955 and one in Taylor of which the District had no record of the original purchase price or date. The Clayhurst property was given to the District in 1955 and was sold for \$3,667. The Taylor site was sold for \$13,698.

NOTE 6 INTERFUND LOANS

During the year the School District purchased buses for a total value of \$1,068,269. The funding for this purchase is being provided from the operating fund and recovered over the next five years from present and future surplus at a minimum rate of \$209,824 per year. The first recovery has been recorded at June 30, 2006 leaving a balance to be retired in the amount of \$858,445 from future surplus allocations.

NOTE 7 ACCRUED EMPLOYEE FUTURE BENEFITS

Accrued employee future benefits at June 30, 2006 consist of vacation payable and are fully funded.

SCHOOL DISTRICT NO. 60 (PEACE RIVER NORTH)

Notes to the Audited Financial Statements

Year Ended June 30, 2006

NOTE 8 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 plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The Teachers' Pension Plan has about 45,000 active members from school districts, and approximately 23,000 retired members from school districts. The Municipal Plan has about 130,000 active members, of which approximately 20,000 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' Plan as at December 31, 2002 indicated a \$382 million unfunded liability for basic pension benefits. The next valuation will be as at December 31, 2005 with results available in late 2006. The most recent valuation for the Municipal Pension Plan as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The School District No. 60 (Peace River North) paid \$2,763,829.02 for employer contributions to these plans in the year ended June 30, 2006.

NOTE 9 OPERATING FUND BALANCE, END OF YEAR

Internally Restricted (appropriated) by Board for:

Budget allocations for carryforward costs	\$ 531,758	
Planned retirement of bus purchase	259,853	
Budget reserve for carry forward to 2006/07	811,886	
Subtotal Internally Restricted		1,603,497
Unrestricted Operating Surplus (Deficit)		1,647,568
Total Available for Future Operations		\$ 44,071

NOTE 10 INTERFUND TRANSFERS

Interfund transfers between the operating, special purpose and capital funds are reported on Statement 3 (Statement of Changes in Fund Balances). For the year ended June 30, 2006, transfers were as follows:

- \$670,641 transferred from the operating fund to the capital fund for capital asset purchases
- \$71,815 transferred from the special purpose fund to the capital fund for capital asset purchases

SCHOOL DISTRICT NO. 60 (PEACE RIVER NORTH)

Notes to the Audited Financial Statements

Year Ended June 30, 2006

NOTE 11 COMMITMENTS

School District No. 60 (Peace River North) has entered into lease agreements on photocopiers, computer equipment for the Wireless Writing Project and automotive equipment of which the risks and benefits of ownership do not transfer. These leases have varying expiry dates to June 30, 2010. Future minimum lease payments required under these agreements are:

2007	\$ 679,507
2008	\$ 677,246
2009	\$ 556,834
2010	\$ 355,508

NOTE 12 BUDGET FIGURES

Budget figure included in the financial statements are not audited. They were approved by the Board through the adoption of an amended annual budget on February 22, 2006.

NOTE 13 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".