

Consolidated Audited Financial Statements of

School District No. 22 (Vernon)

And Independent Auditors' Report thereon

June 30, 2020

School District No. 22 (Vernon)

June 30, 2020

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School District No. 22 (Vernon)

MANAGEMENT REPORT

Version: 3302-2556-9574

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, KPMG 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 AUDITORS' REPORT

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

Opinion

We have audited the financial statements of School District No. 22 (Vernon) (the Entity), which comprise:

- The statement of financial position as at June 30, 2020
- the statement of operations for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the financial reporting provisions 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Emphasis of Matter – Financial Reporting Framework

We draw attention to note 2 to the financial statements which describes the applicable financial reporting framework and the significant differences between the financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.



Other Information

Management is responsible for the other information. Other information comprises:

- Unaudited Schedules 1 - 4 attached to the audited financial statements; and
- Information, other than the financial statements and the auditors' report thereon, included in the Financial Statement Discussion and Analysis document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Information, other than the financial statements and the auditors' report thereon, included in the Financial Statement Discussion and Analysis document as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget and 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 financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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

September 16, 2020
Vernon, Canada

School District No. 22 (Vernon)

Consolidated Statement of Financial Position

As at June 30, 2020

Statement 1

	2020 Actual \$	2019 Actual \$
Financial Assets		
Cash and Cash Equivalents	24,022,705	21,973,134
Accounts Receivable		
Due from Province - Ministry of Education	377,887	143,534
Due from First Nations	299,698	299,698
Other	676,061	317,505
Total Financial Assets	<u>25,376,351</u>	<u>22,733,871</u>
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 3)	9,634,434	8,610,485
Unearned Revenue (Note 4)	1,263,487	2,170,407
Deferred Revenue (Note 5)	1,719,900	1,716,296
Deferred Capital Revenue (Note 6)	88,606,616	89,647,612
Employee Future Benefits (Note 7)	3,815,802	3,539,784
Total Liabilities	<u>105,040,239</u>	<u>105,684,584</u>
Net Debt	<u>(79,663,888)</u>	<u>(82,950,713)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 8)	116,608,417	115,699,715
Prepaid Expenses	7,825	149,184
Total Non-Financial Assets	<u>116,616,242</u>	<u>115,848,899</u>
Accumulated Surplus (Deficit) (Note 9)	<u>36,952,354</u>	<u>32,898,186</u>

Contractual Obligations (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, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	92,772,943	93,657,081	88,508,444
Other	317,864	308,448	316,874
Federal Grants		27,586	
Tuition	5,278,828	5,041,265	4,933,289
Other Revenue	5,097,897	4,881,372	4,382,612
Rentals and Leases	50,000	52,432	54,426
Investment Income	345,000	409,767	484,816
Amortization of Deferred Capital Revenue	4,052,769	5,358,506	4,095,977
Total Revenue	<u>107,915,301</u>	<u>109,736,457</u>	<u>102,776,438</u>
Expenses (Note 13)			
Instruction	87,137,484	83,372,259	80,022,676
District Administration	3,259,250	3,115,803	2,940,744
Operations and Maintenance	15,373,328	16,788,587	14,639,212
Transportation and Housing	2,686,685	2,405,640	2,466,440
Total Expense	<u>108,456,747</u>	<u>105,682,289</u>	<u>100,069,072</u>
Surplus (Deficit) for the year	<u>(541,446)</u>	<u>4,054,168</u>	<u>2,707,366</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		32,898,186	30,190,820
Accumulated Surplus (Deficit) from Operations, end of year		<u>36,952,354</u>	<u>32,898,186</u>

School District No. 22 (Vernon)

Consolidated Statement of Changes in Net Debt

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Surplus (Deficit) for the year	(541,446)	4,054,168	2,707,366
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(8,194,641)	(8,175,320)	(10,611,705)
Amortization of Tangible Capital Assets	5,422,828	7,266,618	5,759,447
Total Effect of change in Tangible Capital Assets	(2,771,813)	(908,702)	(4,852,258)
Acquisition of Prepaid Expenses		-	(73,159)
Use of Prepaid Expenses		141,359	-
Total Effect of change in Other Non-Financial Assets	-	141,359	(73,159)
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	(3,313,259)	3,286,825	(2,218,051)
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		3,286,825	(2,218,051)
Net Debt, beginning of year		(82,950,713)	(80,732,662)
Net Debt, end of year		(79,663,888)	(82,950,713)

School District No. 22 (Vernon)

Consolidated Statement of Cash Flows

Year Ended June 30, 2020

	2020 Actual \$	2019 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	4,054,168	2,707,366
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(592,909)	(213,214)
Prepaid Expenses	141,359	(73,159)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,023,949	940,648
Unearned Revenue	(906,920)	(270,902)
Deferred Revenue	3,604	542,992
Employee Future Benefits	276,018	132,799
Other Liabilities	-	-
Amortization of Tangible Capital Assets	7,266,618	5,759,447
Amortization of Deferred Capital Revenue	(5,358,506)	(4,095,977)
Total Operating Transactions	<u>5,907,381</u>	<u>5,430,000</u>
Capital Transactions		
Tangible Capital Assets Purchased	(3,855,570)	(4,462,202)
Tangible Capital Assets -WIP Purchased	(4,319,750)	(6,149,503)
Total Capital Transactions	<u>(8,175,320)</u>	<u>(10,611,705)</u>
Financing Transactions		
Capital Revenue Received	4,317,510	2,772,907
Total Financing Transactions	<u>4,317,510</u>	<u>2,772,907</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,049,571	(2,408,798)
Cash and Cash Equivalents, beginning of year	<u>21,973,134</u>	24,381,932
Cash and Cash Equivalents, end of year	<u>24,022,705</u>	21,973,134
Cash and Cash Equivalents, end of year, is made up of:		
Cash	24,022,705	21,973,134
	<u>24,022,705</u>	<u>21,973,134</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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 restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

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, 2020

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; and
- 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.

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. 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, 2020

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).

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

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2021. 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 pending approval in the Fall of 2020. 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, 2020

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

	2020	2019
Trade and other amounts payable	\$ 3,606,919	\$ 2,896,694
Wages payable – teachers' 12 month instalment plan	1,321,451	1,249,540
Pension contributions payable	1,210,242	1,280,210
Payroll taxes payable	1,871,529	1,622,245
Accrued vacation pay	962,530	868,513
Other accrued liabilities	393,509	693,283
Due to Okanagan Labour Relations Council	268,254	-
	<u>\$ 9,634,434</u>	<u>\$8,610,485</u>

NOTE 4 UNEARNED REVENUE

	2020	2019
Balance, beginning of year	\$ 2,170,407	\$ 2,441,309
Changes for the year:		
Increase:		
Tuition fees collected	4,134,345	4,662,387
Decrease:		
Tuition fees recognized	5,041,265	4,933,289
Net decrease for the year	<u>(906,920)</u>	<u>(270,902)</u>
Balance, end of year	<u>\$ 1,263,487</u>	<u>\$ 2,170,407</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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.

	2020	2019
Balance, beginning of year	\$ 1,716,296	\$ 1,173,304
Changes for the year:		
Increase:		
Grants: Provincial – Ministry of Education	8,759,664	8,477,777
School generated funds	2,586,489	3,062,333
Other	180,359	216,738
Interest	24,673	52,449
	11,551,185	11,809,297
Decrease:		
Allocated to Revenue: Provincial – Ministry of Education	8,598,141	8,164,994
Other	2,642,746	3,101,311
Recovered	306,694	-
	11,547,581	11,266,305
Net changes for the year	3,604	542,992
Balance, end of year	\$ 1,719,900	\$ 1,716,296

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.

	2020	2019
Deferred capital revenue - spent		
Balance, beginning of year	\$ 89,187,662	\$ 90,609,598
Increase:		
Capital additions	4,348,463	2,674,041
Decrease:		
Amortization	5,358,506	4,095,977
Net decrease for the year	(1,010,043)	(1,421,936)
Balance, end of year	\$ 88,177,619	\$ 89,187,662

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 6 DEFERRED CAPITAL REVENUE (Continued)

	2020	2019
Deferred capital revenue - unspent		
Balance, beginning of year	\$ 459,950	\$ 361,084
Increases:		
Provincial grants – Ministry of Education	4,315,708	2,749,103
Provincial grants – Other Ministries	-	21,869
Investment income	1,802	1,935
Decrease:		
Transfer to deferred capital revenue - spent	4,348,463	2,674,041
Net (decrease) increase for the year	(30,953)	98,866
Balance, end of year	428,997	459,950
Total deferred capital revenue balance, end of year	\$ 88,606,616	\$ 89,647,612

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.

	2020	2019
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 4,256,222	\$ 3,398,812
Service Cost	339,780	254,402
Interest Cost	109,380	95,966
Benefit Payments	(197,185)	(362,670)
Decrease in Obligation due to Plan Amendment	-	(14,232)
Actuarial Loss (Gain)	(171,622)	883,944
Accrued Benefit Obligation – March 31	\$ 4,336,575	\$ 4,256,222
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 4,336,575	\$ 4,256,222
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(4,336,575)	(4,256,222)
Employer Contributions After Measurement Date	85,526	6,656
Benefits Expense After Measurement Date	(114,583)	(112,290)
Unamortized Net Actuarial Loss (Gain)	549,830	822,072
Accrued Benefit Liability – June 30	\$ (3,815,802)	\$ (3,539,784)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	\$ 3,539,784	\$ 3,406,985
Net Expense for Fiscal Year	552,073	365,374
Employer Contributions	(276,055)	(232,575)
Accrued Benefit Liability – June 30	\$ 3,815,802	\$ 3,539,784

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 7 EMPLOYEE FUTURE BENEFITS *(Continued)*

	2020	2019
Components of Net Benefit Expense		
Service Cost	\$ 344,139	\$ 275,747
Interest Cost	107,314	99,320
Immediate Recognition of Plan Amendment	-	(14,232)
Amortization of Net Actuarial Loss	100,620	4,539
Net Benefit Expense	\$ 552,073	\$ 365,374

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

	2020	2019
Discount Rate – March 31	2.25%	2.50%
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	9.2 years	9.2 years

NOTE 8 TANGIBLE CAPITAL ASSETS

June 30, 2020

	Balance at June 30, 2019	Additions	Disposals and transfers	Balance at June 30, 2020
Cost:				
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

	Balance at June 30, 2019	Additions	Disposals	Balance at June 30, 2020
Accumulated Amortization:				
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

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 8 TANGIBLE CAPITAL ASSETS *(Continued)*

June 30, 2019

Cost:	Balance at June 30, 2018	Additions	Disposals	Balance at June 30, 2019
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	169,375,943	2,909,204	-	172,285,147
Buildings – Work-in-progress	951,885	6,149,503	-	7,101,388
Furniture & Equipment	4,358,675	275,921	75,312	4,559,284
Vehicles	4,916,857	254,579	887,274	4,284,162
Computer Software	391,931	89,197	121,658	359,470
Computer Hardware	5,133,246	933,301	2,652,237	3,414,310
Total	\$ 193,945,497	\$ 10,611,705	\$ 3,736,481	200,820,721

Accumulated Amortization:	Balance at June 30, 2018	Additions	Disposals	Balance at June 30, 2019
Buildings	\$ 75,843,376	\$ 3,726,859	\$ -	\$ 79,570,235
Furniture & Equipment	1,383,869	435,867	75,312	1,744,424
Vehicles	2,758,972	491,686	887,274	2,363,384
Computer Software	149,784	78,386	121,658	106,512
Computer Hardware	2,962,039	1,026,649	2,652,237	1,336,451
Total	\$ 83,098,040	\$ 5,759,447	\$ 3,736,481	\$ 85,121,006

Net Book Value:

	June 30, 2020	June 30, 2019
Sites	\$ 8,816,960	\$ 8,816,960
Buildings	98,520,192	92,714,912
Buildings – Work-in-progress	1,768,138	7,101,388
Furniture & Equipment	2,869,230	2,814,860
Vehicles	2,231,089	1,920,778
Computer Software	180,247	252,958
Computer Hardware	2,222,561	2,077,859
Total	\$ 116,608,417	\$ 115,699,715

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.

	2020	2019
Operating fund	\$ 5,176,022	\$ 3,905,864
Special purpose funds	441,563	57,343
Capital funds	\$ 31,334,769	28,934,979
Total Accumulated Surplus	\$ 36,952,354	\$ 32,898,186

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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. Externally restricted surpluses are amounts for which an agreement with a third party targets the use of the surplus to a particular activity. Internally restricted surpluses have been 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.

	2020	2019
Internally restricted:		
School budget balances	\$ 716,070	\$ 392,648
Trustee travel	18,836	4,293
Department budget balances	87,605	-
Appropriated by 2020/21 budget bylaw	1,179,756	1,693,680
Budget allocations	881,416	-
Contingency reserve	1,000,000	1,000,000
Union commitments	694,115	643,885
Indigenous Education commitments	598,224	171,358
Total Operating Fund	\$ 5,176,022	\$ 3,905,864

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.

	2020	2019
Internally restricted:		
554210 BC Ltd. operating surplus	\$ 441,563	\$ 57,343
Total Special Purpose Funds	\$ 441,563	\$ 57,343

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 9 ACCUMULATED SURPLUS (Continued)

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 internally restricted to fund future capital purchases.

	2020	2019
Local capital	\$ 2,903,971	\$ 2,422,926
Invested in tangible capital assets	28,430,798	26,512,053
Total Capital Fund	\$ 31,334,769	\$ 28,934,979

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	Variance
Year ended June 30, 2020	\$ 2,493,000	\$ 3,403,814	\$ 910,814
Year ended June 30, 2019	\$ 1,133,000	\$ 1,914,258	\$ 781,258

\$55,675 (2019 - \$67,245) of the variance reflects transfers into local capital to fund the replacement of the School District's photocopiers. \$855,139 reflects the transfer of the profit from the International Program to local capital to fund facility improvements. In 2019, \$714,013 from excess international program revenues earned in 2019 was allocated to finance the Board Office renovation and portable replacement project.

The School District has allocated existing local capital to fund the following projects in future years:

	2020	2019
Technology	\$ 128,460	\$ 217,853
Facility improvements	855,139	-
Maintenance, custodial and transportation equipment and vehicles	67,060	105,342
School classroom improvements	97,726	117,655
Finance enterprise resource planning software	400,000	400,000
Photocopier fleet replacement	74,664	54,192
Board office renovation and portable replacement	-	1,527,884
Learning commons creation	370,000	-
Electric bus acquisition	300,000	-
Portable acquisition	594,752	-
School shop equipment replacement	16,170	-
Total Local Capital	\$ 2,903,971	\$ 2,422,926

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has approximately \$1.9 million of purchase orders which remain outstanding at June 30, 2020.

The School District has approximately \$3.5 million at June 30, 2020 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 \$278,000 of post-secondary scholarships and bursaries at June 30, 2020.

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 \$854,362 at June 30, 2020.

The School District receives certain targeted funding from the Provincial Government which the School District is required to spend on enhancing the education of Aboriginal students. Unspent amounts at June 30, 2020 are \$598,224. The School District is committed to spending this amount on enhancing the education of Aboriginal 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, 2020, 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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 15th, 2020. The original annual budget was adopted on May 15th, 2019. The original and amended budgets are presented below.

	2020 Annual Amended Budget	2020 Annual Original Budget
Revenues		
Provincial Grants		
Ministry of Education	\$ 92,772,943	\$ 90,977,985
Other	317,864	344,464
Tuition	5,278,828	5,302,328
Other Revenue	5,097,897	4,942,337
Rentals and Leases	50,000	50,000
Investment Income	345,000	270,000
Amortization of Deferred Capital Revenue	4,052,769	4,072,145
	107,915,301	105,959,259
Expenses		
Instruction	87,137,484	84,923,034
District Administration	3,259,250	3,183,447
Operations and Maintenance	15,373,328	15,026,732
Transportation and Housing	2,686,685	2,797,085
	108,456,747	105,930,298
(Deficit) surplus for the year	\$ (541,446)	\$ 28,961

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, 2018, the Teachers' Pension Plan has about 48,000 active members and approximately 38,000 retired members. As of December 31, 2018, the Municipal Pension Plan has about 205,000 active members, including approximately 26,000 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 12 EMPLOYEE PENSION PLANS *(Continued)*

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 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 \$6,962,016 for employer contributions to the plans for the year ended June 30, 2020 (2019: \$6,974,632).

The next valuation for the Teachers' Pension Plan will be as at December 31, 2020, with results available in 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.

NOTE 13 EXPENSE BY OBJECT

	2020	2019
Salaries and benefits	\$ 84,068,091	\$ 79,821,894
Services and supplies	14,347,580	14,487,731
Amortization	7,266,618	5,759,447
	\$ 105,682,289	\$ 100,069,072

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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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.

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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 17 OTHER MATTERS

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instruction in March 2020 and the District remained open to continue to support students and families in a variety of ways. Parents were given the choice to send their children back to school on a gradual and part-time basis beginning June 1 with new health and safety guidelines. The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the District is not practicable at this time.

NOTE 18 SCHEDULES BY FUND

The School District accounts for its financial activities using funds. The schedules on pages 28 to 41 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 of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2020

	Operating Fund	Special Purpose Fund	Capital Fund	2020 Actual	2019 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	3,905,864	57,343	28,934,979	32,898,186	30,190,820
Changes for the year					
Surplus (Deficit) for the year	5,117,834	772,970	(1,836,636)	4,054,168	2,707,366
Interfund Transfers					
Tangible Capital Assets Purchased	(473,862)	(358,750)	832,612	-	
Local Capital	(3,403,814)		3,403,814	-	
Other	30,000	(30,000)		-	
Net Changes for the year	1,270,158	384,220	2,399,790	4,054,168	2,707,366
Accumulated Surplus (Deficit), end of year - Statement 2	5,176,022	441,563	31,334,769	36,952,354	32,898,186

School District No. 22 (Vernon)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	83,992,938	85,058,940	80,343,450
Other	317,864	308,448	316,874
Federal Grants		27,586	
Tuition	5,278,828	5,041,265	4,933,289
Other Revenue	1,182,897	1,163,745	1,234,693
Rentals and Leases	50,000	52,432	54,426
Investment Income	250,000	302,940	303,473
Total Revenue	<u>91,072,527</u>	<u>91,955,356</u>	<u>87,186,205</u>
Expenses			
Instruction	76,272,513	72,754,192	69,178,492
District Administration	3,233,250	3,072,296	2,928,721
Operations and Maintenance	9,530,420	9,190,901	9,254,752
Transportation and Housing	2,071,481	1,820,133	1,974,754
Total Expense	<u>91,107,664</u>	<u>86,837,522</u>	<u>83,336,719</u>
Operating Surplus (Deficit) for the year	<u>(35,137)</u>	<u>5,117,834</u>	<u>3,849,486</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>2,905,864</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(407,727)	(473,862)	(522,789)
Local Capital	(2,493,000)	(3,403,814)	(1,914,258)
Other	30,000	30,000	30,000
Total Net Transfers	<u>(2,870,727)</u>	<u>(3,847,676)</u>	<u>(2,407,047)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>1,270,158</u>	<u>1,442,439</u>
Operating Surplus (Deficit), beginning of year		3,905,864	2,463,425
Operating Surplus (Deficit), end of year		<u>5,176,022</u>	<u>3,905,864</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		<u>5,176,022</u>	<u>3,905,864</u>
Total Operating Surplus (Deficit), end of year		<u>5,176,022</u>	<u>3,905,864</u>

School District No. 22 (Vernon)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	83,423,678	83,511,574	80,440,964
ISC/LEA Recovery	(998,994)	(970,380)	(998,994)
Other Ministry of Education Grants			
Pay Equity	85,865	85,865	85,865
Funding for Graduated Adults	9,691	40,571	29,353
Transportation Supplement	361,094	361,094	361,094
Economic Stability Dividend			96,491
Carbon Tax Grant	50,000	75,716	75,716
Employer Health Tax Grant	648,766	648,766	197,147
Strategic Priorities - Mental Health Grant			33,000
BCTEA - LEA Capacity Building Grant			6,850
Support Staff Wage Increase Funding	330,000	321,761	
Teachers' Labour Settlement Funding	-	961,275	
FSA and Monitored Marking	12,964	12,964	12,964
Other Grants	4,000	9,734	3,000
Special Needs Enrolment Growth	65,874	-	-
Total Provincial Grants - Ministry of Education	83,992,938	85,058,940	80,343,450
Provincial Grants - Other	317,864	308,448	316,874
Federal Grants	-	27,586	-
Tuition			
International and Out of Province Students	5,278,828	5,041,265	4,933,289
Total Tuition	5,278,828	5,041,265	4,933,289
Other Revenues			
Funding from First Nations	998,994	970,380	998,994
Miscellaneous			
Fees	150,000	120,547	132,820
Miscellaneous	23,303	62,218	72,642
Other Governmental Organisations	1,000	1,000	20,637
Artists in Education (ArtStarts)	9,600	9,600	9,600
Total Other Revenue	1,182,897	1,163,745	1,234,693
Rentals and Leases	50,000	52,432	54,426
Investment Income	250,000	302,940	303,473
Total Operating Revenue	91,072,527	91,955,356	87,186,205

School District No. 22 (Vernon)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Salaries			
Teachers	39,575,216	39,313,757	36,991,986
Principals and Vice Principals	4,894,992	4,635,564	4,392,128
Educational Assistants	5,226,229	5,170,998	4,475,282
Support Staff	7,824,605	7,681,987	7,731,396
Other Professionals	2,128,598	2,037,973	1,984,680
Substitutes	3,204,971	2,335,139	2,448,966
Total Salaries	62,854,611	61,175,418	58,024,438
Employee Benefits	15,955,404	15,519,915	14,813,854
Total Salaries and Benefits	78,810,015	76,695,333	72,838,292
Services and Supplies			
Services	5,335,469	4,613,505	4,452,203
Student Transportation	8,815	6,558	7,826
Professional Development and Travel	782,571	577,605	696,678
Rentals and Leases	122,675	102,802	130,639
Dues and Fees	86,439	115,659	71,330
Insurance	488,647	351,737	304,007
Supplies	3,437,995	2,428,768	2,781,983
Utilities	2,035,038	1,945,555	2,053,761
Total Services and Supplies	12,297,649	10,142,189	10,498,427
Total Operating Expense	91,107,664	86,837,522	83,336,719

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object
Year Ended June 30, 2020

	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	29,960,366	1,205,884	-	449,584	-	1,887,432	33,503,266
1.03 Career Programs	370,006	64,536	-	33,717	16,950	9,083	494,292
1.07 Library Services	807,998	3,450	-	268,554	-	1,619	1,081,621
1.08 Counselling	1,627,484	-	-	-	-	-	1,627,484
1.10 Special Education	4,935,108	123,665	4,580,925	74,964	163,820	231,421	10,109,903
1.30 English Language Learning	276,070	-	-	-	-	-	276,070
1.31 Indigenous Education	189,429	-	590,073	49,875	116,311	4,345	950,033
1.41 School Administration	-	3,044,422	-	1,371,462	-	69,858	4,485,742
1.60 Summer School	22,100	-	-	-	-	-	22,100
1.62 International and Out of Province Students	1,125,196	129,071	-	78,224	97,773	22,069	1,452,333
Total Function 1	39,313,757	4,571,028	5,170,998	2,326,380	394,854	2,225,827	54,002,844
4 District Administration							
4.11 Educational Administration	-	64,536	-	143,140	590,792	2,941	801,409
4.40 School District Governance	-	-	-	-	132,902	-	132,902
4.41 Business Administration	-	-	-	449,019	517,357	-	966,376
Total Function 4	-	64,536	-	592,159	1,241,051	2,941	1,900,687
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	90,291	301,499	-	391,790
5.50 Maintenance Operations	-	-	-	3,438,612	-	60,362	3,498,974
5.52 Maintenance of Grounds	-	-	-	225,123	-	-	225,123
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	-	3,754,026	301,499	60,362	4,115,887
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	65,279	100,569	1,805	167,653
7.70 Student Transportation	-	-	-	944,143	-	44,204	988,347
Total Function 7	-	-	-	1,009,422	100,569	46,009	1,156,000
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	39,313,757	4,635,564	5,170,998	7,681,987	2,037,973	2,335,139	61,175,418

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object
Year Ended June 30, 2020

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	33,503,266	7,984,150	41,487,416	1,369,990	42,857,406	44,156,435	41,134,336
1.03 Career Programs	494,292	115,832	610,124	227,204	837,328	900,854	843,260
1.07 Library Services	1,081,621	310,282	1,391,903	43,421	1,435,324	1,385,518	1,505,698
1.08 Counselling	1,627,484	386,355	2,013,839	14,349	2,028,188	1,920,003	1,881,683
1.10 Special Education	10,109,903	2,974,927	13,084,830	648,859	13,733,689	14,091,065	12,399,645
1.30 English Language Learning	276,070	70,274	346,344	-	346,344	366,020	104,457
1.31 Indigenous Education	950,033	307,172	1,257,205	170,011	1,427,216	2,002,440	1,404,547
1.41 School Administration	4,485,742	1,147,597	5,633,339	245,213	5,878,552	6,143,350	5,657,017
1.60 Summer School	22,100	1,742	23,842	177	24,019	30,500	25,398
1.62 International and Out of Province Students	1,452,333	352,233	1,804,566	2,381,560	4,186,126	5,276,328	4,222,451
Total Function 1	54,002,844	13,650,564	67,653,408	5,100,784	72,754,192	76,272,513	69,178,492
4 District Administration							
4.11 Educational Administration	801,409	136,679	938,088	137,397	1,075,485	1,128,805	1,225,239
4.40 School District Governance	132,902	6,105	139,007	76,897	215,904	237,055	190,589
4.41 Business Administration	966,376	255,674	1,222,050	558,857	1,780,907	1,867,390	1,512,893
Total Function 4	1,900,687	398,458	2,299,145	773,151	3,072,296	3,233,250	2,928,721
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	391,790	83,408	475,198	108,287	583,485	630,089	570,589
5.50 Maintenance Operations	3,498,974	964,862	4,463,836	1,884,841	6,348,677	6,578,260	6,368,684
5.52 Maintenance of Grounds	225,123	74,148	299,271	64,058	363,329	287,033	335,713
5.56 Utilities	-	-	-	1,895,410	1,895,410	2,035,038	1,979,766
Total Function 5	4,115,887	1,122,418	5,238,305	3,952,596	9,190,901	9,530,420	9,254,752
7 Transportation and Housing							
7.41 Transportation and Housing Administration	167,653	37,688	205,341	4,127	209,468	195,101	191,213
7.70 Student Transportation	988,347	310,787	1,299,134	311,531	1,610,665	1,876,380	1,783,541
Total Function 7	1,156,000	348,475	1,504,475	315,658	1,820,133	2,071,481	1,974,754
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	61,175,418	15,519,915	76,695,333	10,142,189	86,837,522	91,107,664	83,336,719

School District No. 22 (Vernon)

Schedule of Special Purpose Operations

Year Ended June 30, 2020

Schedule 3 (Unaudited)

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	8,780,005	8,598,141	8,164,994
Other Revenue	3,915,000	3,717,627	3,147,919
Investment Income	15,000	35,351	28,721
Total Revenue	<u>12,710,005</u>	<u>12,351,119</u>	<u>11,341,634</u>
Expenses			
Instruction	10,864,971	10,618,067	10,844,184
District Administration	26,000	43,507	12,023
Operations and Maintenance	848,496	800,770	116,699
Transportation and Housing	186,788	115,805	-
Total Expense	<u>11,926,255</u>	<u>11,578,149</u>	<u>10,972,906</u>
Special Purpose Surplus (Deficit) for the year	<u>783,750</u>	<u>772,970</u>	<u>368,728</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(333,750)	(358,750)	(340,276)
Other	(30,000)	(30,000)	(30,000)
Total Net Transfers	<u>(363,750)</u>	<u>(388,750)</u>	<u>(370,276)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>420,000</u>	<u>384,220</u>	<u>(1,548)</u>
Special Purpose Surplus (Deficit), beginning of year		57,343	58,891
Special Purpose Surplus (Deficit), end of year		<u>441,563</u>	<u>57,343</u>
Special Purpose Surplus (Deficit), end of year			
Related Entities		441,563	57,343
Total Special Purpose Surplus (Deficit), end of year		<u>441,563</u>	<u>57,343</u>

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2020

	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	-	-	409,070	975,909	-	-	-	22,352	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education	356,510	307,600	-	-	-	128,632	34,689	170,911	645,144
Other	-	-	129,520	2,586,489	-	-	-	-	5,539
Investment Income	-	-	-	24,673	-	-	-	-	-
	356,510	307,600	129,520	2,611,162	-	128,632	34,689	170,911	650,683
Less: Allocated to Revenue	356,510	307,600	167,620	2,426,809	-	128,632	34,689	141,116	650,683
Recovered	-	-	-	-	-	-	-	-	-
Deferred Revenue, end of year	-	-	370,970	1,160,262	-	-	-	52,147	-
Revenues									
Provincial Grants - Ministry of Education	356,510	307,600	-	-	-	128,632	34,689	141,116	645,143
Other Revenue	-	-	167,620	2,402,136	1,099,554	-	-	-	5,540
Investment Income	-	-	-	24,673	10,678	-	-	-	-
	356,510	307,600	167,620	2,426,809	1,110,232	128,632	34,689	141,116	650,683
Expenses									
Salaries									
Teachers	-	-	-	-	-	-	-	23,051	-
Principals and Vice Principals	-	-	-	-	-	-	-	20,337	-
Educational Assistants	-	242,803	-	-	-	79,023	-	19,288	-
Support Staff	-	-	-	-	-	-	-	-	4,628
Other Professionals	-	-	-	-	-	-	-	-	-
Substitutes	-	14,893	-	-	-	-	-	10,291	-
	-	257,696	-	-	-	79,023	-	72,967	4,628
Employee Benefits	-	49,904	-	-	-	26,833	-	19,085	499
Services and Supplies	22,760	-	167,620	2,426,809	671,012	22,776	34,689	49,064	645,556
	22,760	307,600	167,620	2,426,809	671,012	128,632	34,689	141,116	650,683
Net Revenue (Expense) before Interfund Transfers	333,750	-	-	-	439,220	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(333,750)	-	-	-	(25,000)	-	-	-	-
Other	-	-	-	-	(30,000)	-	-	-	-
	(333,750)	-	-	-	(55,000)	-	-	-	-
Net Revenue (Expense)	-	-	-	-	384,220	-	-	-	-
Additional Expenses funded by, and reported in, the Operating Fund									178,091

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2020

	Rural Education Enhancement Fund	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	Other Grants	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	306,694	-	-	-	-	2,271	1,716,296
Add: Restricted Grants									
Provincial Grants - Ministry of Education	475,680	781,455	5,418,232	199,534	203,288	28,500	9,489	-	8,759,664
Other	-	-	-	-	-	-	-	45,300	2,766,848
Investment Income	-	-	-	-	-	-	-	-	24,673
	475,680	781,455	5,418,232	199,534	203,288	28,500	9,489	45,300	11,551,185
Less: Allocated to Revenue	475,680	781,455	5,418,232	155,290	115,805	28,500	9,489	42,777	11,240,887
Recovered	-	-	306,694	-	-	-	-	-	306,694
Deferred Revenue, end of year	-	-	-	44,244	87,483	-	-	4,794	1,719,900
Revenues									
Provincial Grants - Ministry of Education	475,680	781,455	5,418,232	155,290	115,805	28,500	9,489	-	8,598,141
Other Revenue	-	-	-	-	-	-	-	42,777	3,717,627
Investment Income	-	-	-	-	-	-	-	-	35,351
	475,680	781,455	5,418,232	155,290	115,805	28,500	9,489	42,777	12,351,119
Expenses									
Salaries									
Teachers	78,605	-	4,341,321	-	-	-	-	-	4,442,977
Principals and Vice Principals	123,455	43,507	-	-	-	-	-	-	187,299
Educational Assistants	34,282	268,732	-	-	-	-	-	-	644,128
Support Staff	63,710	43,288	-	-	66,581	-	-	18,672	196,879
Other Professionals	-	-	-	-	-	-	-	-	-
Substitutes	2,057	255,992	14,417	107,531	-	20,000	8,500	12,402	446,083
	302,109	611,519	4,355,738	107,531	66,581	20,000	8,500	31,074	5,917,366
Employee Benefits	77,388	160,936	1,062,494	17,124	20,273	8,500	989	11,369	1,455,394
Services and Supplies	96,183	9,000	-	30,635	28,951	-	-	334	4,205,389
	475,680	781,455	5,418,232	155,290	115,805	28,500	9,489	42,777	11,578,149
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	772,970
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	(358,750)
Other	-	-	-	-	-	-	-	-	(30,000)
	-	-	-	-	-	-	-	-	(388,750)
Net Revenue (Expense)	-	-	-	-	-	-	-	-	384,220
Additional Expenses funded by, and reported in, the Operating Fund	6,042	24,461							208,594

School District No. 22 (Vernon)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2020

	2020 Budget	2020 Actual			2019 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Investment Income	80,000		71,476	71,476	152,622
Amortization of Deferred Capital Revenue	4,052,769	5,358,506		5,358,506	4,095,977
Total Revenue	4,132,769	5,358,506	71,476	5,429,982	4,248,599
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	4,994,412	6,796,916		6,796,916	5,267,761
Transportation and Housing	428,416	469,702		469,702	491,686
Total Expense	5,422,828	7,266,618	-	7,266,618	5,759,447
Capital Surplus (Deficit) for the year	(1,290,059)	(1,908,112)	71,476	(1,836,636)	(1,510,848)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	741,477	832,612		832,612	863,065
Local Capital	2,493,000		3,403,814	3,403,814	1,914,258
Total Net Transfers	3,234,477	832,612	3,403,814	4,236,426	2,777,323
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		1,441,231	(1,441,231)	-	
Tangible Capital Assets WIP Purchased from Local Capital		1,553,014	(1,553,014)	-	
Total Other Adjustments to Fund Balances		2,994,245	(2,994,245)	-	
Total Capital Surplus (Deficit) for the year	1,944,418	1,918,745	481,045	2,399,790	1,266,475
Capital Surplus (Deficit), beginning of year		26,512,053	2,422,926	28,934,979	27,668,504
Capital Surplus (Deficit), end of year		28,430,798	2,903,971	31,334,769	28,934,979

School District No. 22 (Vernon)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2020

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	8,816,960	172,285,147	4,559,284	4,284,162	359,470	3,414,310	193,719,333
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	-	763,341	222,759	562,872	-	-	1,548,972
Deferred Capital Revenue - Other	-	-	32,755	-	-	-	32,755
Operating Fund	-	49,109	343,263	-	-	81,490	473,862
Special Purpose Funds	-	333,750	-	25,000	-	-	358,750
Local Capital	-	231,523	75,887	192,141	7,287	934,393	1,441,231
Transferred from Work in Progress	-	9,653,000	-	-	-	-	9,653,000
	-	11,030,723	674,664	780,013	7,287	1,015,883	13,508,570
Decrease:							
Deemed Disposals	-	-	66,354	-	-	684,811	751,165
	-	-	66,354	-	-	684,811	751,165
Cost, end of year	8,816,960	183,315,870	5,167,594	5,064,175	366,757	3,745,382	206,476,738
Work in Progress, end of year		1,768,138					1,768,138
Cost and Work in Progress, end of year	8,816,960	185,084,008	5,167,594	5,064,175	366,757	3,745,382	208,244,876
Accumulated Amortization, beginning of year		79,570,235	1,744,424	2,363,384	106,512	1,336,451	85,121,006
Changes for the Year							
Increase: Amortization for the Year		5,225,443	620,294	469,702	79,998	871,181	7,266,618
Decrease:							
Deemed Disposals			66,354	-	-	684,811	751,165
			66,354	-	-	684,811	751,165
Accumulated Amortization, end of year		84,795,678	2,298,364	2,833,086	186,510	1,522,821	91,636,459
Tangible Capital Assets - Net	8,816,960	100,288,330	2,869,230	2,231,089	180,247	2,222,561	116,608,417

School District No. 22 (Vernon)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2020

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	7,101,388				7,101,388
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	2,766,736				2,766,736
Local Capital	1,553,014				1,553,014
	<u>4,319,750</u>	-	-	-	<u>4,319,750</u>
Decrease:					
Transferred to Tangible Capital Assets	9,653,000				9,653,000
	<u>9,653,000</u>	-	-	-	<u>9,653,000</u>
Net Changes for the Year	<u>(5,333,250)</u>	-	-	-	<u>(5,333,250)</u>
Work in Progress, end of year	<u><u>1,768,138</u></u>	-	-	-	<u><u>1,768,138</u></u>

School District No. 22 (Vernon)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2020

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	88,749,457	136,070		88,885,527
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,548,972	32,755		1,581,727
Transferred from Work in Progress	1,365,129			1,365,129
	<u>2,914,101</u>	<u>32,755</u>	<u>-</u>	<u>2,946,856</u>
Decrease:				
Amortization of Deferred Capital Revenue	5,334,691	23,815		5,358,506
	<u>5,334,691</u>	<u>23,815</u>	<u>-</u>	<u>5,358,506</u>
Net Changes for the Year	<u>(2,420,590)</u>	<u>8,940</u>	<u>-</u>	<u>(2,411,650)</u>
Deferred Capital Revenue, end of year	<u>86,328,867</u>	<u>145,010</u>	<u>-</u>	<u>86,473,877</u>
Work in Progress, beginning of year	302,135	-		302,135
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	2,766,736	-		2,766,736
	<u>2,766,736</u>	<u>-</u>	<u>-</u>	<u>2,766,736</u>
Decrease				
Transferred to Deferred Capital Revenue	1,365,129	-		1,365,129
	<u>1,365,129</u>	<u>-</u>	<u>-</u>	<u>1,365,129</u>
Net Changes for the Year	<u>1,401,607</u>	<u>-</u>	<u>-</u>	<u>1,401,607</u>
Work in Progress, end of year	<u>1,703,742</u>	<u>-</u>	<u>-</u>	<u>1,703,742</u>
Total Deferred Capital Revenue, end of year	<u>88,032,609</u>	<u>145,010</u>	<u>-</u>	<u>88,177,619</u>

School District No. 22 (Vernon)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2020

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	-	427,195	32,755			459,950
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	4,315,708					4,315,708
Investment Income	-	1,802	-			1,802
	<u>4,315,708</u>	<u>1,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,317,510</u>
Decrease:						
Transferred to DCR - Capital Additions	1,548,972	-	32,755			1,581,727
Transferred to DCR - Work in Progress	2,766,736	-	-			2,766,736
	<u>4,315,708</u>	<u>-</u>	<u>32,755</u>	<u>-</u>	<u>-</u>	<u>4,348,463</u>
Net Changes for the Year	<u>-</u>	<u>1,802</u>	<u>(32,755)</u>	<u>-</u>	<u>-</u>	<u>(30,953)</u>
Balance, end of year	<u>-</u>	<u>428,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,997</u>