

Consolidated Audited Financial Statements of

School District No. 22 (Vernon)

And Independent Auditors' Report thereon

June 30, 2023

School District No. 22 (Vernon)

June 30, 2023

Table of Contents

Management Report	1
Independent Auditors' Report	2-4
Consolidated Statement of Financial Position - Statement 1	5
Consolidated Statement of Operations - Statement 2	6
Consolidated Statement of Changes in Net Debt - Statement 4	7
Consolidated Statement of Cash Flows - Statement 5	8
Notes to the Consolidated Financial Statements	9-27
Schedule of Changes in Accumulated Surplus (Deficit) by Fund - Schedule 1 (Unaudited)	28
Schedule of Operating Operations - Schedule 2 (Unaudited)	29
Schedule 2A - Schedule of Operating Revenue by Source (Unaudited)	30
Schedule 2B - Schedule of Operating Expense by Object (Unaudited)	31
Schedule 2C - Operating Expense by Function, Program and Object (Unaudited)	32
Schedule of Special Purpose Operations - Schedule 3 (Unaudited)	34
Schedule 3A - Changes in Special Purpose Funds and Expense by Object (Unaudited)	35
Schedule of Capital Operations - Schedule 4 (Unaudited)	38
Schedule 4A - Tangible Capital Assets (Unaudited)	39
Schedule 4B - Tangible Capital Assets - Work in Progress (Unaudited)	40
Schedule 4C - Deferred Capital Revenue (Unaudited)	41
Schedule 4D - Changes in Unspent Deferred Capital Revenue (Unaudited)	42

School District No. 22 (Vernon)

MANAGEMENT REPORT

Version: 8692-7946-5964

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.

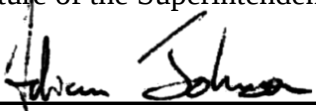
The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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)

	September 20, 2023
Signature of the Chairperson of the Board of Education	Date Signed
	September 20, 2023
Signature of the Superintendent	Date Signed
	September 20, 2023
Signature of the Secretary Treasurer	Date Signed

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 "School District") and its controlled entity 554210 BC Ltd, which comprise the Statement of Financial Position as at June 30, 2023, 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 School District as at June 30, 2023, 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 School 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.

Emphasis of Matter - Basis of Accounting

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 School 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.

Emphasis of Matter - Restated Comparative Information

Without modifying our opinion, we draw attention to Note 18 to the financial statements, which explains that certain comparative information for the year ended June 30, 2022 has been restated.



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.

Other Information

Management is responsible for the other information. The other information, other than the financial statements and our auditor's report thereon, includes the Financial Statement Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Prior to the date of this auditor's report, we obtained the Financial Statement Discussion and Analysis prepared by management. If, based on the work we have performed on this information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 School 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 School District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the School 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 School 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 School 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 School 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.

BDO Canada LLP

Chartered Professional Accountants

Vernon, British Columbia
September 20, 2023

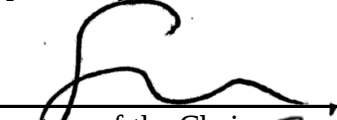
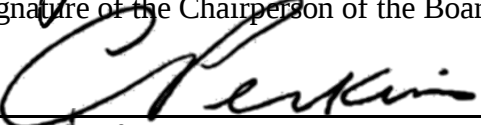
School District No. 22 (Vernon)

Consolidated Statement of Financial Position
As at June 30, 2023

	2023 Actual	2022 Actual (Restated - Note 18)
	\$	\$
Financial Assets		
Cash and Cash Equivalents	23,780,161	23,371,770
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	752,024	416,554
Due from Province - Other	-	901,547
Due from First Nations	145,287	950,798
Other (Note 3)	1,355,665	1,434,258
Total Financial Assets	26,033,137	27,074,927
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	10,129,406	9,571,981
Unearned Revenue (Note 5)	2,552,221	2,988,617
Deferred Revenue (Note 6)	3,060,630	1,768,174
Deferred Capital Revenue (Note 7)	101,437,407	98,236,798
Employee Future Benefits (Note 8)	4,249,139	4,081,709
Asset Retirement Obligation (Note 9)	5,746,172	5,746,172
Total Liabilities	127,174,975	122,393,451
Net Debt	(101,141,838)	(95,318,524)
Non-Financial Assets		
Tangible Capital Assets (Note 10)	133,200,294	128,567,741
Prepaid Expenses	191,149	298,624
Total Non-Financial Assets	133,391,443	128,866,365
Accumulated Surplus (Deficit) (Note 11)	32,249,605	33,547,841
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	32,249,605	33,547,841
Accumulated Remeasurement Gains (Losses)	32,249,605	33,547,841

Contractual Obligations (Note 12)

Approved by the Board

	September 20, 2023
Signature of the Chairperson of the Board of Education	Date Signed
	September 20, 2023
Signature of the Superintendent	Date Signed
	September 20, 2023
Signature of the Secretary Treasurer	Date Signed

School District No. 22 (Vernon)

Statement 2

Consolidated Statement of Operations

Year Ended June 30, 2023

	2023 Budget (Note 13)	2023 Actual	2022 Actual (Restated - Note 18)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	107,158,312	107,848,095	100,298,740
Other	317,864	271,061	334,100
Federal Grants			6,181
Tuition	5,851,600	6,163,678	5,353,188
Other Revenue	2,986,601	4,502,018	4,163,125
Rentals and Leases	50,000	75,463	12,443
Investment Income	500,000	744,633	178,184
Amortization of Deferred Capital Revenue	4,668,047	4,776,238	4,574,249
Total Revenue	121,532,424	124,381,186	114,920,210
Expenses (Note 15)			
Instruction	99,895,278	101,598,273	93,442,130
District Administration	4,017,629	4,171,731	3,817,983
Operations and Maintenance	16,517,763	16,880,028	15,705,309
Transportation and Housing	3,085,735	3,029,390	3,001,463
Total Expense	123,516,405	125,679,422	115,966,885
Surplus (Deficit) for the year	(1,983,981)	(1,298,236)	(1,046,675)
Accumulated Surplus (Deficit) from Operations, beginning of year		33,547,841	34,594,516
Accumulated Surplus (Deficit) from Operations, end of year		32,249,605	33,547,841

School District No. 22 (Vernon)

Statement 4

Consolidated Statement of Changes in Net Debt

Year Ended June 30, 2023

	2023 Budget (Note 13)	2023 Actual	2022 Actual (Restated - Note 18)
	\$	\$	\$
Surplus (Deficit) for the year	<u>(1,983,981)</u>	<u>(1,298,236)</u>	<u>(1,046,675)</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(8,734,321)	(11,612,277)	(9,354,483)
Amortization of Tangible Capital Assets	6,827,934	6,979,724	6,710,511
Total Effect of change in Tangible Capital Assets	<u>(1,906,387)</u>	<u>(4,632,553)</u>	<u>(2,643,972)</u>
Acquisition of Prepaid Expenses	-	-	(217,646)
Use of Prepaid Expenses	-	107,475	-
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>107,475</u>	<u>(217,646)</u>
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(3,890,368)</u>	<u>(5,823,314)</u>	<u>(3,908,293)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		(5,823,314)	(3,908,293)
Net Debt, beginning of year		(95,318,524)	(91,410,231)
Net Debt, end of year		<u>(101,141,838)</u>	<u>(95,318,524)</u>

School District No. 22 (Vernon)

Statement 5

Consolidated Statement of Cash Flows

Year Ended June 30, 2023

	2023 Actual	2022 Actual
		(Restated - Note 18)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(1,298,236)	(1,046,675)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	1,450,181	8,508
Prepaid Expenses	107,475	(217,646)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	557,425	(1,503,823)
Unearned Revenue	(436,396)	582,651
Deferred Revenue	1,292,456	33,598
Employee Future Benefits	167,430	206,891
Amortization of Tangible Capital Assets	6,979,724	6,710,511
Amortization of Deferred Capital Revenue	(4,776,238)	(4,574,249)
Total Operating Transactions	4,043,821	199,766
Capital Transactions		
Tangible Capital Assets Purchased	(11,612,277)	(7,128,604)
Tangible Capital Assets -WIP Purchased		(2,225,879)
Total Capital Transactions	(11,612,277)	(9,354,483)
Financing Transactions		
Capital Revenue Received	7,976,847	6,357,394
Total Financing Transactions	7,976,847	6,357,394
Net Increase (Decrease) in Cash and Cash Equivalents	408,391	(2,797,323)
Cash and Cash Equivalents, beginning of year	23,371,770	26,169,093
Cash and Cash Equivalents, end of year	23,780,161	23,371,770
Cash and Cash Equivalents, end of year, is made up of:		
Cash	23,780,161	23,371,770
	23,780,161	23,371,770

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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 and Child Care. 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, 2023

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, 2023

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 ("EARSLS") of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2022 and projected to March 31, 2025. The next valuation will be performed at March 31, 2025 for use at June 30, 2025. 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, 2023

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

i) Asset Retirement Obligations

A liability is 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.

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the School District has been initially recognized using the modified retroactive method. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The resulting costs have been capitalized into the carrying amount of tangible capital assets and are being amortized on the same basis as the related tangible capital asset. Assumptions used in the calculations are reviewed annually.

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, 2023

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, 2023

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 must 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, 2023

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, 2023

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 3400 Revenue issued November 2018 establishes standards on how to account for and report on revenue and is effective July 1, 2023. 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".

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 RECEIVABLE

	2023	2022
Employee benefits plans	\$ 977,284	\$ 830,067
Sales taxes recoverable	268,487	283,820
Other accounts receivable	109,894	320,371
	<u>\$ 1,355,665</u>	<u>\$ 1,434,258</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 4 OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade and other amounts payable	\$ 3,141,786	\$ 2,873,651
Wages payable – teachers’ 12 month instalment plan	1,416,013	1,395,146
Pension contributions payable	1,479,163	1,274,272
Payroll taxes payable	2,217,170	1,855,630
Accrued vacation pay	1,015,200	948,088
Other accrued liabilities	568,127	877,940
Due to Okanagan Labour Relations Council	291,947	347,254
	<u>\$ 10,129,406</u>	<u>\$ 9,571,981</u>

NOTE 5 UNEARNED REVENUE

	2023	2022
Balance, beginning of year	\$ 2,988,617	\$ 2,405,966
Changes for the year:		
Increase:		
Tuition fees collected	5,727,282	5,935,839
Decrease:		
Tuition fees recognized	6,163,678	5,353,188
Net increase (decrease) for the year	<u>(436,396)</u>	<u>582,651</u>
Balance, end of year	<u>\$ 2,552,221</u>	<u>\$ 2,988,617</u>

NOTE 6 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.

	2023	2022
Balance, beginning of year	\$ 1,768,174	\$ 1,734,576
Changes for the year:		
Increase:		
Grants: Provincial – Ministry of Education and Child Care	11,698,833	9,038,618
Other	3,200,732	2,425,745
	<u>14,899,565</u>	<u>11,464,363</u>
Decrease:		
Allocated to Revenue:		
Grants - Provincial – Ministry of Education and Child Care	10,579,296	9,014,873
Other	3,027,813	2,415,892
	<u>13,607,109</u>	<u>11,430,765</u>
Net increase for the year	<u>1,292,456</u>	<u>33,598</u>
Balance, end of year	<u>\$ 3,060,630</u>	<u>\$ 1,768,174</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 7 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.

	2023	2022
Deferred capital revenue - spent		
Balance, beginning of year	\$ 98,177,725	\$ 95,121,136
Increase:		
Capital additions	8,026,654	7,630,838
Decrease:		
Amortization	4,776,238	4,574,249
Net increase (decrease) for the year	3,250,416	3,056,589
Balance, end of year	\$ 101,428,141	\$ 98,177,725
 Deferred capital revenue - unspent		
Balance, beginning of year	59,073	\$ 1,332,517
Increases:		
Provincial grants – Ministry of Education and Child Care	7,776,654	6,306,506
Other grants	200,000	50,000
Investment income	193	888
Decrease:		
Transfer to deferred capital revenue – spent	8,026,654	7,630,838
Net decrease for the year	(49,807)	(1,273,444)
Balance, end of year	9,266	59,073
Total deferred capital revenue balance, end of year	\$ 101,437,407	\$ 98,236,798

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 8 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.

	2023	2022
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 4,239,379	\$ 4,322,702
Service Cost	319,953	356,982
Interest Cost	139,647	111,749
Benefit Payments	(354,712)	(322,950)
Actuarial (Gain) Loss	(188,906)	(229,104)
Accrued Benefit Obligation – March 31	<u>\$ 4,155,361</u>	<u>\$ 4,239,379</u>

Reconciliation of Funded Status at End of Fiscal Year

Accrued Benefit Obligation – March 31	\$ 4,155,361	\$ 4,239,379
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(4,155,361)	(4,239,379)
Employer Contributions After Measurement Date	70,086	79,156
Benefits Expense After Measurement Date	(120,940)	(114,900)
Unamortized Net Actuarial (Gain)/Loss	(42,924)	193,414
Accrued Benefit Liability – June 30	<u>\$ (4,249,139)</u>	<u>\$ (4,081,709)</u>

Reconciliation of Change in Accrued Benefit Liability

Accrued Benefit Liability – July 1	\$ 4,081,709	\$ 3,874,818
Net Expense for Fiscal Year	513,072	551,093
Employer Contributions	(345,642)	(344,202)
Accrued Benefit Liability – June 30	<u>\$ 4,249,139</u>	<u>\$ 4,081,709</u>

	2023	2022
Components of Net Benefit Expense		
Service Cost	\$ 318,544	\$ 347,724
Interest Cost	147,096	118,724
Amortization of Net Actuarial Loss	47,432	84,645
Net Benefit Expense	<u>\$ 513,072</u>	<u>\$ 551,093</u>

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

	2023	2022
Discount Rate – April 1	3.25%	2.50%
Discount Rate – March 31	4.00%	3.25%
Long Term Salary Growth – April 1 and March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	9.5 years	9.5 years

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 9 ASSET RETIREMENT OBLIGATION

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some district owned buildings that will undergo major renovations or demolition in the future.

	2023
Asset Retirement Obligation, beginning of year	\$ 5,746,172
Settlements during the year	-
Asset Retirement Obligation, end of year	<u>\$ 5,746,172</u>

NOTE 10 TANGIBLE CAPITAL ASSETS

June 30, 2023

Cost:	Balance at June 30, 2022	Additions	Disposals and transfers	Balance at June 30, 2023
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	207,212,580	6,963,024	2,262,029	216,437,633
Buildings: Work-in-progress	2,262,029	-	(2,262,029)	-
Furniture & Equipment	7,838,929	1,240,555	(1,057,097)	8,022,387
Vehicles	5,095,110	2,299,324	(1,418,871)	5,975,563
Computer Software	361,558	113,214	(150,860)	323,912
Computer Hardware	4,823,284	996,160	(808,431)	5,011,013
Total	<u>\$ 236,410,450</u>	<u>\$ 11,612,277</u>	<u>(3,435,259)</u>	<u>244,587,468</u>

Accumulated Amortization:	Balance at June 30, 2022	Additions	Disposals	Balance at June 30, 2023
Buildings	\$ 99,123,267	\$ 4,581,147	\$ -	\$ 103,704,414
Furniture & Equipment	3,092,188	793,066	(1,057,097)	2,828,157
Vehicles	2,978,807	553,534	(1,418,871)	2,113,470
Computer Software	230,376	68,547	(150,860)	148,063
Computer Hardware	2,418,071	983,430	(808,431)	2,593,070
Total	<u>\$ 107,842,709</u>	<u>\$ 6,979,724</u>	<u>\$ (3,435,259)</u>	<u>\$ 111,387,174</u>

June 30, 2022 (Restated, see note 18)

Cost:	Balance at June 30, 2021	Additions	Disposals and transfers	Balance at June 30, 2022
Sites	\$ 8,816,960	\$ -	\$ -	\$ 8,816,960
Buildings	202,693,489	4,519,091	-	207,212,580
Buildings: Work-in-progress	36,150	2,225,879	-	2,262,029
Furniture & Equipment	6,065,641	1,932,674	(159,386)	7,838,929
Vehicles	5,017,558	195,748	(118,196)	5,095,110
Computer Software	452,235	28,735	(119,412)	361,558
Computer Hardware	5,130,752	452,356	(759,824)	4,823,284
Total	<u>\$ 228,212,785</u>	<u>\$ 9,354,483</u>	<u>\$ (1,156,818)</u>	<u>\$ 236,410,450</u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 10 TANGIBLE CAPITAL ASSETS *(Continued)*

	Balance at June 30, 2021	Additions	Disposals	Balance at June 30, 2022
Accumulated Amortization:				
Buildings	\$ 94,691,552	\$ 4,431,715	\$ -	99,123,267
Furniture & Equipment	2,556,346	695,228	(159,386)	3,092,188
Vehicles	2,591,370	505,633	(118,196)	2,978,807
Computer Software	268,409	81,379	(119,412)	230,376
Computer Hardware	2,182,491	995,404	(759,824)	2,418,071
Total	102,290,168	\$ 6,709,359	\$ (1,156,818)	\$ 107,842,709

Net Book Value:

	June 30, 2023	June 30, 2022
Sites	\$ 8,816,960	\$ 8,816,960
Buildings	112,733,219	108,089,313
Buildings: Work-in-progress	-	2,262,029
Furniture & Equipment	5,194,230	4,746,741
Vehicles	3,862,093	2,116,303
Computer Software	175,849	131,182
Computer Hardware	2,417,943	2,405,213
Total	\$ 133,200,294	\$ 128,567,741

Buildings – work in progress having a value of \$nil (2022: \$2,262,029) have not been amortized. Amortization of these assets will commence when the asset is put into service.

NOTE 11 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.

	2023	2022
Operating fund	\$ 3,529,029	\$ 4,874,684
Special purpose funds	720,067	630,586
Capital funds	28,000,509	28,042,571
Total Accumulated Surplus	\$ 32,249,605	\$ 33,547,841

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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 11 ACCUMULATED SURPLUS *(Continued)*

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.

	2023	2022
Restricted due to the nature of constraints on the funds:		
Indigenous Education commitments	\$ 459,621	\$ 784,034
Union commitments	747,446	771,264
	<u>1,207,067</u>	<u>1,555,298</u>
Restricted for operations spanning multiple school years:		
School budget balances	499,287	723,836
Trustee travel	36,787	30,286
Department budget balances	-	38,119
Appropriated by budget bylaw	113,787	1,365,295
	<u>649,861</u>	<u>2,157,536</u>
Contingency reserve	1,672,101	1,161,850
Total Operating Fund	<u><u>\$ 3,529,029</u></u>	<u><u>\$ 4,874,684</u></u>

The amounts restricted for Indigenous Education commitments represent the unspent portion of Ministry of Education and Child Care 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 and Child Care 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.

	2023	2022
Internally restricted:		
554210 BC Ltd. operating surplus	\$ 720,067	\$ 630,586
Total Special Purpose Funds	<u><u>\$ 720,067</u></u>	<u><u>\$ 630,586</u></u>

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 11 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 the Board has allocated to fund future capital purchases.

	2023	2022
Local capital	\$ 1,974,528	\$ 3,398,727
Invested in tangible capital assets	26,025,981	24,643,844
Total Capital Fund	<u>\$ 28,000,509</u>	<u>\$ 28,042,571</u>

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, 2023	\$ 1,163,000	\$ 1,226,093
Year ended June 30, 2022	<u>\$ 1,163,000</u>	<u>\$ 1,209,263</u>

NOTE 12 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The School District has approximately \$6.2 million of purchase orders which remain outstanding at June 30, 2023.

The School District, through its Scholarships and Bursaries special purpose fund, has committed to providing \$318,858 of post-secondary scholarships and bursaries at June 30, 2023.

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 \$721,761 at June 30, 2023.

The School District receives certain targeted funding from the Provincial Government that legislation stipulates the School District must spend on enhancing the education of Indigenous students. Unspent amounts at June 30, 2023 are \$457,583. 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.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 12 CONTRACTUAL OBLIGATIONS AND CONTINGENCIES *(Continued)*

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, 2023, 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 13 BUDGET FIGURES

Budget figures included in the consolidated financial statements were approved by the Board through the adoption of an amended annual budget on January 25th, 2023. The original annual budget was adopted on May 18th, 2022. The original and amended budgets are presented below.

	2023 Annual Amended Budget	2023 Annual Original Budget
Revenues		
Provincial Grants		
Ministry of Education and Child Care	\$ 107,158,312	\$ 100,715,782
Other	317,864	363,864
Tuition	5,851,600	5,681,250
Other Revenue	2,986,601	3,145,345
Rentals and Leases	50,000	50,000
Investment Income	500,000	200,000
Amortization of Deferred Capital Revenue	4,668,047	4,704,722
	<u>121,532,424</u>	<u>114,860,963</u>
Expenses		
Instruction	99,895,278	93,783,260
District Administration	4,017,629	3,729,779
Operations and Maintenance	16,517,763	16,170,095
Transportation and Housing	3,085,735	2,969,027
	<u>123,516,405</u>	<u>116,652,161</u>
Deficit for the year	<u>\$ (1,983,981)</u>	<u>\$ (1,791,198)</u>

NOTE 14 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trusted 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, 2022, the Teachers' Pension Plan has about 51,000 active members and approximately 41,000 retired members. As of December 31, 2022, the Municipal Pension Plan has about 240,000 active members, including approximately 30,000 from school districts.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 14 EMPLOYEE PENSION PLANS *(Continued)*

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, 2020, indicated a \$1,584 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, 2021, indicated a \$3,671 million funding surplus for basic pension benefits on a going concern basis.

The school district paid \$8,356,310 for employer contributions to the plans for the year ended June 30, 2023 (2022: \$7,919,951).

The next valuation for the Teachers' Pension Plan will be as at December 31, 2023. The next valuation for the Municipal Pension Plan will be as at December 31, 2024, with results available in 2025.

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 15 EXPENSE BY OBJECT

	2023	2022
Salaries and benefits	\$ 101,330,074	\$ 94,382,877
Services and supplies	17,369,624	14,873,497
Amortization	6,979,724	6,710,511
	<u>\$ 125,679,422</u>	<u>\$ 115,966,885</u>

NOTE 16 ECONOMIC DEPENDENCE

The operations of the School District are dependent on continued funding from the Ministry of Education and Childcare 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, 2023

NOTE 17 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. There have been no changes to risk exposure from 2022 related to credit, market or liquidity risks.

SCHOOL DISTRICT NO. 22 (VERNON)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 18 PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING POLICY

On July 1, 2022, the School District adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. This new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of certain tangible capital assets such as asbestos removal in buildings that will undergo major renovation or demolition in the future (see note 9). This standard was adopted using the modified retroactive approach.

On July 1, 2022, the School District recognized an asset retirement obligation relating to several owned buildings that contain asbestos and other hazardous materials. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The associated costs have been reported as an increase to the carrying value of the associated tangible capital assets. Accumulated amortization has been recorded from the later of, the date of acquisition of the related asset or April 1, 1988 (effective date of the *Hazardous Waste Regulation (April 1, 1988) – Part 6 – Management of Specific Hazardous Wastes*).

The impact of the prior period adjustment on the June 30, 2022, comparative amounts is as follows:

	<u>Increase (Decrease)</u>
Asset Retirement Obligation (liability)	\$ 5,746,172
Tangible Capital Assets – cost	5,746,172
Tangible Capital Assets – accumulated amortization	5,697,521
Operations & Maintenance Expense – Asset amortization (2022)	12,322
Accumulated Surplus – Invested in Capital Assets	\$ (5,697,521)

NOTE 19 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 and Child Care.

School District No. 22 (Vernon)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2023

	Operating Fund	Special Purpose Fund	Capital Fund	2023 Actual	2022 Actual (Restated - Note 18)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	4,874,684	630,586	28,042,571	33,547,841	40,279,715
Prior Period Adjustments					(5,685,199)
Accumulated Surplus (Deficit), beginning of year, as restated	4,874,684	630,586	28,042,571	33,547,841	34,594,516
Changes for the year					
Surplus (Deficit) for the year	435,549	469,701	(2,203,486)	(1,298,236)	(1,046,675)
Interfund Transfers					
Tangible Capital Assets Purchased	(585,111)	(350,220)	935,331	-	
Local Capital	(1,226,093)		1,226,093	-	
Other	30,000	(30,000)		-	
Net Changes for the year	(1,345,655)	89,481	(42,062)	(1,298,236)	(1,046,675)
Accumulated Surplus (Deficit), end of year - Statement 2	3,529,029	720,067	28,000,509	32,249,605	33,547,841

School District No. 22 (Vernon)

Schedule of Operating Operations

Year Ended June 30, 2023

Schedule 2 (Unaudited)

	2023 Budget (Note 13)	2023 Actual	2022 Actual (Restated - Note 18)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	96,468,418	97,268,799	91,283,867
Other	317,864	271,061	331,269
Federal Grants			6,181
Tuition	5,851,600	6,163,678	5,353,188
Other Revenue	1,216,601	1,221,274	1,341,770
Rentals and Leases	50,000	75,463	12,443
Investment Income	500,000	713,355	174,359
Total Revenue	104,404,483	105,713,630	98,503,077
Expenses			
Instruction	87,966,643	88,469,309	82,727,207
District Administration	4,017,629	4,171,731	3,817,983
Operations and Maintenance	10,093,566	10,258,763	9,103,230
Transportation and Housing	2,476,969	2,378,278	2,402,393
Total Expense	104,554,807	105,278,081	98,050,813
Operating Surplus (Deficit) for the year	(150,324)	435,549	452,264
Budgeted Appropriation (Retirement) of Surplus (Deficit)	1,698,749		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(415,425)	(585,111)	(330,860)
Local Capital	(1,163,000)	(1,226,093)	(1,209,263)
Other	30,000	30,000	30,000
Total Net Transfers	(1,548,425)	(1,781,204)	(1,510,123)
Total Operating Surplus (Deficit), for the year	-	(1,345,655)	(1,057,859)
Operating Surplus (Deficit), beginning of year		4,874,684	5,932,543
Operating Surplus (Deficit), end of year		3,529,029	4,874,684
Operating Surplus (Deficit), end of year			
Internally Restricted		1,856,928	3,712,834
Unrestricted		1,672,101	1,161,850
Total Operating Surplus (Deficit), end of year		3,529,029	4,874,684

School District No. 22 (Vernon)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2023

	2023 Budget (Note 13)	2023 Actual	2022 Actual (Restated - Note 18)
	\$	\$	\$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	93,442,272	94,156,535	91,752,747
ISC/LEA Recovery	(950,798)	(967,845)	(950,798)
Other Ministry of Education and Child Care Grants			
Pay Equity	85,865	85,865	85,865
Funding for Graduated Adults	9,691	20,749	19,492
Student Transportation Fund	361,094	361,094	361,094
FSA Scorer Grant	12,964	12,964	12,964
Early Learning Framework (ELF) Implementation	1,312	1,312	2,503
Labour Settlement Funding	3,506,018	3,596,125	
Premier's Award	-	2,000	-
Total Provincial Grants - Ministry of Education and Child Care	96,468,418	97,268,799	91,283,867
Provincial Grants - Other	317,864	271,061	331,269
Federal Grants	-		6,181
Tuition			
International and Out of Province Students	5,851,600	6,163,678	5,353,188
Total Tuition	5,851,600	6,163,678	5,353,188
Other Revenues			
Funding from First Nations	950,798	954,356	950,798
Miscellaneous			
Fees	230,000	232,141	358,651
Other revenues and grants	35,803	34,777	32,321
Total Other Revenue	1,216,601	1,221,274	1,341,770
Rentals and Leases	50,000	75,463	12,443
Investment Income	500,000	713,355	174,359
Total Operating Revenue	104,404,483	105,713,630	98,503,077

School District No. 22 (Vernon)

Schedule of Operating Expense by Object

Year Ended June 30, 2023

Schedule 2B (Unaudited)

	2023 Budget (Note 13)	2023 Actual	2022 Actual (Restated - Note 18)
	\$	\$	\$
Salaries			
Teachers	45,679,578	45,047,282	43,422,203
Principals and Vice Principals	5,817,311	5,959,846	5,516,963
Educational Assistants	6,561,640	6,443,093	5,809,538
Support Staff	8,520,311	8,988,830	8,420,285
Other Professionals	3,065,578	2,961,893	2,476,237
Substitutes	3,716,407	3,997,203	3,690,931
Total Salaries	73,360,825	73,398,147	69,336,157
Employee Benefits	18,397,357	19,284,816	17,384,562
Total Salaries and Benefits	91,758,182	92,682,963	86,720,719
Services and Supplies			
Services	5,911,434	5,855,577	5,231,754
Student Transportation	7,800	9,987	7,691
Professional Development and Travel	874,955	947,789	589,798
Rentals and Leases	75,250	95,125	109,313
Dues and Fees	81,636	78,319	97,036
Insurance	476,119	377,611	395,540
Supplies	3,054,106	2,895,745	2,745,685
Utilities	2,315,325	2,334,965	2,153,277
Total Services and Supplies	12,796,625	12,595,118	11,330,094
Total Operating Expense	104,554,807	105,278,081	98,050,813

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object

Year Ended June 30, 2023

	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	33,695,075	1,102,113	-	520,317	-	3,363,450	38,680,955
1.03 Career Programs	404,817	-	-	39,472	18,059	30,204	492,552
1.07 Library Services	933,758	-	-	304,178	-	3,389	1,241,325
1.08 Counselling	1,976,896	-	-	-	-	40,479	2,017,375
1.10 Special Education	5,825,152	508,534	5,807,644	62,020	243,190	407,663	12,854,203
1.30 English Language Learning	549,260	-	-	-	-	-	549,260
1.31 Indigenous Education	345,167	135,289	622,820	70,235	317,033	485	1,491,029
1.41 School Administration	-	3,950,286	-	1,571,165	-	52,304	5,573,755
1.60 Summer School	35,250	-	-	-	-	-	35,250
1.62 International and Out of Province Students	1,281,907	263,624	-	110,139	114,447	13,720	1,783,837
Total Function 1	45,047,282	5,959,846	6,430,464	2,677,526	692,729	3,911,694	64,719,541
4 District Administration							
4.11 Educational Administration	-	-	-	98,444	916,569	-	1,015,013
4.40 School District Governance	-	-	-	-	145,127	-	145,127
4.41 Business Administration	-	-	-	592,379	738,685	-	1,331,064
Total Function 4	-	-	-	690,823	1,800,381	-	2,491,204
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	-	-	-	105,632	349,955	-	455,587
5.50 Maintenance Operations	-	-	-	3,789,663	-	83,532	3,873,195
5.52 Maintenance of Grounds	-	-	-	233,130	-	-	233,130
5.56 Utilities	-	-	-	-	-	-	-
Total Function 5	-	-	-	4,128,425	349,955	83,532	4,561,912
7 Transportation and Housing							
7.41 Transportation and Housing Administration	-	-	-	143,448	118,828	-	262,276
7.70 Student Transportation	-	-	12,629	1,348,608	-	1,977	1,363,214
Total Function 7	-	-	12,629	1,492,056	118,828	1,977	1,625,490
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	45,047,282	5,959,846	6,443,093	8,988,830	2,961,893	3,997,203	73,398,147

School District No. 22 (Vernon)

Operating Expense by Function, Program and Object

Year Ended June 30, 2023

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2023 Actual	2023 Budget (Note 13)	2022 Actual (Restated - Note 18)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	38,680,955	9,669,039	48,349,994	1,612,124	49,962,118	48,817,512	47,694,301
1.03 Career Programs	492,552	124,014	616,566	179,999	796,565	968,885	763,561
1.07 Library Services	1,241,325	351,621	1,592,946	58,769	1,651,715	1,651,635	1,576,033
1.08 Counselling	2,017,375	512,143	2,529,518	16,116	2,545,634	1,958,661	2,377,017
1.10 Special Education	12,854,203	3,785,589	16,639,792	1,020,456	17,660,248	18,650,081	16,388,695
1.30 English Language Learning	549,260	150,297	699,557	-	699,557	658,321	489,598
1.31 Indigenous Education	1,491,029	432,552	1,923,581	373,323	2,296,904	2,469,776	1,930,514
1.41 School Administration	5,573,755	1,475,691	7,049,446	330,383	7,379,829	7,152,956	6,737,639
1.60 Summer School	35,250	3,368	38,618	258	38,876	36,500	32,509
1.62 International and Out of Province Students	1,783,837	426,836	2,210,673	3,227,190	5,437,863	5,602,316	4,737,340
Total Function 1	64,719,541	16,931,150	81,650,691	6,818,618	88,469,309	87,966,643	82,727,207
4 District Administration							
4.11 Educational Administration	1,015,013	220,179	1,235,192	397,025	1,632,217	1,678,992	1,245,287
4.40 School District Governance	145,127	10,328	155,455	119,709	275,164	303,578	247,406
4.41 Business Administration	1,331,064	308,059	1,639,123	625,227	2,264,350	2,035,059	2,325,290
Total Function 4	2,491,204	538,566	3,029,770	1,141,961	4,171,731	4,017,629	3,817,983
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	455,587	117,990	573,577	170,676	744,253	816,740	431,379
5.50 Maintenance Operations	3,873,195	1,160,384	5,033,579	1,738,173	6,771,752	6,645,188	6,293,749
5.52 Maintenance of Grounds	233,130	78,302	311,432	67,677	379,109	316,313	224,825
5.56 Utilities	-	-	-	2,363,649	2,363,649	2,315,325	2,153,277
Total Function 5	4,561,912	1,356,676	5,918,588	4,340,175	10,258,763	10,093,566	9,103,230
7 Transportation and Housing							
7.41 Transportation and Housing Administration	262,276	74,874	337,150	9,848	346,998	347,269	277,239
7.70 Student Transportation	1,363,214	383,550	1,746,764	284,516	2,031,280	2,129,700	2,125,154
Total Function 7	1,625,490	458,424	2,083,914	294,364	2,378,278	2,476,969	2,402,393
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	73,398,147	19,284,816	92,682,963	12,595,118	105,278,081	104,554,807	98,050,813

School District No. 22 (Vernon)

Schedule of Special Purpose Operations

Year Ended June 30, 2023

Schedule 3 (Unaudited)

	2023 Budget (Note 13)	2023 Actual	2022 Actual (Restated - Note 18)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	10,689,894	10,579,296	9,014,873
Other			2,831
Other Revenue	1,770,000	3,280,744	2,821,355
Investment Income		31,278	3,825
Total Revenue	<u>12,459,894</u>	<u>13,891,318</u>	<u>11,842,884</u>
Expenses			
Instruction	11,928,635	13,128,964	10,714,923
Operations and Maintenance	80,347	195,075	397,201
Transportation and Housing	124,682	97,578	93,437
Total Expense	<u>12,133,664</u>	<u>13,421,617</u>	<u>11,205,561</u>
Special Purpose Surplus (Deficit) for the year	<u>326,230</u>	<u>469,701</u>	<u>637,323</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(326,230)	(350,220)	(406,644)
Other	(30,000)	(30,000)	(30,000)
Total Net Transfers	<u>(356,230)</u>	<u>(380,220)</u>	<u>(436,644)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>(30,000)</u>	<u>89,481</u>	<u>200,679</u>
Special Purpose Surplus (Deficit), beginning of year		<u>630,586</u>	<u>429,907</u>
Special Purpose Surplus (Deficit), end of year		<u><u>720,067</u></u>	<u><u>630,586</u></u>
Special Purpose Surplus (Deficit), end of year			
Related Entities		<u>720,067</u>	<u>630,586</u>
Total Special Purpose Surplus (Deficit), end of year		<u><u>720,067</u></u>	<u><u>630,586</u></u>

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2023

	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	-	-	437,718	1,209,233		-	-	-	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	356,577	327,549				128,000	31,850	394,000	647,037
Provincial Grants - Other									
Other			184,899	2,971,757					
Investment Income			100						
	356,577	327,549	184,999	2,971,757	-	128,000	31,850	394,000	647,037
Less: Allocated to Revenue	356,577	327,549	150,269	2,846,797		128,000	31,850	381,256	647,037
Deferred Revenue, end of year	-	-	472,448	1,334,193	-	-	-	12,744	-
Revenues									
Provincial Grants - Ministry of Education and Child Care	356,577	327,549				128,000	31,850	381,256	647,037
Other Revenue			150,169	2,846,797	253,031				
Investment Income			100		31,178				
	356,577	327,549	150,269	2,846,797	284,209	128,000	31,850	381,256	647,037
Expenses									
Salaries									
Teachers	-							118,490	
Principals and Vice Principals	-							42,840	
Educational Assistants	-	254,479						55,115	
Support Staff	-					98,825			3,232
Other Professionals	-								
Substitutes	-	15,474		16,297				25,289	
	-	269,953	-	16,297	-	98,825	-	241,734	3,232
Employee Benefits	-	57,596		2,549		29,175		69,434	622
Services and Supplies	30,347		150,269	2,827,951	164,728	-	31,850	70,088	643,183
	30,347	327,549	150,269	2,846,797	164,728	128,000	31,850	381,256	647,037
Net Revenue (Expense) before Interfund Transfers	326,230	-	-	-	119,481	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(326,230)								
Other					(30,000)				
	(326,230)	-	-	-	(30,000)	-	-	-	-
Net Revenue (Expense)	-	-	-	-	89,481	-	-	-	-

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2023

	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	Seamless Day Kindergarten	Early Childhood Education Dual Credit Program	Student & Family Affordability
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	-	42,355	-	-	1,630	70,743	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	722,660	6,564,492	181,784	82,377	52,000	6,750	110,800	61,000	925,658
Provincial Grants - Other							6,799		
Other							22,064		
Investment Income									
	722,660	6,564,492	181,784	82,377	52,000	6,750	139,663	61,000	925,658
Less: Allocated to Revenue	722,660	6,564,492	155,009	97,578	52,000	3,433	141,293	60,456	734,994
Deferred Revenue, end of year	-	-	26,775	27,154	-	3,317	-	71,287	190,664
Revenues									
Provincial Grants - Ministry of Education and Child Care	722,660	6,564,492	155,009	97,578	52,000	3,433	119,229	60,456	734,994
Other Revenue							22,064		
Investment Income									
	722,660	6,564,492	155,009	97,578	52,000	3,433	141,293	60,456	734,994
Expenses									
Salaries									
Teachers	-	5,251,205							
Principals and Vice Principals	14,169								
Educational Assistants	280,315								
Support Staff	25,265			47,352			115,632	17,000	
Other Professionals	-				45,000				
Substitutes	258,798	28,057	90,757				3,312		
	578,547	5,279,262	90,757	47,352	45,000	-	118,944	17,000	-
Employee Benefits	144,113	1,285,230	18,290	18,942	7,000		21,882	4,878	
Services and Supplies	-		21,972	31,284		3,433	467	38,578	734,994
	722,660	6,564,492	131,019	97,578	52,000	3,433	141,293	60,456	734,994
Net Revenue (Expense) before Interfund Transfers	-	-	23,990	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased			(23,990)						
Other									
	-	-	(23,990)	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 22 (Vernon)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2023

	JUST B4	SEY2KT (Early Years to Kindergarten)	ECL (Early Care & Learning)	Other Grants	Integrated Inquiry Project	TOTAL
	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	-	6,495	-	1,768,174
Add: Restricted Grants						
Provincial Grants - Ministry of Education and Child Care	25,000	19,000	175,000	-	880,000	11,691,534
Provincial Grants - Other						6,799
Other				22,412		3,201,132
Investment Income						100
	25,000	19,000	175,000	22,412	880,000	14,899,565
Less: Allocated to Revenue	220	8,308	175,000	8,683	13,648	13,607,109
Deferred Revenue, end of year	24,780	10,692	-	20,224	866,352	3,060,630
Revenues						
Provincial Grants - Ministry of Education and Child Care	220	8,308	175,000	-	13,648	10,579,296
Other Revenue				8,683		3,280,744
Investment Income						31,278
	220	8,308	175,000	8,683	13,648	13,891,318
Expenses						
Salaries						
Teachers						5,369,695
Principals and Vice Principals			142,333			199,342
Educational Assistants		223				590,132
Support Staff				3,600		310,906
Other Professionals						45,000
Substitutes		412				438,396
	-	635	142,333	3,600	-	6,953,471
Employee Benefits		174	32,667	1,088		1,693,640
Services and Supplies	220	7,499		3,995	13,648	4,774,506
	220	8,308	175,000	8,683	13,648	13,421,617
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	469,701
Interfund Transfers						
Tangible Capital Assets Purchased						(350,220)
Other						(30,000)
	-	-	-	-	-	(380,220)
Net Revenue (Expense)	-	-	-	-	-	89,481

School District No. 22 (Vernon)

Schedule of Capital Operations

Year Ended June 30, 2023

Schedule 4 (Unaudited)

	2023 Budget (Note 13)	2023 Actual			2022 Actual (Restated - Note 18)
	\$	Invested in Tangible Capital Assets \$	Local Capital \$	Fund Balance \$	\$
Revenues					
Amortization of Deferred Capital Revenue	4,668,047	4,776,238		4,776,238	4,574,249
Total Revenue	4,668,047	4,776,238	-	4,776,238	4,574,249
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	6,343,850	6,426,190		6,426,190	6,204,878
Transportation and Housing	484,084	553,534		553,534	505,633
Total Expense	6,827,934	6,979,724	-	6,979,724	6,710,511
Capital Surplus (Deficit) for the year	(2,159,887)	(2,203,486)	-	(2,203,486)	(2,136,262)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	741,655	935,331		935,331	737,504
Local Capital	1,163,000		1,226,093	1,226,093	1,209,263
Total Net Transfers	1,904,655	935,331	1,226,093	2,161,424	1,946,767
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		2,650,292	(2,650,292)	-	
Total Other Adjustments to Fund Balances		2,650,292	(2,650,292)	-	
Total Capital Surplus (Deficit) for the year	(255,232)	1,382,137	(1,424,199)	(42,062)	(189,495)
Capital Surplus (Deficit), beginning of year		24,643,844	3,398,727	28,042,571	33,917,265
Prior Period Adjustments					
To Recognize Asset Retirement Obligation					(5,685,199)
Capital Surplus (Deficit), beginning of year, as restated		24,643,844	3,398,727	28,042,571	28,232,066
Capital Surplus (Deficit), end of year		26,025,981	1,974,528	28,000,509	28,042,571

School District No. 22 (Vernon)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2023

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	8,816,960	201,466,408	7,838,929	5,095,110	361,558	4,823,284	228,402,249
Prior Period Adjustments							
To Recognize Asset Retirement Obligation		5,746,172					5,746,172
Cost, beginning of year, as restated	8,816,960	207,212,580	7,838,929	5,095,110	361,558	4,823,284	234,148,421
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		3,967,770	221,989	1,365,469			5,555,228
Deferred Capital Revenue - Other		2,133,261	76,165	262,000			2,471,426
Operating Fund			398,843			186,268	585,111
Special Purpose Funds			326,780			23,440	350,220
Local Capital		861,993	216,778	671,855	113,214	786,452	2,650,292
Transferred from Work in Progress		2,262,029					2,262,029
	-	9,225,053	1,240,555	2,299,324	113,214	996,160	13,874,306
Decrease:							
Deemed Disposals			1,057,097	1,418,871	150,860	808,431	3,435,259
	-	-	1,057,097	1,418,871	150,860	808,431	3,435,259
Cost, end of year	8,816,960	216,437,633	8,022,387	5,975,563	323,912	5,011,013	244,587,468
Work in Progress, end of year							-
Cost and Work in Progress, end of year	8,816,960	216,437,633	8,022,387	5,975,563	323,912	5,011,013	244,587,468
Accumulated Amortization, beginning of year		93,425,746	3,092,188	2,978,807	230,376	2,418,071	102,145,188
Prior Period Adjustments							
To Recognize Asset Retirement Obligation		5,697,521					5,697,521
Accumulated Amortization, beginning of year, as restated		99,123,267	3,092,188	2,978,807	230,376	2,418,071	107,842,709
Changes for the Year							
Increase: Amortization for the Year		4,581,147	793,066	553,534	68,547	983,430	6,979,724
Decrease:							
Deemed Disposals			1,057,097	1,418,871	150,860	808,431	3,435,259
		-	1,057,097	1,418,871	150,860	808,431	3,435,259
Accumulated Amortization, end of year		103,704,414	2,828,157	2,113,470	148,063	2,593,070	111,387,174
Tangible Capital Assets - Net	8,816,960	112,733,219	5,194,230	3,862,093	175,849	2,417,943	133,200,294

School District No. 22 (Vernon)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress
Year Ended June 30, 2023

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	2,262,029				2,262,029
Changes for the Year					
Decrease:					
Transferred to Tangible Capital Assets	2,262,029				2,262,029
	2,262,029	-	-	-	2,262,029
Net Changes for the Year	(2,262,029)	-	-	-	(2,262,029)
Work in Progress, end of year	-	-	-	-	-

School District No. 22 (Vernon)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2023

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	95,398,708	516,988	-	95,915,696
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	5,555,228	2,221,426	250,000	8,026,654
Transferred from Work in Progress		2,262,029		2,262,029
	5,555,228	4,483,455	250,000	10,288,683
Decrease:				
Amortization of Deferred Capital Revenue	4,675,728	88,010	12,500	4,776,238
	4,675,728	88,010	12,500	4,776,238
Net Changes for the Year	879,500	4,395,445	237,500	5,512,445
Deferred Capital Revenue, end of year	96,278,208	4,912,433	237,500	101,428,141
Work in Progress, beginning of year		2,262,029		2,262,029
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress		-		-
	-	-	-	-
Decrease				
Transferred to Deferred Capital Revenue		2,262,029		2,262,029
	-	2,262,029	-	2,262,029
Net Changes for the Year	-	(2,262,029)	-	(2,262,029)
Work in Progress, end of year	-	-	-	-
Total Deferred Capital Revenue, end of year	96,278,208	4,912,433	237,500	101,428,141

School District No. 22 (Vernon)

Changes in Unspent Deferred Capital Revenue
Year Ended June 30, 2023

	Bylaw Capital	MECC Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	-	9,073	-	-	50,000	59,073
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	5,555,228		2,221,426			7,776,654
Other					200,000	200,000
Investment Income		193				193
	5,555,228	193	2,221,426	-	200,000	7,976,847
Decrease:						
Transferred to DCR - Capital Additions	5,555,228		2,221,426		250,000	8,026,654
	5,555,228	-	2,221,426	-	250,000	8,026,654
Net Changes for the Year	-	193	-	-	(50,000)	(49,807)
Balance, end of year	-	9,266	-	-	-	9,266