

Consolidated Audited Financial Statements of

School District No. 22 (Vernon)

And Independent Auditors' Report thereon

June 30, 2021

School District No. 22 (Vernon)

June 30, 2021

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School District No. 22 (Vernon)

MANAGEMENT REPORT

Version: 3266-2521-9538

Management's Responsibility for the Consolidated Financial Statements.

The accompanying consolidated financial statements of School District No. 22 (Vernon) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

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

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.

The Board of Education of School District No. 22 (Vernon) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal consolidated financial statements on a quarterly basis and externally audited consolidated financial statements yearly.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of School District No. 22 (Vernon) and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the School District's consolidated financial statements.

On behalf of School District No. 22 (Vernon)

Signature of the Chairperson of the Board of Education Date Signed

Signature of the Superintendent Date Signed

Signature of the Secretary Treasurer Date Signed



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Independent Auditor's Report

To the Board of Education of School District No. 22 (Vernon), and
To the Minister of Education, Province of British Columbia

Opinion

We have audited the consolidated financial statements of School District No. 22 (the "District") and its controlled entity 554210 BC Ltd, which comprise the Statement of Financial Position as at June 30, 2021, and the consolidated Statements of Operations, Changes in Net Debt and Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2021, and its results of operations, its changes of net debt and its cash flows for the year then ended in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended June 30, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 16, 2020.

Emphasis of Matter - Financial Reporting Framework

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which describes the basis of accounting. The consolidated financial statements are prepared in order for the District to meet the reporting requirements of the Act referred to above. Note 2 of the Consolidated Financial Statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.



Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules 1 - 4 of School District No. 22 consolidated financial statements or information other than the financial statements and auditors' report thereon, included in the Financial Statement Discussion and Analysis document.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information both entities and business activities within to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and the performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Vernon, British Columbia
September 15, 2021

School District No. 22 (Vernon)

Consolidated Statement of Financial Position

As at June 30, 2021

	2021 Actual	2020 Actual
	\$	\$
Financial Assets		
Cash and Cash Equivalents	26,169,093	24,022,705
Accounts Receivable		
Due from Province - Ministry of Education	1,351,007	377,887
Due from First Nations	1,107,041	299,698
Other	1,253,617	676,061
Total Financial Assets	29,880,758	25,376,351
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education	136,662	-
Other (Note 3)	10,939,142	9,634,434
Unearned Revenue (Note 4)	2,405,966	1,263,487
Deferred Revenue (Note 5)	1,734,576	1,719,900
Deferred Capital Revenue (Note 6)	96,453,653	88,606,616
Employee Future Benefits (Note 7)	3,874,818	3,815,802
Total Liabilities	115,544,817	105,040,239
Net Debt	(85,664,059)	(79,663,888)
Non-Financial Assets		
Tangible Capital Assets (Note 8)	125,862,796	116,608,417
Prepaid Expenses	80,978	7,825
Total Non-Financial Assets	125,943,774	116,616,242
Accumulated Surplus (Deficit) (Note 9)	40,279,715	36,952,354

Contractual Obligations (Note 10)

Contingent Liabilities (Note 10)

Approved by the Board

Signature of the Chairperson of the Board of Education_____
Date Signed_____
Signature of the Superintendent_____
Date Signed_____
Signature of the Secretary Treasurer_____
Date Signed

School District No. 22 (Vernon)

Consolidated Statement of Operations

Year Ended June 30, 2021

	2021 Budget (Note 11) \$	2021 Actual \$	2020 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	98,566,207	100,014,337	93,657,081
Other	317,864	296,210	308,448
Federal Grants		25,119	27,586
Tuition	1,562,175	2,532,963	5,041,265
Other Revenue	4,171,954	3,161,811	4,881,372
Rentals and Leases	6,000	6,093	52,432
Investment Income	273,600	217,590	409,767
Amortization of Deferred Capital Revenue	4,241,007	4,323,383	5,358,506
Total Revenue	<u>109,138,807</u>	<u>110,577,506</u>	<u>109,736,457</u>
Expenses			
Instruction	88,929,817	84,788,585	83,372,259
District Administration	3,459,786	3,091,274	3,115,803
Operations and Maintenance	16,735,891	16,563,786	16,788,587
Transportation and Housing	3,012,990	2,806,500	2,405,640
Total Expense	<u>112,138,484</u>	<u>107,250,145</u>	<u>105,682,289</u>
Surplus (Deficit) for the year	<u>(2,999,677)</u>	<u>3,327,361</u>	<u>4,054,168</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		36,952,354	32,898,186
Accumulated Surplus (Deficit) from Operations, end of year		<u><u>40,279,715</u></u>	<u>36,952,354</u>

School District No. 22 (Vernon)

Consolidated Statement of Changes in Net Debt

Year Ended June 30, 2021

Statement 4

	2021 Budget (Note 11) \$	2021 Actual \$	2020 Actual \$
Surplus (Deficit) for the year	<u>(2,999,677)</u>	<u>3,327,361</u>	<u>4,054,168</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(14,142,772)	(15,499,163)	(8,175,320)
Amortization of Tangible Capital Assets	6,166,192	6,244,784	7,266,618
Total Effect of change in Tangible Capital Assets	<u>(7,976,580)</u>	<u>(9,254,379)</u>	<u>(908,702)</u>
Acquisition of Prepaid Expenses		(73,153)	-
Use of Prepaid Expenses		-	141,359
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(73,153)</u>	<u>141,359</u>
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(10,976,257)</u>	<u>(6,000,171)</u>	<u>3,286,825</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		<u>(6,000,171)</u>	<u>3,286,825</u>
Net Debt, beginning of year		<u>(79,663,888)</u>	<u>(82,950,713)</u>
Net Debt, end of year		<u>(85,664,059)</u>	<u>(79,663,888)</u>

School District No. 22 (Vernon)

Consolidated Statement of Cash Flows

Year Ended June 30, 2021

	2021 Actual	2020 Actual
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	3,327,361	4,054,168
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(2,358,019)	(592,909)
Prepaid Expenses	(73,153)	141,359
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,441,370	1,023,949
Unearned Revenue	1,142,479	(906,920)
Deferred Revenue	14,676	3,604
Employee Future Benefits	59,016	276,018
Amortization of Tangible Capital Assets	6,244,784	7,266,618
Amortization of Deferred Capital Revenue	(4,323,383)	(5,358,506)
Expenditure from Proceeds of Insurance	(632,631)	-
Total Operating Transactions	<u>4,842,500</u>	<u>5,907,381</u>
Capital Transactions		
Tangible Capital Assets Purchased	(9,838,151)	(3,855,570)
Tangible Capital Assets -WIP Purchased	(5,661,012)	(4,319,750)
Total Capital Transactions	<u>(15,499,163)</u>	<u>(8,175,320)</u>
Financing Transactions		
Capital Revenue Received	12,803,051	4,317,510
Total Financing Transactions	<u>12,803,051</u>	<u>4,317,510</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,146,388	2,049,571
Cash and Cash Equivalents, beginning of year	<u>24,022,705</u>	21,973,134
Cash and Cash Equivalents, end of year	<u>26,169,093</u>	<u>24,022,705</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	26,169,093	24,022,705
	<u>26,169,093</u>	<u>24,022,705</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 1, 1946 operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 22 (Vernon)", and operates as "School District No. 22 (Vernon)." A board of education ("Board") elected for a four-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. The School District is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the School District are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the School District are as follows:

a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections.

Regulation 198/2011 requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

a) *Basis of Accounting (Continued)*

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- Deferred contributions meet the liability criteria in accordance with PS3200.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

b) *Basis of Consolidation*

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities. Inter-departmental balances and organizational transactions have been eliminated.

The School District controls 554210 B.C. Ltd, a company which owns a woodlot license to facilitate the delivery of the School District's educational program. 554210 B.C. Ltd is incorporated under the BC Company Act. Revenue is generated by 554210 B.C. Ltd primarily through the sale of timber. All of the shares of 554210 B.C. Ltd are held by third parties in trust for the benefit of the School District.

c) *Cash and Cash Equivalents*

Cash and cash equivalents include cash deposits that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

d) *Accounts Receivable*

Accounts receivable are measured at amortized cost and shown net of allowance for doubtful accounts.

e) *Unearned Revenue*

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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

f) Deferred Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by the Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2 n).

g) Deferred Capital Revenue

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations as detailed in Note 2 n).

h) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include accumulating non-vested sick leave, retirement/severance and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime ("EARSL") of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2019 and projected to March 31, 2022. The next valuation will be performed at March 31, 2022 for use at June 30, 2022. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The School District and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

i) Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations.

j) Tangible Capital Assets

The following criteria apply:

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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

j) Tangible Capital Assets *(Continued)*

- The cost, less residual value, of tangible capital assets (excluding sites and work-in-progress), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

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

k) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the School District are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the School District's rate for incremental borrowing or the interest rate implicit in the lease.

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

l) Prepaid Expenses

Amounts for insurance, software license fees and other services are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

m) Funds and Reserves

Certain amounts as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved.

n) Revenue Recognition

Revenues are recorded on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

n) Revenue Recognition *(Continued)*

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

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

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

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards, which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished.

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

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

o) Expenditures

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

Categories of Salaries

- Principals and Vice-Principals 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

o) Expenditures *(Continued)*

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 related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

p) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The School District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and debt. All financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition and amortized using the effective interest rate method. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

Unrealized gains and losses from changes in the fair value of financial instruments measured at fair value are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. There are no measurement gains or losses during the periods presented, therefore no statement of remeasurement gains or losses is included in these financial statements.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

q) Measurement Uncertainty

Preparation of consolidated financial statements in accordance with the basis of accounting described in note 2 a) requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the estimated useful life of assets and estimated employee future benefits. Actual results could differ from those estimates.

r) Related Party Transactions

The School District is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

w) Future Changes in Accounting Policies

PS 3280 Asset Retirement Obligations issued August 2018 establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective July 1, 2022. A liability will be recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations.

A modified retroactive application has been recommended by Government. Management is in the process of assessing the impact of adopting this standard on the School District's financial results.

PS 3400 Revenue issued November 2018 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

w) Future Changes in Accounting Policies *(Continued)*

Revenue from transactions with performance obligations should be recognized when (or as) the School District satisfies a performance obligation by providing the promised goods or services to a payor.

Revenue from transactions with no performance obligations should be recognized when a school district:

- (a) has the authority to claim or retain an inflow of economic resources; and
- (b) identifies a past transaction or event that gives rise to an asset.

This standard may be applied retroactively or prospectively. Management is in the process of assessing the impact of adopting this standard on the School District's financial results

NOTE 3 OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade and other amounts payable	\$ 3,931,916	\$ 3,606,919
Wages payable – teachers' 12 month instalment plan	1,389,805	1,321,451
Pension contributions payable	1,292,016	1,210,242
Payroll taxes payable	1,894,375	1,871,529
Accrued vacation pay	1,120,264	962,530
Other accrued liabilities	994,623	393,509
Due to Okanagan Labour Relations Council	316,143	268,254
	\$ 10,939,142	\$ 9,634,434

NOTE 4 UNEARNED REVENUE

	2021	2020
Balance, beginning of year	\$ 1,263,487	\$ 2,170,407
Changes for the year:		
Increase:		
Tuition fees collected	3,675,442	4,134,345
Decrease:		
Tuition fees recognized	2,532,963	5,041,265
Net increase (decrease) for the year	1,142,479	(906,920)
Balance, end of year	\$ 2,405,966	\$ 1,263,487

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 5 DEFERRED REVENUE

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

	2021	2020
Balance, beginning of year	\$ 1,719,900	\$ 1,716,296
Changes for the year:		
Increase:		
Grants: Provincial – Ministry of Education	11,991,919	8,759,664
School generated funds	1,594,399	2,586,489
Other	196,837	180,359
Interest	-	24,673
	13,783,155	11,551,185
Decrease:		
Allocated to Revenue: Provincial – Ministry of Education	12,076,810	8,598,141
Other	1,691,669	2,642,746
Recovered	-	306,694
	13,768,479	11,547,581
Net changes for the year	14,676	3,604
Balance, end of year	\$ 1,734,576	\$ 1,719,900

NOTE 6 DEFERRED CAPITAL REVENUE

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

	2021	2020
Deferred capital revenue - spent		
Balance, beginning of year	\$ 88,177,619	\$ 89,187,662
Increase:		
Capital additions	11,266,900	4,348,463
Decrease:		
Amortization	4,323,383	5,358,506
Net increase (decrease) for the year	6,943,517	(1,010,043)
Balance, end of year	\$ 95,121,136	\$ 88,177,619

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 6 DEFERRED CAPITAL REVENUE (Continued)

	2021	2020
Deferred capital revenue - unspent		
Balance, beginning of year	\$ 428,997	\$ 459,950
Increases:		
Provincial grants – Ministry of Education	11,439,381	4,315,708
Provincial grants – Other Ministries	1,360,482	-
Investment income	3,188	1,802
Decrease:		
Transfer to deferred capital revenue – spent	11,266,900	4,348,463
Transfer to revenue – proceeds of insurance	632,631	-
Net increase (decrease) for the year	903,520	(30,953)
Balance, end of year	1,332,517	428,997
Total deferred capital revenue balance, end of year	\$ 96,453,653	\$ 88,606,616

NOTE 7 EMPLOYEE FUTURE BENEFITS

Benefits include accumulating non-vested sick leave, retirement/severance and death benefits. Funding is provided when the benefits are paid and accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits.

	2021	2020
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 4,336,575	\$ 4,256,222
Service Cost	357,217	339,780
Interest Cost	101,114	109,380
Benefit Payments	(511,503)	(197,185)
Actuarial Loss (Gain)	39,299	(171,622)
Accrued Benefit Obligation – March 31	4,322,702	\$ 4,336,575
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 4,322,702	\$ 4,336,575
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(4,322,702)	(4,336,575)
Employer Contributions After Measurement Date	57,904	85,526
Benefits Expense After Measurement Date	(117,183)	(114,583)
Unamortized Net Actuarial Loss	507,163	549,830
Accrued Benefit Liability – June 30	\$ (3,874,818)	\$ (3,815,802)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 3,815,802	\$ 3,539,784
Net Expense for Fiscal Year	542,897	552,073
Employer Contributions	-483,881	(276,055)
Accrued Benefit Liability – June 30	\$ 3,874,818	\$ 3,815,802

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 7 EMPLOYEE FUTURE BENEFITS *(Continued)*

	2021	2020
Components of Net Benefit Expense		
Service Cost	\$ 357,158	\$ 344,139
Interest Cost	103,773	107,314
Amortization of Net Actuarial Loss	81,966	100,620
Net Benefit Expense	\$ 542,897	\$ 552,073

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

	2021	2020
Discount Rate – April 1	2.25%	2.50%
Discount Rate – March 31	2.50%	2.25%
Long Term Salary Growth – April 1 and March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	9.2 years	9.2 years

NOTE 8 TANGIBLE CAPITAL ASSETS

June 30, 2021

	Balance at June 30, 2020	Additions	Disposals and transfers	Balance at June 30, 2021
Cost:				
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	183,315,870	6,238,447	7,393,000	196,947,317
Buildings – Work-in-progress	1,768,138	5,661,012	(7,393,000)	36,150
Furniture & Equipment	5,167,594	1,201,727	(303,680)	6,065,641
Vehicles	5,064,175	699,186	(745,803)	5,017,558
Computer Software	366,757	85,478	-	452,235
Computer Hardware	3,745,382	1,613,313	(227,943)	5,130,752
Total	\$ 208,244,876	\$ 15,499,163	\$ (1,277,426)	\$ 222,466,613

	Balance at June 30, 2020	Additions	Disposals	Balance at June 30, 2021
Accumulated Amortization:				
Buildings	\$ 84,795,678	\$ 4,209,523	\$ -	\$ 89,005,201
Furniture & Equipment	2,298,364	561,662	(303,680)	2,556,346
Vehicles	2,833,086	504,087	(745,803)	2,591,370
Computer Software	186,510	81,899	-	268,409
Computer Hardware	1,522,821	887,613	(227,943)	2,182,491
Total	\$ 91,636,459	\$ 6,244,784	\$ (1,277,426)	\$ 96,603,817

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 8 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2020

Cost:	Balance at June 30, 2019	Additions	Disposals and transfers	Balance at June 30, 2020
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	172,285,147	1,377,723	9,653,000	183,315,870
Buildings – Work-in-progress	7,101,388	4,319,750	(9,653,000)	1,768,138
Furniture & Equipment	4,559,284	674,664	(66,354)	5,167,594
Vehicles	4,284,162	780,013	-	5,064,175
Computer Software	359,470	7,287	-	366,757
Computer Hardware	3,414,310	1,015,883	(684,811)	3,745,382
Total	\$ 200,820,721	\$ 8,175,320	\$ (751,165)	\$ 208,244,876

Accumulated Amortization:	Balance at June 30, 2019	Additions	Disposals	Balance at June 30, 2020
Buildings	\$ 79,570,235	\$ 5,225,443	\$ -	\$ 84,795,678
Furniture & Equipment	1,744,424	620,294	(66,354)	2,298,364
Vehicles	2,363,384	469,702	-	2,833,086
Computer Software	106,512	79,998	-	186,510
Computer Hardware	1,336,451	871,181	(684,811)	1,522,821
Total	\$ 85,121,006	\$ 7,266,709	\$ (751,346)	\$ 91,636,459

Net Book Value:

	June 30, 2021	June 30, 2020
Sites	\$ 8,816,960	\$ 8,816,960
Buildings	107,942,116	98,520,192
Buildings – Work-in-progress	36,150	1,768,138
Furniture & Equipment	3,509,295	2,869,230
Vehicles	2,426,188	2,231,089
Computer Software	183,826	180,247
Computer Hardware	2,948,261	2,222,561
Total	\$ 125,862,796	\$ 116,608,417

NOTE 9 ACCUMULATED SURPLUS

The School District has established a number of funds to demonstrate compliance with legislation and to reflect the School District’s intentions to undertake identified future activities.

	2021	2020
Operating fund	\$ 5,932,543	\$ 5,176,022
Special purpose funds	429,907	441,563
Capital funds	\$ 33,917,265	\$ 31,334,769
Total Accumulated Surplus	\$ 40,279,715	\$ 36,952,354

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 9 ACCUMULATED SURPLUS *(Continued)*

Amounts not restricted by agreement with a third party may be transferred between funds to reflect future intentions of the School District. Restricted surpluses are amounts that the Board has allocated to a particular activity.

Operating Fund

The Operating Fund accounts for the School District’s operating grants and other operating revenues. Legislation requires that the School District present a balanced budget for the Operating Fund, whereby budgeted expenditure does not exceed the total of budgeted revenue and any surplus in the operating fund carried forward from previous years.

	2021	2020
Restricted due to the nature of constraints on the funds:		
Indigenous Education commitments	\$ 737,175	\$ 598,224
Union commitments	857,857	694,115
	1,595,032	1,292,339
Restricted for operations spanning multiple school years:		
School budget balances	746,240	716,070
Trustee travel	18,074	18,836
Department budget balances	47,271	87,605
Appropriated by budget bylaw	2,063,887	1,179,756
Budget allocations	-	881,416
Address learning impacts of pandemic	277,780	-
	3,153,252	2,883,683
Contingency reserve	1,184,259	1,000,000
Total Operating Fund	\$ 5,932,543	\$ 5,176,022

The amounts restricted for Indigenous Education commitments represent the unspent portion of Ministry of Education grants which legislation stipulates the District must spend on the provision of Indigenous education programs and services. Regulation 198/2011 of the Budget Transparency and Accountability Act of British Columbia requires that an unspent contribution which is subject to a legislative stipulation as to its use be recorded as a deferred contribution. The Ministry of Education has directed that this amount be recorded within Accumulated Surplus, which is the treatment adopted here.

Special Purpose Funds

The Special Purpose Funds account for grants and contributions received which are directed by agreement with a third party towards specific activities. As these are targeted grants, any unspent funding is typically accounted for as deferred revenue, not as accumulated surplus. The Special Purpose Funds also account for the operating revenues, expenses and surplus of 554210 BC Ltd, a related entity which owns a woodlot license.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 9 ACCUMULATED SURPLUS *(Continued)*

	2021	2020
Internally restricted:		
554210 BC Ltd. operating surplus	\$ 429,907	\$ 441,563
Total Special Purpose Funds	\$ 429,907	\$ 441,563

Capital Fund

The Capital Fund accounts for the School District’s investment in its existing capital infrastructure, including the existing buildings, furniture, computers and equipment. It also reflects local capital, which represent surpluses the Board has allocated to fund future capital purchases.

	2021	2020
Local capital	\$ 3,175,605	\$ 2,903,971
Invested in tangible capital assets	30,741,660	28,430,798
Total Capital Fund	\$ 33,917,265	\$ 31,334,769

The amounts within local capital represent cumulative unspent amounts transferred to the capital fund from the operating fund, interest earned on the local capital balance, and proceeds from the sale of certain assets.

The School District has transferred the following amounts from the Operating Fund to the Local Capital Fund:

	Budget	Actual
Year ended June 30, 2021	\$ 1,163,000	\$ 2,835,690
Year ended June 30, 2020	\$ 2,493,000	\$ 3,403,814

NOTE 10 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has approximately \$3.8 million of purchase orders which remain outstanding at June 30, 2021.

The School District has approximately \$1.2 million at June 30, 2021 of contractual commitments relating to the construction of an extension to BX Elementary School.

The School District, through its Scholarships and Bursaries special purpose fund, has committed to providing \$300,000 of post-secondary scholarships and bursaries at June 30, 2021.

The School District has contractual obligations in collective agreements with employee unions to provide certain future funds for employee professional development and collective agreement administration. The total of these commitments is \$850,426 at June 30, 2021.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 10 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES *(Continued)*

The School District receives certain targeted funding from the Provincial Government that the School District is required to spend on enhancing the education of Indigenous students. Unspent amounts at June 30, 2021 are \$736,158. The School District is committed to spending this amount on enhancing the education of Indigenous students, in addition to any future relevant targeted grants received.

Certain schools in the School District contain asbestos. No amount has been recorded in these financial statements with regard to this potential liability since the fair value of future removal costs cannot be reasonably estimated due to unknown timelines.

The nature of the School District's activities are such that there is usually litigation pending or in process at any time. With respect to unsettled claims at June 30, 2021, management believes the School District has valid defenses and appropriate insurance coverage in place. In the event that any claims are successful, management believes that such claims are not expected to have a material effect on the School District's financial position or operations.

NOTE 11 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget on January 20th, 2021. The original annual budget was adopted on May 27th, 2020. The original and amended budgets are presented below.

	2021 Annual Amended Budget	2021 Annual Original Budget
Revenues		
Provincial Grants		
Ministry of Education	\$ 98,566,207	\$ 95,753,097
Other	317,864	317,864
Tuition	1,562,175	310,050
Other Revenue	4,171,954	4,301,266
Rentals and Leases	6,000	50,000
Investment Income	273,600	223,362
Amortization of Deferred Capital Revenue	4,241,007	4,121,761
	109,138,807	105,077,400
Expenses		
Instruction	88,929,817	85,032,738
District Administration	3,459,786	3,202,641
Operations and Maintenance	16,735,891	15,198,918
Transportation and Housing	3,012,990	2,731,244
	112,138,484	106,165,541
Deficit for the year	\$ (2,999,677)	(1,088,141)

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 12 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, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2020, the Teachers' Pension Plan has about 49,000 active members and approximately 40,000 retired members. As of December 31, 2020, the Municipal Pension Plan has about 220,000 active members, including approximately 28,000 from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2017, indicated a \$1,656 million surplus for basic pension benefits on a going concern basis. As a result of the 2017 basic account actuarial valuation surplus, plan enhancements and contribution rate adjustments were made; the remaining \$644 million surplus was transferred to the rate stabilization account.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2017, indicated a \$1,656 million surplus for basic pension benefits on a going concern basis.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The school district paid \$7,348,028 for employer contributions to the plans for the year ended June 30, 2021 (2020: \$6,962,016).

The next valuation for the Teachers' Pension Plan will be as at December 31, 2020, with results available in the last quarter of 2021. The next valuation for the Municipal Pension Plan will be as at December 31, 2021, with results available in 2022.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 13 EXPENSE BY OBJECT

	<u>2021</u>	<u>2020</u>
Salaries and benefits	\$ 87,974,071	\$ 84,068,091
Services and supplies	13,031,290	14,347,580
Amortization	6,244,784	7,266,618
	<u>\$ 107,250,145</u>	<u>\$ 105,682,289</u>

NOTE 14 ECONOMIC DEPENDENCE

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

NOTE 15 RISK MANAGEMENT

The Board ensures that the School District has identified its risks and ensures that management monitors and controls them. The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

a) Credit risk:

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

The School District is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated as the School District does not have significant amounts receivable from any one borrower or class of borrowers.

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits as they are placed in Chartered Bank instruments or with the Provincial Government's Central Deposit Program.

b) Market risk:

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

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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 15 RISK MANAGEMENT *(Continued)*

It is management's opinion that the School District is not exposed to significant market risk associated with interest rate risk as the School District has no borrowings and interest earned on existing deposits is not significant to the School District's operations.

c) Liquidity risk:

Liquidity risk is the risk that the School District will not be able to meet its financial obligations as they become due. The School District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the School District's reputation.

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

NOTE 16 SCHEDULES BY FUND

The School District accounts for its financial activities using funds. The schedules on pages 28 to 42 of these consolidated financial statements provide financial information on those funds. They are prepared in a format prescribed by the Ministry of Education.

School District No. 22 (Vernon)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2021

	Operating Fund	Special Purpose Fund	Capital Fund	2021 Actual	2020 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	5,176,022	441,563	31,334,769	36,952,354	32,898,186
Changes for the year					
Surplus (Deficit) for the year	3,960,199	1,288,563	(1,921,401)	3,327,361	4,054,168
Interfund Transfers					
Tangible Capital Assets Purchased	(397,988)	(1,270,219)	1,668,207	-	
Local Capital	(2,835,690)		2,835,690	-	
Other	30,000	(30,000)		-	
Net Changes for the year	756,521	(11,656)	2,582,496	3,327,361	4,054,168
Accumulated Surplus (Deficit), end of year - Statement 2	5,932,543	429,907	33,917,265	40,279,715	36,952,354

School District No. 22 (Vernon)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2021

	2021 Budget (Note 11)	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	86,328,088	87,304,896	85,058,940
Other	317,864	296,210	308,448
Federal Grants		25,119	27,586
Tuition	1,562,175	2,532,963	5,041,265
Other Revenue	1,154,683	1,351,845	1,163,745
Rentals and Leases	6,000	6,093	52,432
Investment Income	250,000	212,938	302,940
Total Revenue	89,618,810	91,730,064	91,955,356
Expenses			
Instruction	76,305,104	73,588,279	72,754,192
District Administration	3,447,616	3,091,274	3,072,296
Operations and Maintenance	9,548,166	9,153,702	9,190,901
Transportation and Housing	2,023,139	1,936,610	1,820,133
Total Expense	91,324,025	87,769,865	86,837,522
Operating Surplus (Deficit) for the year	(1,705,215)	3,960,199	5,117,834
Budgeted Appropriation (Retirement) of Surplus (Deficit)	3,294,606		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(456,391)	(397,988)	(473,862)
Local Capital	(1,163,000)	(2,835,690)	(3,403,814)
Other	30,000	30,000	30,000
Total Net Transfers	(1,589,391)	(3,203,678)	(3,847,676)
Total Operating Surplus (Deficit), for the year	-	756,521	1,270,158
Operating Surplus (Deficit), beginning of year		5,176,022	3,905,864
Operating Surplus (Deficit), end of year		5,932,543	5,176,022
Operating Surplus (Deficit), end of year			
Internally Restricted		4,677,392	5,176,022
Unrestricted		1,255,151	-
Total Operating Surplus (Deficit), end of year		5,932,543	5,176,022

School District No. 22 (Vernon)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2021

	2021 Budget (Note 11) \$	2021 Actual \$	2020 Actual \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	84,320,696	85,399,166	83,511,574
ISC/LEA Recovery	(970,380)	(1,107,042)	(970,380)
Other Ministry of Education Grants			
Pay Equity	85,865	85,865	85,865
Funding for Graduated Adults	9,691	39,188	40,571
Student Transportation Fund	361,094	361,094	361,094
Carbon Tax Grant			75,716
Employer Health Tax Grant			648,766
Support Staff Wage Increase Funding			321,761
Teachers' Labour Settlement Funding	2,328,158	2,328,158	961,275
Early Career Mentorship Funding	180,000	180,000	-
FSA Scorer Grant	12,964	12,964	12,964
Other Grants	-	5,503	9,734
Total Provincial Grants - Ministry of Education	86,328,088	87,304,896	85,058,940
Provincial Grants - Other	317,864	296,210	308,448
Federal Grants	-	25,119	27,586
Tuition			
International and Out of Province Students	1,562,175	2,532,963	5,041,265
Total Tuition	1,562,175	2,532,963	5,041,265
Other Revenues			
Funding from First Nations	970,380	1,107,042	970,380
Miscellaneous			
Fees	160,000	174,554	120,547
Miscellaneous	23,303	70,249	62,218
Other Grants	1,000	-	1,000
Artists in Education (ArtStarts)	-	-	9,600
Total Other Revenue	1,154,683	1,351,845	1,163,745
Rentals and Leases	6,000	6,093	52,432
Investment Income	250,000	212,938	302,940
Total Operating Revenue	89,618,810	91,730,064	91,955,356

School District No. 22 (Vernon)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2021

	2021 Budget (Note 11)	2021 Actual	2020 Actual
	\$	\$	\$
Salaries			
Teachers	40,975,521	40,409,941	39,313,757
Principals and Vice Principals	5,154,283	5,063,490	4,635,564
Educational Assistants	5,130,986	5,098,362	5,170,998
Support Staff	7,955,798	8,049,351	7,681,987
Other Professionals	2,192,815	2,263,608	2,037,973
Substitutes	3,259,981	2,895,394	2,335,139
Total Salaries	64,669,384	63,780,146	61,175,418
Employee Benefits	16,252,664	15,123,136	15,519,915
Total Salaries and Benefits	80,922,048	78,903,282	76,695,333
Services and Supplies			
Services	3,641,967	3,660,011	4,613,505
Student Transportation	6,500	8,214	6,558
Professional Development and Travel	660,718	263,490	577,605
Rentals and Leases	85,650	87,996	102,802
Dues and Fees	92,939	80,803	115,659
Insurance	318,607	232,536	351,737
Supplies	3,543,671	2,620,970	2,428,768
Utilities	2,051,925	1,912,563	1,945,555
Total Services and Supplies	10,401,977	8,866,583	10,142,189
Total Operating Expense	91,324,025	87,769,865	86,837,522

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object
Year Ended June 30, 2021

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	31,265,804	1,367,579	-	478,459	29,350	2,243,668	35,384,860
1.03 Career Programs	390,890	69,204	-	35,717	22,050	-	517,861
1.07 Library Services	846,036	-	-	265,530	-	7,364	1,118,930
1.08 Counselling	1,699,997	-	-	-	-	7,452	1,707,449
1.10 Special Education	5,198,782	152,604	4,415,462	75,692	216,247	378,502	10,437,289
1.30 English Language Learning	302,385	-	-	-	-	-	302,385
1.31 Indigenous Education	360,734	-	676,092	35,671	137,684	20,479	1,230,660
1.41 School Administration	-	3,249,477	-	1,489,447	-	71,246	4,810,170
1.60 Summer School	29,200	-	-	-	-	-	29,200
1.62 International and Out of Province Students	316,113	135,137	-	92,413	64,578	3,714	611,955
Total Function 1	40,409,941	4,974,001	5,091,554	2,472,929	469,909	2,732,425	56,150,759
4 District Administration							
4.11 Educational Administration	-	89,489	-	107,369	644,110	3,922	844,890
4.40 School District Governance	-	-	-	-	131,384	-	131,384
4.41 Business Administration	-	-	-	503,522	625,041	-	1,128,563
Total Function 4	-	89,489	-	610,891	1,400,535	3,922	2,104,837
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	89,200	272,710	-	361,910
5.50 Maintenance Operations	-	-	-	3,572,106	-	85,545	3,657,651
5.52 Maintenance of Grounds	-	-	-	234,317	-	-	234,317
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	-	3,895,623	272,710	85,545	4,253,878
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	73,966	120,454	1,009	195,429
7.70 Student Transportation	-	-	6,808	995,942	-	72,493	1,075,243
Total Function 7	-	-	6,808	1,069,908	120,454	73,502	1,270,672
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	40,409,941	5,063,490	5,098,362	8,049,351	2,263,608	2,895,394	63,780,146

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object
Year Ended June 30, 2021

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2021 Actual	2021 Budget (Note 11)	2020 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	35,384,860	8,250,203	43,635,063	1,499,009	45,134,072	46,589,038	42,857,406
1.03 Career Programs	517,861	113,198	631,059	174,631	805,690	976,600	837,328
1.07 Library Services	1,118,930	282,225	1,401,155	61,963	1,463,118	1,509,529	1,435,324
1.08 Counselling	1,707,449	392,075	2,099,524	7,196	2,106,720	1,994,332	2,028,188
1.10 Special Education	10,437,289	2,748,218	13,185,507	794,925	13,980,432	14,289,651	13,733,689
1.30 English Language Learning	302,385	75,996	378,381	-	378,381	418,130	346,344
1.31 Indigenous Education	1,230,660	335,899	1,566,559	146,990	1,713,549	2,450,723	1,427,216
1.41 School Administration	4,810,170	1,126,128	5,936,298	189,124	6,125,422	6,475,831	5,878,552
1.60 Summer School	29,200	2,451	31,651	1,223	32,874	30,500	24,019
1.62 International and Out of Province Students	611,955	142,183	754,138	1,093,883	1,848,021	1,570,770	4,186,126
Total Function 1	56,150,759	13,468,576	69,619,335	3,968,944	73,588,279	76,305,104	72,754,192
4 District Administration							
4.11 Educational Administration	844,890	128,385	973,275	135,152	1,108,427	1,268,273	1,075,485
4.40 School District Governance	131,384	7,448	138,832	88,751	227,583	253,209	215,904
4.41 Business Administration	1,128,563	272,163	1,400,726	354,538	1,755,264	1,926,134	1,780,907
Total Function 4	2,104,837	407,996	2,512,833	578,441	3,091,274	3,447,616	3,072,296
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	361,910	77,922	439,832	123,193	563,025	631,021	583,485
5.50 Maintenance Operations	3,657,651	781,392	4,439,043	1,850,685	6,289,728	6,559,904	6,348,677
5.52 Maintenance of Grounds	234,317	64,432	298,749	89,637	388,386	305,316	363,329
5.56 Utilities	-	-	-	1,912,563	1,912,563	2,051,925	1,895,410
Total Function 5	4,253,878	923,746	5,177,624	3,976,078	9,153,702	9,548,166	9,190,901
7 Transportation and Housing							
7.41 Transportation and Housing Administration	195,429	41,219	236,648	3,124	239,772	222,552	209,468
7.70 Student Transportation	1,075,243	281,599	1,356,842	339,996	1,696,838	1,800,587	1,610,665
Total Function 7	1,270,672	322,818	1,593,490	343,120	1,936,610	2,023,139	1,820,133
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	63,780,146	15,123,136	78,903,282	8,866,583	87,769,865	91,324,025	86,837,522

School District No. 22 (Vernon)

Schedule of Special Purpose Operations

Year Ended June 30, 2021

Schedule 3 (Unaudited)

	2021 Budget (Note 11) \$	2021 Actual \$	2020 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	12,238,119	12,076,810	8,598,141
Other Revenue	3,017,271	1,809,966	3,717,627
Investment Income	23,600	4,652	35,351
Total Revenue	15,278,990	13,891,428	12,351,119
Expenses			
Instruction	12,624,713	11,200,306	10,618,067
District Administration	12,170	-	43,507
Operations and Maintenance	1,530,613	1,036,756	800,770
Transportation and Housing	480,771	365,803	115,805
Total Expense	14,648,267	12,602,865	11,578,149
Special Purpose Surplus (Deficit) for the year	630,723	1,288,563	772,970
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(663,123)	(1,270,219)	(358,750)
Other	(30,000)	(30,000)	(30,000)
Total Net Transfers	(693,123)	(1,300,219)	(388,750)
Total Special Purpose Surplus (Deficit) for the year	(62,400)	(11,656)	384,220
Special Purpose Surplus (Deficit), beginning of year		441,563	57,343
Special Purpose Surplus (Deficit), end of year		429,907	441,563
Special Purpose Surplus (Deficit), end of year			
Related Entities		429,907	441,563
Total Special Purpose Surplus (Deficit), end of year		429,907	441,563

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2021

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Related Entities	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	370,970	1,160,262	-	-	-	52,147	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education	356,510	309,422	-	-	-	128,000	34,300	165,175	645,902
Provincial Grants - Other	-	-	-	-	-	-	-	-	-
Other	-	-	159,798	1,594,399	-	-	-	-	-
	356,510	309,422	159,798	1,594,399	-	128,000	34,300	165,175	645,902
Less: Allocated to Revenue	356,510	309,422	117,031	1,562,903	-	128,000	34,300	200,324	645,902
Recovered	-	-	-	-	-	-	-	-	-
Deferred Revenue, end of year	-	-	413,737	1,191,758	-	-	-	16,998	-
Revenues									
Provincial Grants - Ministry of Education	356,510	309,422	-	-	-	128,000	34,300	200,324	645,902
Other Revenue	-	-	117,031	1,562,903	118,297	-	-	-	-
Investment Income	-	-	-	-	4,652	-	-	-	-
	356,510	309,422	117,031	1,562,903	122,949	128,000	34,300	200,324	645,902
Expenses									
Salaries									
Teachers	-	-	-	-	-	-	-	24,942	-
Principals and Vice Principals	-	-	-	-	-	-	-	56,535	-
Educational Assistants	-	248,206	-	-	-	77,655	-	36,063	-
Support Staff	-	-	-	-	-	1,172	-	-	4,218
Other Professionals	-	-	-	-	-	-	-	-	-
Substitutes	-	12,634	-	7,963	-	-	-	11,981	-
	-	260,840	-	7,963	-	78,827	-	129,521	4,218
Employee Benefits	-	48,582	-	1,707	-	24,483	-	32,292	367
Services and Supplies	26,554	-	117,031	1,518,031	104,605	24,690	34,300	38,511	641,317
	26,554	309,422	117,031	1,527,701	104,605	128,000	34,300	200,324	645,902
Net Revenue (Expense) before Interfund Transfers	329,956	-	-	35,202	18,344	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(329,956)	-	-	(35,202)	-	-	-	-	-
Other	-	-	-	-	(30,000)	-	-	-	-
	(329,956)	-	-	(35,202)	(30,000)	-	-	-	-
Net Revenue (Expense)	-	-	-	-	(11,656)	-	-	-	-
Additional Expenses funded by, and reported in, the Operating Fund		20,000							208,000

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2021

	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	Safe Return to School Grant	Federal Safe Return to Class Fund	Other Grants
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	44,244	87,483	-	-	-	-	4,794
Add: Restricted Grants									
Provincial Grants - Ministry of Education	696,607	5,510,156	105,840	102,305	52,000	6,000	640,018	3,275,928	-
Provincial Grants - Other	-	-	-	-	-	-	-	-	8,000
Other	-	-	-	-	-	-	-	-	37,039
	696,607	5,510,156	105,840	102,305	52,000	6,000	640,018	3,275,928	45,039
Less: Allocated to Revenue	696,607	5,510,156	105,840	115,803	52,000	6,000	640,018	3,275,928	11,735
Recovered	-	-	44,244	-	-	-	-	-	-
Deferred Revenue, end of year	-	-	-	73,985	-	-	-	-	38,098
Revenues									
Provincial Grants - Ministry of Education	696,607	5,510,156	105,840	115,803	52,000	6,000	640,018	3,275,928	-
Other Revenue	-	-	-	-	-	-	-	-	11,735
Investment Income	-	-	-	-	-	-	-	-	-
	696,607	5,510,156	105,840	115,803	52,000	6,000	640,018	3,275,928	11,735
Expenses									
Salaries									
Teachers	-	4,398,213	-	-	-	1,413	-	850,400	-
Principals and Vice Principals	13,070	-	-	-	-	-	-	97,422	-
Educational Assistants	262,199	-	-	-	-	160	-	-	-
Support Staff	23,736	-	-	60,796	-	-	321,798	206,739	9,500
Other Professionals	-	-	-	-	41,844	-	-	-	-
Substitutes	257,508	25,479	91,575	-	-	-	-	186,327	-
	556,513	4,423,692	91,575	60,796	41,844	1,573	321,798	1,340,888	9,500
Employee Benefits	140,094	1,086,464	14,265	26,056	10,156	257	41,393	297,525	2,235
Services and Supplies	-	-	-	28,951	-	4,170	225,097	784,184	-
	696,607	5,510,156	105,840	115,803	52,000	6,000	588,288	2,422,597	11,735
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	51,730	853,331	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	(51,730)	(853,331)	-
Other	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(51,730)	(853,331)	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-
Additional Expenses funded by, and reported in, the Operating Fund				16,768					

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2021

	<u>TOTAL</u>
	\$
Deferred Revenue, beginning of year	1,719,900
Add: Restricted Grants	
Provincial Grants - Ministry of Education	12,028,163
Provincial Grants - Other	8,000
Other	1,791,236
	<u>13,827,399</u>
Less: Allocated to Revenue	13,768,479
Recovered	44,244
Deferred Revenue, end of year	<u><u>1,734,576</u></u>
Revenues	
Provincial Grants - Ministry of Education	12,076,810
Other Revenue	1,809,966
Investment Income	4,652
	<u>13,891,428</u>
Expenses	
Salaries	
Teachers	5,274,968
Principals and Vice Principals	167,027
Educational Assistants	624,283
Support Staff	627,959
Other Professionals	41,844
Substitutes	593,467
	<u>7,329,548</u>
Employee Benefits	1,725,876
Services and Supplies	3,547,441
	<u>12,602,865</u>
Net Revenue (Expense) before Interfund Transfers	<u>1,288,563</u>
Interfund Transfers	
Tangible Capital Assets Purchased	(1,270,219)
Other	(30,000)
	<u>(1,300,219)</u>
Net Revenue (Expense)	<u><u>(11,656)</u></u>
Additional Expenses funded by, and reported in, the Operating Fund	<u><u>244,768</u></u>

School District No. 22 (Vernon)

Schedule of Capital Operations

Year Ended June 30, 2021

Schedule 4 (Unaudited)

	2021	2021 Actual			2020
	Budget (Note 11)	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education		632,631		632,631	
Investment Income				-	71,476
Amortization of Deferred Capital Revenue	4,241,007	4,323,383		4,323,383	5,358,506
Total Revenue	<u>4,241,007</u>	<u>4,956,014</u>	<u>-</u>	<u>4,956,014</u>	<u>5,429,982</u>
Expenses					
Operations and Maintenance		632,631		632,631	
Amortization of Tangible Capital Assets					
Operations and Maintenance	5,657,112	5,740,697		5,740,697	6,796,916
Transportation and Housing	509,080	504,087		504,087	469,702
Total Expense	<u>6,166,192</u>	<u>6,877,415</u>	<u>-</u>	<u>6,877,415</u>	<u>7,266,618</u>
Capital Surplus (Deficit) for the year	<u>(1,925,185)</u>	<u>(1,921,401)</u>	<u>-</u>	<u>(1,921,401)</u>	<u>(1,836,636)</u>
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	1,119,514	1,668,207		1,668,207	832,612
Local Capital	1,163,000		2,835,690	2,835,690	3,403,814
Total Net Transfers	<u>2,282,514</u>	<u>1,668,207</u>	<u>2,835,690</u>	<u>4,503,897</u>	<u>4,236,426</u>
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		2,564,056	(2,564,056)	-	
Total Other Adjustments to Fund Balances		<u>2,564,056</u>	<u>(2,564,056)</u>	<u>-</u>	
Total Capital Surplus (Deficit) for the year	<u>357,329</u>	<u>2,310,862</u>	<u>271,634</u>	<u>2,582,496</u>	<u>2,399,790</u>
Capital Surplus (Deficit), beginning of year		<u>28,430,798</u>	<u>2,903,971</u>	<u>31,334,769</u>	<u>28,934,979</u>
Capital Surplus (Deficit), end of year		<u>30,741,660</u>	<u>3,175,605</u>	<u>33,917,265</u>	<u>31,334,769</u>

School District No. 22 (Vernon)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2021

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	8,816,960	183,315,870	5,167,594	5,064,175	366,757	3,745,382	206,476,738
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		4,227,621	538,580	369,052	-	46,635	5,181,888
Deferred Capital Revenue - Other		424,000	-	-	-	-	424,000
Operating Fund		-	288,878			109,110	397,988
Special Purpose Funds		1,041,291	143,629	-	-	85,299	1,270,219
Local Capital		545,535	230,640	330,134	85,478	1,372,269	2,564,056
Transferred from Work in Progress		7,393,000					7,393,000
	-	13,631,447	1,201,727	699,186	85,478	1,613,313	17,231,151
Decrease:							
Deemed Disposals			303,680	745,803	-	227,943	1,277,426
	-	-	303,680	745,803	-	227,943	1,277,426
Cost, end of year	8,816,960	196,947,317	6,065,641	5,017,558	452,235	5,130,752	222,430,463
Work in Progress, end of year		36,150					36,150
Cost and Work in Progress, end of year	8,816,960	196,983,467	6,065,641	5,017,558	452,235	5,130,752	222,466,613
Accumulated Amortization, beginning of year		84,795,678	2,298,364	2,833,086	186,510	1,522,821	91,636,459
Changes for the Year							
Increase: Amortization for the Year		4,209,523	561,662	504,087	81,899	887,613	6,244,784
Decrease:							
Deemed Disposals			303,680	745,803	-	227,943	1,277,426
			303,680	745,803	-	227,943	1,277,426
Accumulated Amortization, end of year		89,005,201	2,556,346	2,591,370	268,409	2,182,491	96,603,817
Tangible Capital Assets - Net	8,816,960	107,978,266	3,509,295	2,426,188	183,826	2,948,261	125,862,796

School District No. 22 (Vernon)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2021

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	1,768,138				1,768,138
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	5,624,862				5,624,862
Deferred Capital Revenue - Other	36,150				36,150
	5,661,012	-	-	-	5,661,012
Decrease:					
Transferred to Tangible Capital Assets	7,393,000				7,393,000
	7,393,000	-	-	-	7,393,000
Net Changes for the Year	(1,731,988)	-	-	-	(1,731,988)
Work in Progress, end of year	36,150	-	-	-	36,150

School District No. 22 (Vernon)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2021

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	86,328,867	145,010		86,473,877
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	5,181,888	424,000		5,605,888
Transferred from Work in Progress	7,328,604			7,328,604
	<u>12,510,492</u>	<u>424,000</u>	<u>-</u>	<u>12,934,492</u>
Decrease:				
Amortization of Deferred Capital Revenue	4,300,022	23,361		4,323,383
	<u>4,300,022</u>	<u>23,361</u>	<u>-</u>	<u>4,323,383</u>
Net Changes for the Year	<u>8,210,470</u>	<u>400,639</u>	<u>-</u>	<u>8,611,109</u>
Deferred Capital Revenue, end of year	<u>94,539,337</u>	<u>545,649</u>	<u>-</u>	<u>95,084,986</u>
Work in Progress, beginning of year	1,703,742	-		1,703,742
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	5,624,862	36,150		5,661,012
	<u>5,624,862</u>	<u>36,150</u>	<u>-</u>	<u>5,661,012</u>
Decrease				
Transferred to Deferred Capital Revenue	7,328,604			7,328,604
	<u>7,328,604</u>	<u>-</u>	<u>-</u>	<u>7,328,604</u>
Net Changes for the Year	<u>(1,703,742)</u>	<u>36,150</u>	<u>-</u>	<u>(1,667,592)</u>
Work in Progress, end of year	<u>-</u>	<u>36,150</u>	<u>-</u>	<u>36,150</u>
Total Deferred Capital Revenue, end of year	<u>94,539,337</u>	<u>581,799</u>	<u>-</u>	<u>95,121,136</u>

School District No. 22 (Vernon)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2021

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	-	428,997	-	-	-	428,997
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	11,439,381	-	-	-	-	11,439,381
Provincial Grants - Other	-	-	1,360,482	-	-	1,360,482
Investment Income	-	3,188	-	-	-	3,188
	<u>11,439,381</u>	<u>3,188</u>	<u>1,360,482</u>	<u>-</u>	<u>-</u>	<u>12,803,051</u>
Decrease:						
Transferred to DCR - Capital Additions	5,181,888	424,000	-	-	-	5,605,888
Transferred to DCR - Work in Progress	5,624,862	-	36,150	-	-	5,661,012
Transferred to Revenue - Proceeds of Insurance	632,631	-	-	-	-	632,631
	<u>11,439,381</u>	<u>424,000</u>	<u>36,150</u>	<u>-</u>	<u>-</u>	<u>11,899,531</u>
Net Changes for the Year	<u>-</u>	<u>(420,812)</u>	<u>1,324,332</u>	<u>-</u>	<u>-</u>	<u>903,520</u>
Balance, end of year	<u>-</u>	<u>8,185</u>	<u>1,324,332</u>	<u>-</u>	<u>-</u>	<u>1,332,517</u>