



**FINANCE AND AUDIT COMMITTEE
PUBLIC MEETING
REVISED AGENDA**

**Wednesday, September 22, 2021, 4:00 pm
School Board Office
1040 Hollywood Road S
Kelowna, BC**

Due to limited space availability, members of the public who wish to attend the Public Finance and Audit Committee must pre-register by contacting the Secretary-Treasurer's office at 250-470-3216 or Secretary.Treasurer@sd23.bc.ca by noon on the day of the meeting.

As per Health Orders, masks are required.

The Central Okanagan Board of Education acknowledges that this meeting is being held on the unceded, Traditional Territory of the Okanagan People.

Pages

1. AGENDA

Additions/Amendments/Deletions

2. REPORTS/MATTERS ARISING

2.1. Finance and Audit Committee Public Meeting Report - June 16, 2021

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(Attachment)

3. RECOGNITION/PRESENTATIONS/DELEGATIONS

- 3.1. Presentation: Report to the Finance and Audit Committee - Communication of Audit Results and Audited Financial Statements Fiscal Year 2020/2021 9

(Attachment)

Presenters:

Tyler Neels, Grant Thornton LLP
Kate Cumming, Grant Thornton LLP

4. PUBLIC QUESTION/COMMENT PERIOD

In-person attendance is required for members of the public to ask questions and/or make comments.

5. COMMITTEE MEMBERS QUERIES/COMMENTS

6. DISCUSSION/ACTION ITEMS

- 6.1. Audited Financial Statements Fiscal Year 2020/2021 25

(Attachment)

STAFF RECOMMENDATIONS:

THAT: The Finance and Audit Committee receive the Audited Financial Statements Fiscal Year 2020/2021, as attached to the Agenda, and as presented at the September 22, 2021 Finance and Audit Committee Public Meeting;

AND THAT: The Finance and Audit Committee recommends to the Board:

THAT: The Board of Education receive and approve the Audited Financial Statements Fiscal Year 2020/2021.

7. DISCUSSION/INFORMATION ITEMS

- 7.1. Financial Statement Discussion and Analysis the Year Ending June 30, 2021 77

(Attachment)

- 7.2. Surplus Appropriation Analysis 92

(Attachment)

- 7.3. Final Federal & Provincial COVID Expense Analysis 93

(Attachment)

8. COMMITTEE CORRESPONDENCE
9. ITEMS REQUIRING SPECIAL MENTION
10. RECOMMENDATIONS/REFERRALS TO THE BOARD/COORDINATING COMMITTEE/OTHER COMMITTEES
11. ITEMS FOR FUTURE FINANCE AND AUDIT COMMITTEE MEETINGS

October

- Financial Update at September 30th

November

- School District No. 23 (Central Okanagan) Budget Development Principles
- School District No. 23 (Central Okanagan) Budget Development Timeline
- Amended Policy 161 - Accumulated Operating Surplus

January

- Amended Annual Budget for the Fiscal Year
- Ministry Recalculation Allocation – School District No. 23 and Provincial
- Financial Update at December 31st
- Budget Survey development
- Annual Review of Committee's Mandate, Purpose and Function

February

- Budget Presentation
- School Fees Summary

April (1st Meeting)

- Overview of Budget Allocation
- Budget Consultation Input Received
- Trustee Indemnity for the [Next school year] Fiscal Year

April (2nd Meeting)

- Central Okanagan School District Preliminary Budget Proposal – Superintendent's Budget Recommendations
- Financial Report at March 31st

May

- Auditor's Report to the Finance and Audit Committee – Initial Communication on Audit Planning for the Year
- Annual CommunityLINK Allocations
- Financial Update - International Education Program

June

- School District No. 23 (Central Okanagan) Annual Budget for the Fiscal Year

12. FUTURE FINANCE AND AUDIT COMMITTEE MEETINGS

All meetings start at 4:00 pm.

October 20, 2021 and November 17, 2021

13. MEDIA QUESTIONS

14. ADJOURNMENT



CENTRAL OKANAGAN PUBLIC SCHOOLS - BOARD COMMITTEE REPORT

**Finance and Audit Committee Meeting
Public Meeting**

**Wednesday, June 16, 2021, 4:00 pm
Via Zoom**

Board of Education: Trustee L. Tiede, Chairperson
Trustee M. Baxter, Acting Voting Committee Member
Trustee C. Desrosiers, Committee Member

Absent: Trustee J. Fraser, Committee Member

Staff: Delta Carmichael, Assistant Secretary-Treasurer
Ryan Stierman, Secretary-Treasurer/CFO
Val Dougans, Finance Manager
Kevin Kaardal, Superintendent of Schools/CEO
Michelle DesRochers, Executive Assistant (recorder)

Absent: Terry Beaudry, Deputy Superintendent of Schools

Partner Groups: Susan Bauhart, COTA President
David Tether, CUPE President (*arrived at 4:17 pm*)
Mike Dornian, COPVPA Treasurer
Zach Johnson, DSC - Grade 10 at KSS

There was no representative from the COPAC.

**The Central Okanagan Board of Education acknowledged that this meeting was being held
the unceded, Traditional Territory of the Okanagan People.**

In the absence of Trustee Fraser, Trustee Baxter was appointed Acting Voting Committee Member.

AGENDA

June 16, 2021 Committee Agenda - approved as presented.

REPORTS/MATTERS ARISING

Finance and Audit Committee Public Meeting Report - May 19, 2021

May 19, 2021 Committee Report - received as distributed.

The Assistant Secretary-Treasurer responded to queries from the COTA President regarding the External Auditor's process.

PUBLIC QUESTION/COMMENT PERIOD

There were no public questions/comments.

COMMITTEE MEMBERS QUERIES/COMMENTS

There were no Committee member queries/comments.

DISCUSSION/ACTION ITEMS

2021/2022 Annual Budget Bylaw

The Assistant Secretary-Treasurer stated that the 2021/2022 Annual Budget Bylaw was created using the Ministry of Education's template and must be submitted to the Ministry by June 30, 2021. An overview of the points for consideration and the adjustments to the revenues and expenses for the 2021-2022 Annual Budget compared to the 2020-2021 Amended Annual Budget were provided.

4:17 pm: The CUPE President joined the meeting.

The Assistant Secretary-Treasurer responded to questions.

Outcome:

The Finance and Audit Committee recommended to the Board:

THAT: The Board of Education of School District No. 23 (Central Okanagan) give first reading to the School District No. 23 (Central Okanagan) Annual Budget Bylaw for the Fiscal Year 2021/2022 in the amount of \$292,680,128.

THAT: The Board of Education of School District No. 23 (Central Okanagan) give second reading to the School District No. 23 (Central Okanagan) Annual Budget Bylaw for the Fiscal Year 2021/2022 in the amount of \$292,680,128.

THAT: The Board of Education of School District No. 23 (Central Okanagan) give all three readings to the School District No. 23 (Central Okanagan) Annual Budget Bylaw for the Fiscal Year 2021/2022 in the amount of \$292,680,128.

THAT: The Board of Education of School District No. 23 (Central Okanagan) give third reading and adopt the School District No. 23 (Central Okanagan) Annual Budget Bylaw for the Fiscal Year 2021/2022 in the amount of \$292,680,128 on the 23rd day of June 2021.

RECOMMENDATIONS/REFERRALS TO THE BOARD/COORDINATING COMMITTEE/OTHER COMMITTEES

Public Board Meeting - June 23, 2021

- 2021/2022 Annual Budget Bylaw

ITEMS FOR FUTURE FINANCE AND AUDIT COMMITTEE MEETINGS

September

- Presentation: Audited Financial Statements for the Fiscal Year
- Audited Financial Statements for the Fiscal year (*Action Item*)

October

- Financial Update at September 30th

November

- School District No. 23 (Central Okanagan) Budget Development Principles
- School District No. 23 (Central Okanagan) Budget Development Timeline

January

- Amended Annual Budget for the Fiscal Year
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- Financial Update - International Education Program

June

- School District No. 23 (Central Okanagan) Annual Budget for the Fiscal Year

FUTURE FINANCE AND AUDIT COMMITTEE MEETINGS

All meetings start at 4:00 pm.

September 22, 2021, October 20, 2021, November 17, 2021

MEDIA QUESTIONS

There were no media questions submitted.

ADJOURNMENT

The meeting adjourned at 4:26 pm.

Questions - Please Contact:

Trustee Lee-Ann Tiede, Chairperson at 250-763-4650 or Lee-Ann.Tiede@sd23.bc.ca

Delta Carmichael, Assistant Secretary-Treasurer at 250-470-3233 or Delta.Carmichael@sd23.bc.ca

Lee-Ann Tiede, Chairperson

School District No. 23 (Central Okanagan)

For the year ended June 30, 2021

Report to the Finance and Audit Committee
Audit results

September 22, 2021

Tyler Neels, CPA, CA	Kate Cumming, CPA
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Appendices

Appendix A – Draft independent auditor’s report
Appendix B – Draft Management representation letter

Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the financial statements of School District No. 23 (Central Okanagan) (the "District") for the year ended June 30, 2021. This communication will assist the Finance and Audit Committee in understanding the results of audit procedures and includes comments on misstatements, significant accounting policies, sensitive estimates and other matters.

The information in this document is intended solely for the information and use of the Board of Education, the Finance and Audit Committee, and management. It is not intended to be distributed or used by anyone other than these specified parties.

We were engaged to provide the following deliverables:

Deliverable	Status
Discussions and communications regarding planning	Completed on May 19, 2021
Report on the June 30, 2021 financial statements	Finalized after approval of the financial statements by the Board of Education
Communication of audit results	Within this report
Other – Reporting to the OAG	Completed after approval of the financial statements by the Board of Education

Status of our audit

We have substantially completed our audit of the financial statements of the District and the results of that audit are included in this report.

We will finalize our report upon resolution of the following items that were outstanding as at September 22, 2021:

- Receipt of signed management representation letter (a draft has been attached in the appendices)
- Approval of the financial statements by the Finance and Audit Committee and the Board of Education
- Procedures regarding subsequent events

We have successfully executed our audit strategy in accordance with the plan presented to the Finance and Audit Committee on May 19, 2021.

Auditor's report modifications

Our responsibility is to form an opinion on the financial statements. We are also required to communicate matters that impact our standard auditor's report, including key audit matters or modifications to the reports.

The financial statements of the School District are prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia which are consistent with Canadian public sector accounting standards except in regard to the accounting for government transfers.

Our audit report has been modified to reflect a compliance audit opinion and included an emphasis of matter paragraph drawing attention to Note 2 to the financial statements, which describes the basis of accounting and significant differences between such basis of accounting and Canadian public sector accounting standards.

A copy of our draft independent auditor's report and our opinion is included in Appendix A.

Independence

We confirm that there have been no changes to our status with respect to independence since we confirmed our independence to you on May 19, 2021.

Audit risks and results

We highlight our significant findings in respect of COVID-19 impacts on audit risks and responses, significant transactions, accounting practices and other areas of focus.

COVID-19 impact on audit risks and responses

Area of focus	Matter	Our response and findings
Audit impact	<p>As a result of the continuing impact of the COVID-19 virus, we were not able to physically attend the School District offices for the majority of the interim and year end audit.</p> <p>As a result of the continuing impact of the COVID-19 virus, certain School District staff were required to perform their duties from virtual locations.</p>	<ul style="list-style-type: none"> We completed the majority of our audit procedures remotely using a combination of online shared workspaces, Microsoft Teams Meetings, email correspondence and phone calls as well as some onsite fieldwork by our team. We were able to obtain all information we required to complete our audit procedures. Consistent with the prior year, the more significant changes in policies and procedures as a result of COVID-19 relate to the use of email and e-signature approvals as opposed to physical signatures and the other policies and procedures appeared to be operating consistently. We did not identify any material weaknesses as a result of work from home arrangements.
Disclosures	<p>In addition to the quantitative impact of COVID-19 on the School District's financial statements, management has included additional disclosures in Note 1 to the financial statements to disclose the nature of uncertainty with respect to COVID-19.</p>	<ul style="list-style-type: none"> We reviewed the disclosures in the financial statements and concluded that they are appropriate.
COVID-19 funding	<p>During the year, the School District received COVID-19 funding of \$11M which are included in special purpose funds. At June 30, 2021, all of this funding was used to fund either operations or capital projects.</p>	<ul style="list-style-type: none"> As part of our audit procedures, we performed the following: <ul style="list-style-type: none"> Obtained confirmation from the Ministry of Education for grants received; Discussed processes for tracking expenditures with management; Reviewed management calculations to support expenditures and resulting recognition of revenue. No matters of concern were noted.

Significant transactions

Area of focus	Matter	Our response and findings
Construction in progress	<p>The significant construction in progress throughout the year on H.S Grenda Middle School has resulted in work in progress buildings additions of \$18M.</p>	<ul style="list-style-type: none"> Audit procedures performed included agreeing significant building additions to progress billing invoices and vouching year-end holdback accruals to supporting documentation. Our audit procedures noted the adjusting journal entry on page 7.

Areas of focus

The following is a summary of areas of focus, and the related matters and findings we would like to communicate to the Finance and Audit Committee.

Area of focus	Matter	Our response and findings
Grant revenues	Grant revenues are material and significant to the financial statements	<ul style="list-style-type: none"> • Audit procedures performed included confirming grants received and receivable with the Ministry of Education and reconciling accounts. • Our audit procedures did not uncover any significant findings to report.
Tangible capital assets and deferred capital contributions	Tangible capital assets activities are not valid, and associated grant funding is not accounted for properly	<ul style="list-style-type: none"> • Audit procedures performed included testing significant capital expenditures, agreeing to supporting documentation, reviewing applicable lease and funding agreements, and recalculating expected amortization of deferred capital contributions. • Our audit procedures did not uncover any significant findings to report.
Investments	Fair value measurements are not correct or investment activities are not valid	<ul style="list-style-type: none"> • Audit procedures performed included confirming the fair value of investments with the investment custodian and reviewing significant transactions. • Our audit procedures did not uncover any significant findings to report.
Purchases and payables	Payables understated or not recorded in the correct period	<ul style="list-style-type: none"> • Audit procedures performed included reviewing and documenting controls around the purchasing cycle, reviewing expenses analytically and investigating any significant variances, agreeing expenses recorded to supporting documentation for a selection of transactions, and performing substantive procedures on the cut-off of expenses. • Our audit procedures did not uncover any significant findings to report.
Employee compensation	Employee compensation accruals or expenses understated	<ul style="list-style-type: none"> • Audit procedures performed included reviewing controls around maintenance of employee Masterfile and related payroll transactions, testing key controls for operating effectiveness, performing an analytical review of employee compensation by bargaining unit, and performing tests of details on a sample of employee compensation transactions. • Our audit procedures did not uncover any significant findings to report.
Tuition and fee revenue	Tuition and fee revenues are material to the financial statements	<ul style="list-style-type: none"> • Our audit procedures included testing a sample of tuition fees, performing analytical review of tuition revenue recognized during the year and reviewing the deferred revenue schedule to ensure amounts received were appropriately deferred to the period they applied to. • Our audit procedures did not uncover any significant findings to report.
School generated funds	Recorded revenues and expenditures are not valid	<ul style="list-style-type: none"> • As part of our audit procedures, we performed the following: • Reviewed controls around the process to recognize revenues from school generated funds; • Reviewed a sample of bank reconciliations; • Performed analytical review of transactions by schools; and • Tested a sample of receipts and disbursements. • No matters of concern were noted.

Accounting practices and significant estimates

Area of focus	Matter	Our response and findings
Significant accounting policies	The financial statements of the School District are prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia which are consistent with Canadian public sector accounting standards except in regard to the accounting for government transfers.	<ul style="list-style-type: none"> The impact of this difference on the financial statements of the School District would be a decrease in deferred capital contributions, an increase in accumulated surplus, and a change in revenues and annual surplus for each year. The difference is disclosed in Note 2 (a) to the financial statements.
Future employee benefits	The School District provides certain post-employment benefits for certain employees pursuant to contracts and union agreements. These benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The most recent actuarial valuation of the obligation was performed at March 31, 2019 and projected to March 31, 2022.	<ul style="list-style-type: none"> We relied on the actuarial valuation prepared by Mercer Consultants for audit support for the employee future benefits liability of the School District. To test the reasonableness of the actuarial valuation, we performed the following: <ul style="list-style-type: none"> Evaluated the competence, capabilities and objectivity of the actuary; Reviewed assumptions, methods and nature of internal and external data used; and Ensured the actuarial valuation information is appropriately disclosed in the notes to the financial statements. No matters of concern were noted.
Tangible capital assets Amortization of deferred capital contributions	Management estimates the useful lives of buildings and, equipment based up on the straight-line method over rates ranging from 5 to 40 years.	<ul style="list-style-type: none"> We reviewed the amortization method for reasonableness and the calculations are consistent with the Ministry of Education Amortization Tool.
Asset retirement obligations	Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The value of the liability for asbestos removal or disposal will be recognized in the period in which a reasonable estimate of the fair value can be made. As at June 30, 2021, management has assessed that the liability is not reasonably determinable.	<ul style="list-style-type: none"> We inquired of management of their process in reviewing asset retirement obligations. We agree with management's current assessment and the disclosure contained in the financial statements. New accounting standards have been developed for asset retirement obligations that will be in effect for years beginning on or after April 1, 2022. The implementation of these new standards will require estimates about the future cash flows associated with asset retirement obligations and discount rates. The implementation of this new standard is complex and will require dedicated time and resources.

Adjustments and uncorrected misstatements

Adjustments

Misstatements identified and adjusted in the financial statements by the District as a result of our audit procedures are as follows:

Increase (Decrease)	Statement of Financial Position			Income effect	
	Assets	Liabilities	Equity	Earnings	
Description					
To accrue construction holdbacks payable at year-end.	\$ 2,427,965	\$ 2,427,965	\$ -	\$ -	-
To accrue COA draws on construction holdback above.	\$ 2,427,965	\$ 2,427,965	\$ -	\$ -	-

Uncorrected misstatements

We have no non-trivial unadjusted misstatements to report.

Summary of disclosure matters

Our audit did not identify any unadjusted non-trivial misstatements of disclosure matters.

Other reportable matters

Internal control

The audit is designed to express an opinion on the financial statements. We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. Accordingly, we do not express an opinion on the effectiveness of internal control.

If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to the Finance and Audit Committee those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

Based on the results of our audit, we did not identify any reportable observations.

Cooperation during the audit

We report that we received full cooperation during the performance of our audit. To our knowledge, we were provided access to all necessary records and other documentation and any issues that arose as a result of our audit were discussed with management and have been resolved to our satisfaction.

Regulatory

The Office of the Auditor General (“OAG”) audits the Summary Financial Statements of the Province of British Columbia which include the financial information of the School District. As part of their audit of the Province’s Summary Financial Statements, they require us as auditors to provide copies of certain documents and confirm certain matters to them by November 19, 2021. This includes:

- A copy of the auditor’s report and the related financial statements of School District No. 23 (Central Okanagan) for the year ended June 30, 2021;
- A copy of our assessment of financial statement engagement risk;
- Copies of planning and audit findings reports issued to the audit committee or the Board of Education;
- A copy of our internal control letter with management’s response;
- A copy of unadjusted differences (other than misclassifications) of \$1 million or greater and unadjusted differences that are misclassifications or for note disclosures of \$5 million or greater; and
- An assessment of the impact of accounting for Non-Provincial restricted contributions in accordance with the Restricted Contributions Regulation as compared to Public Sector Accounting Standards for contribution amounts exceeding \$1 million.

We will provide all required information to the OAG.

Appendix A – Draft independent auditor’s report

Independent Auditor's Report

To the Board of Education of School District No. 23 (Central Okanagan)
and the Ministry of Education

Opinion

We have audited the financial statements of School District No. 23 (Central Okanagan) ("the District"), which comprise the statement of financial position as at June 30, 2021, and the statement of operations, statement of remeasurement gains and losses, statement of changes in net financial assets (debt) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of School District No. 23 (Central Okanagan) as at June 30, 2021 and for the year then ended, are prepared in all material respects in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia ("Section 23.1").

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 Financial Statements* section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the 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

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Other matter – Supplementary Information

We draw attention to the fact that the supplementary information included in Schedules 1 through 4 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

Other information

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in 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 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 Financial Statement Discussion and Analysis prior to the date of this auditor's 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 this auditor's 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 and fair presentation of these financial statements in accordance with the accounting requirements of Section 23.1, 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 District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.

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.

Appendix B – Draft management representation letter

SCHOOL DISTRICT NO. 23 (CENTRAL OKANAGAN)
1040 Hollywood Road South
Kelowna BC V1X 4N2

September 22, 2021

Grant Thornton LLP
Chartered Professional Accountants
200 – 1633 Ellis Street
Kelowna BC V1Y 2A8

Dear Sir/Madam:

We are providing this letter in connection with your audit of the financial statements of School District No. 23 (Central Okanagan) (“the District”) as of June 30, 2021 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements, the financial position, results of operations, and cash flows of the District are prepared in all material respects in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (“Section 23.1”).

We acknowledge that we have fulfilled our responsibilities for the preparation of the financial statements in accordance with the accounting requirements of Section 23.1 and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of September 22, 2021, the following representations made to you during your audit.

Financial statements

- 1 The financial statements referred to above present the financial position of the District as at June 30, 2021 and the results of its operations and its cash flows for the year then ended are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1, as agreed to in the terms of the audit engagement.

Completeness of information

- 2 We have made available to you all financial records and related data and all minutes of the meetings of the Board of Education, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant board and committee actions are included in the summaries.
- 3 We have provided you with unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
- 4 There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 5 There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.

- 6 We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
- 7 We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
- 8 We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.
- 9 We have identified to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.
- 10 You provided a non-audit service by assisting us with reviewing the financial statements and related notes. In connection with this non-audit service, we confirm that we have made all management decisions and performed all management functions, have the knowledge to evaluate the accuracy and completeness of the financial statements, and accept responsibility for such financial statements.

Fraud and error

- 11 We have no knowledge of fraud or suspected fraud affecting the District involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
- 12 We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, analysts, regulators or others.
- 13 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Recognition, measurement and disclosure

- 14 We believe that the significant assumptions used by us in making accounting estimates, including those used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements, are reasonable and appropriate in the circumstances.
- 15 We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.
- 16 All related party transactions have been appropriately measured and disclosed in the financial statements. Key management personnel have not identified related party transactions that may have occurred at a value different from that which would have been arrived at if the parties were unrelated.
- 17 The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- 18 All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
- 19 All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
- 20 All "off-balance sheet" financial instruments have been properly recorded or disclosed in the financial statements.

- 21 With respect to environmental matters:
- a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;
 - b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements; and
 - c) commitments have been measured and disclosed, as appropriate, in the financial statements.
- 22 The District has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the District's assets nor has any been pledged as collateral except as noted in the financial statements.
- 23 We have disclosed to you, and the District has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
- 24 The Goods and Services Tax (GST) transactions recorded by the District are in accordance with the federal and provincial regulations. The GST liability/receivable amounts recorded by the District are considered complete.
- 25 Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of Section *PS 3255 Post-employment benefits, compensated absences and termination benefits* of the Chartered Professional Accountants (CPA) Public Sector Accounting Handbook.
- 26 Except for the impact of COVID-19, there have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements other than the events disclosed in the notes to the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

Other

- 27 We have considered whether or not events have occurred or conditions exist which may cast significant doubt on the District's ability to continue as a going concern and have concluded that no such events or conditions are evident.
- 28 We understand that the Canadian Auditing Standards require you to perform certain procedures with respect to Other Information. To enable you to complete this work, we will provide you with the final version of our Financial Statement Discussion and Analysis, as soon as it is available and before it is issued by us.

Yours very truly,

Ryan Stierman, CFO/Secretary-Treasurer, CPA, CMA, MBA

Delta Carmichael, Assistant Secretary-Treasurer, CPA, CA

Valerie Dougans, Finance Manager, CPA, CA



Memorandum

Date: September 17, 2021
To: Finance and Audit Committee
From: Delta Carmichael, Assistant Secretary-Treasurer

Action: Audited Financial Statements Fiscal Year 2020/2021

1.0 ISSUE STATEMENT

The Ministry of Education requires that the audited financial statements be prepared, adopted by Bylaw and submitted by September 30, 2021.

2.0 BOARD MOTION/DIRECTION

20P-133 (September 30, 2020 Public Board Meeting)

THAT: The Board of Education receive and approve the Audited Financial Statements for fiscal 2019/2020.

3.0 BACKGROUND

Each September, the Board submits the audited financial statements reflecting the Statement of Financial Position, Statement of Operations, Statement of Remeasurement Gains and Losses, Statement of Changes in Net Debt and Statement of Cash Flows as well as note to the financial statements and supporting schedules. The audited financial statements (see *Appendix A*) includes the Operating, Special Purpose and Capital Funds.

4.0 POINTS FOR CONSIDERATION

Statement of Financial Position:

- Change in *total financial assets* is a result of:
 - \$8.4M funding (cash) received from Ministry of Children & Family Development during 2021 to fund new childcare spaces at 7 District locations.
 - Operating Holdback funds of \$721K received and carried forward into fiscal 2022. These funds are to be used to assess learning impacts to students due to the COVID-19 pandemic.
 - Increase in teachers participating in the summer savings program resulted in more cash set aside to fund this program.
 - Increase in accounts receivable consists of an increase in school site acquisition accrual, GST rebate from larger capital project invoices and an increase in the current year's bylaw capital draw accrual related to École H.S. Grenda Middle school.

- Change in *total financial liabilities* is a result of:
 - Accounts payable decreased from the prior year (\$312K).
 - With an increase in International Education student FTE next year, the corresponding homestay deposits have increased (\$1.25M). There were also less International Education refunds processed (\$321K).
 - \$3.4M more invoices for work on École H.S. Grenda Middle School were paid after the yearend cutoff, including a \$2.5M holdback accrual.
 - Increase in teachers participating in the summer savings program resulted in an increase to the liability that reflects salaries earned but not paid to staff until after June 30, 2021.
 - Land capital increased by \$2.1M in site acquisition charges.
 - Canyon Falls Middle School completion transferred costs from work in progress to deferred capital revenue.
 - \$8.4M funding received from Ministry of Children & Family Development during 2021 to fund new childcare spaces at 7 District locations.
 - \$936K in unspent capital bylaw funds, to be fully spent in the coming school year.
 - Various payroll related accruals higher in the current year due to increased work force, union and senior management grid increases.

- Change in *total non-financial assets* is a result of:
 - École H.S. Grenda Middle School construction includes related furniture and equipment.
 - Additional computer equipment to support the District's Refresh program.
 - Asset amortization calculation is \$990K higher than the prior year. Amortization is calculated using a Ministry of Education amortization tool.

Statement of Operations:

- Change in *total revenue* is a result of:
 - Annual budget and prior year figures does not include the \$9.2M of federal return to school grants or the \$1.7M provincial return to school grants.
 - When completing the annual budget, only 90% of the CEF (Classroom Enhancement Fund) can be budgeted for although 100% was ultimately received (\$2.7M difference).

- Actual operating grant funding was approximately \$3.4M less than the Annual budget, see below:

	Fiscal 2021 Actual			Fiscal 2021 Annual Budget			FTE Diff	\$ Diff
	FTE	Per FTE	Total	FTE	Per FTE	Total		
Student Enrolment	22,855.0000	7,560	172,783,800	22,942.5000	7,560	173,445,300	(87.5000)	(661,500)
Alternate Ed.	229.2500	7,560	1,733,130	261.5000	7,560	1,976,940	(32.2500)	(243,810)
DL	55.3750	6,100	337,788	122.1875	6,100	745,344	(66.8125)	(407,556)
	23,139.6250		174,854,718	23,326.1875		176,167,584	(172.5625)	(1,309,296)
Home School	33.0000	250	8,250	14.0000	250	3,500	19.0000	4,750
Coures Challenges	5.0000	236	1,180	10.0000	236	2,360	(5.0000)	(1,180)
Level 1	16.0000	43,000	688,000	15.0000	43,000	645,000	1.0000	43,000
Level 2	1,067.0000	20,400	21,766,800	1,097.0000	20,400	22,378,800	(30.0000)	(612,000)
Level 3	276.0000	10,300	2,842,800	317.0000	10,300	3,265,100	(41.0000)	(422,300)
ELL	843.0000	1,520	1,281,360	831.0000	1,520	1,263,120	12.0000	18,240
Indigenous Ed.	2,904.0000	1,500	4,356,000	2,900.0000	1,500	4,350,000	4.0000	6,000
Adult	11.3750	4,823	54,862	6.2500	4,823	30,144	5.1250	24,718
	5,117.3750		30,989,822	5,166.2500		31,932,164		(942,342)
Salary Differential			3,795,401			4,531,600		(736,199)
Unique Geographic Factors			6,674,959			6,674,959		0
Equity of Opportunity			858,381			858,406		(25)
Supplement for Education Plan			207,506			207,506		0
			11,536,247			12,272,471		(736,224)
Subtotal			217,390,216			220,378,079		217,390,216
FEB Mid Yr DL/SPED Funding			1,619,157			2,272,026		(652,869)
MAY Mid Yr DL/SPED Funding			417,647			701,451		(283,804)
LEA Reduction			(1,311,167)			(1,114,493)		(196,674)
Holdback Allocation			721,327			0		721,327
			1,446,964			1,858,984		(412,020)
			218,837,180			222,237,063		(3,399,882)

- Annual budget for tuition was based on 300 student FTE, actual was 352 student FTE. Prior year's actual student FTE was 400.
- School generated funds (special purpose fund) is included in Other Revenue and had an annual budget of \$7.8M. Due to the COVID-19 pandemic, \$3.9M less school fees were collected during 2021 for field trips, travel, cultural performances, sports etc. Some school fees were also eliminated due to the COVID-19 pandemic (cultural, student activity fees).
- Annual budget and prior year does not include the new program for families to purchase chrome books or laptops at cost.
- Due to the COVID-19 pandemic, less rental revenue was collected (spaces were not rented out) than forecasted in the Annual budget.

- Change in *total expenditures* is a result of:
 - **Instruction**
 - i. COTA, CUPE and principals/vice-principals received a 2% grid increase effective July 1, 2021.
 - ii. During the 2021 fiscal year, a benefit holiday was taken for both COTA and CUPE members. Total savings was approximately \$1.8M.
 - iii. Due to the COVID-19 pandemic, less was spent on TOC release, field studies, travel, professional development, resources, photocopying etc.
 - iv. Annual budget and prior year figures does not include the \$9.2M of federal return to school expenses or the \$1.7M provincial return to school expenses.
 - v. Due to the COVID-19 pandemic, International Education program expenses decreased in the current year.
 - vi. The Indigenous department hired 3.4 FTE additional advocates during the year, a second Early Learning Support teacher and added .4 FTE to the secondary tutor teachers. Due to the COVID-19 pandemic, many of the costs usually incurred were not (i.e. field studies, gatherings, Elders in Residence program etc.). There were a few unfilled positions during the year as well.
 - **District Administration**
 - i. Senior management received a 2% grid increase effective July 1, 2021.
 - ii. Due to the COVID-19 pandemic, less was spent on TOC release, training costs, leadership, meeting expenses, professional development etc.
 - **Operations & Maintenance**
 - i. CUPE and senior management received a 2% grid increase effective July 1, 2021.
 - ii. Annual budget & prior year was not adjusted for COVID-19 pandemic related costs (\$3.1M – touch cleaners, custodial supplies, additional utility costs).
 - **Transportation**
 - i. CUPE and senior management received a 2% grid increase effective July 1, 2021.
 - ii. Annual budget & prior year was not adjusted for COVID pandemic related costs (\$617K – additional secondary routes and related operating costs).

5.0 OPTIONS FOR ACTION

1. Approve the audited financial statements as presented.
2. Request a change to the audited financial statements. The audited financial statements will need to go directly to the Board (bypassing the Finance and Audit Committee) in order to meet the Ministry of Education's September 30, 2021 deadline.

6.0 ASSISTANT SECRETARY-TREASURER'S COMMENTS

The audited financial statements to June 30, 2021 properly reflects the District's revenues and spending for the 2020-2021 fiscal year.

7.0 STAFF RECOMMENDATIONS

THAT: The Finance and Audit Committee receive the Audited Financial Statements Fiscal Year 2020/2021, as attached to the Agenda, and as presented at the September 22, 2021 Finance and Audit Committee Public Meeting;

AND THAT: The Finance and Audit Committee recommends to the Board:

THAT: The Board of Education receive and approve the Audited Financial Statements Fiscal Year 2020/2021.

8.0 APPENDIX

A. Audited Financial Statements Fiscal Year 2020/2021

Audited Financial Statements of

School District No. 23 (Central Okanagan)

And Independent Auditors' Report thereon

June 30, 2021

DRAFT

School District No. 23 (Central Okanagan)

June 30, 2021

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School District No. 23 (Central Okanagan)

MANAGEMENT REPORT

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Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 23 (Central Okanagan) 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 financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

The preparation of 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. 23 (Central Okanagan) (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 financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 23 (Central Okanagan) 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 financial statements.

On behalf of School District No. 23 (Central Okanagan)

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Signature of the Comptroller of Education _____ Date Signed _____
Signature of the Superintendent _____ Date Signed _____

Signature of the Secretary Treasurer

Date Signed

Independent auditor's report

To the Board of Education of School District No. 23 (Central Okanagan)
and the Ministry of Education

Opinion

We have audited the financial statements of School District No. 23 (Central Okanagan) ("the District"), which comprise the statement of financial position as at June 30, 2021, and the statement of operations, statement of remeasurement gains and losses, statement of changes in net financial assets (debt) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of School District No. 23 (Central Okanagan) as at June 30, 2021 and for the year then ended, are prepared in all material respects in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia ("Section 23.1").

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 Financial Statements* section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the 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

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Other matter – Supplementary Information

We draw attention to the fact that the supplementary information included in Schedules 1 through 4 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

Other information

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in 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 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 Financial Statement Discussion and Analysis prior to the date of this auditor's 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 this auditor's 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 and fair presentation of these financial statements in accordance with the accounting requirements of Section 23.1, 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 District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.

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.

Kelowna, Canada
September 22, 2021

Chartered Professional Accountants

School District No. 23 (Central Okanagan)

Statement 1

Statement of Financial Position

As at June 30, 2021

	2021 Actual \$	2020 Actual \$
Financial Assets		
Cash and Cash Equivalents	60,407,491	42,052,083
Accounts Receivable		
Due from Province - Ministry of Education	2,542,993	2,313,797
Due from First Nations	329,203	
Other (Note 4)	1,192,314	862,965
Portfolio Investments	14,521,205	14,240,643
Total Financial Assets	78,993,206	59,469,488
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 5)	19,487,373	14,803,712
Unearned Revenue (Note 7)	3,556,866	1,613,164
Deferred Revenue (Note 8)	3,780,028	3,813,099
Deferred Capital Revenue (Note 9)	257,492,136	229,721,916
Employee Future Benefits (Note 10)	10,542,551	10,154,051
Other Liabilities (Note 11)	11,597,648	9,296,770
Total Liabilities	306,456,602	269,402,712
Net Debt	(227,463,396)	(209,933,224)
Non-Financial Assets		
Tangible Capital Assets (Note 12)	345,637,278	326,925,729
Prepaid Expenses	387,424	440,641
Supplies Inventory	221,950	202,292
Total Non-Financial Assets	346,246,652	327,568,662
Accumulated Surplus (Deficit)	118,783,256	117,635,438
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	117,287,163	115,952,097
Accumulated Remeasurement Gains (Losses)	1,496,093	1,683,341
	118,783,256	117,635,438

Contractual Obligations (Note 19)

Contingent Liabilities (Note 20)

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. 23 (Central Okanagan)

Statement of Operations
Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	249,527,110	260,519,968	242,691,635
Other	703,926	574,664	522,666
Federal Grants	130,000	148,623	130,684
Tuition	4,350,000	3,726,557	5,895,217
Other Revenue	11,374,493	8,146,233	9,902,680
Rentals and Leases	575,000	493,272	688,320
Investment Income	576,500	564,690	461,832
Amortization of Deferred Capital Revenue	8,524,252	9,634,719	8,524,252
Total Revenue	<u>275,761,281</u>	<u>283,808,726</u>	<u>268,817,286</u>
Expenses			
Instruction	229,908,901	229,723,248	217,179,538
District Administration	7,203,908	6,850,083	6,467,959
Operations and Maintenance	36,915,794	40,821,514	37,483,838
Transportation and Housing	4,661,082	5,078,815	4,767,197
Total Expense	<u>278,689,685</u>	<u>282,473,660</u>	<u>265,898,532</u>
Surplus (Deficit) for the year	<u>(2,928,404)</u>	<u>1,335,066</u>	<u>2,918,754</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		115,952,097	113,033,343
Accumulated Surplus (Deficit) from Operations, end of year		<u>117,287,163</u>	<u>115,952,097</u>

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School District No. 23 (Central Okanagan)

Statement of Remeasurement Gains and Losses

Year Ended June 30, 2021

	2021 Actual	2020 Actual
	\$	\$
Accumulated Remeasurement Gains (Losses) at beginning of year	1,683,341	1,313,169
Unrealized Gains (Losses) attributable to:		
Portfolio Investments	159,361	550,973
Amounts Reclassified to the Statement of Operations:		
Portfolio Investments	(346,609)	(180,801)
Net Remeasurement Gains (Losses) for the year	(187,248)	370,172
Accumulated Remeasurement Gains (Losses) at end of year	1,496,093	1,683,341

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School District No. 23 (Central Okanagan)

Statement of Changes in Net Debt

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Surplus (Deficit) for the year	(2,928,404)	1,335,066	2,918,754
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(31,476,747)	(33,163,852)	(22,640,262)
Amortization of Tangible Capital Assets	13,462,706	14,452,303	13,462,706
Total Effect of change in Tangible Capital Assets	(18,014,041)	(18,711,549)	(9,177,556)
Acquisition of Prepaid Expenses		(222,219)	(245,597)
Use of Prepaid Expenses		275,436	69,921
Acquisition of Supplies Inventory		(1,329,631)	(1,049,953)
Use of Supplies Inventory		1,309,973	1,058,251
Total Effect of change in Other Non-Financial Assets	-	33,559	(167,378)
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>(20,942,445)</u>	(17,342,924)	(6,426,180)
Net Remeasurement Gains (Losses)		(187,248)	370,172
(Increase) Decrease in Net Debt		(17,530,172)	(6,056,008)
Net Debt, beginning of year		(209,933,224)	(203,877,216)
Net Debt, end of year		(227,463,396)	(209,933,224)

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School District No. 23 (Central Okanagan)

Statement of Cash Flows
Year Ended June 30, 2021

	2021 Actual \$	2020 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	1,335,066	2,918,754
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(887,748)	2,287,842
Supplies Inventories	(19,658)	8,297
Prepaid Expenses	53,217	(175,676)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	4,683,661	(3,584,387)
Unearned Revenue	1,943,702	(1,110,098)
Deferred Revenue	(33,071)	(209,749)
Employee Future Benefits	388,500	252,298
Other Liabilities	2,300,878	(700,467)
Amortization of Tangible Capital Assets	14,452,303	13,462,706
Amortization of Deferred Capital Revenue	(9,634,719)	(8,524,252)
Recognition of Deferred Capital Revenue Spent on Sites	(13,166)	(133,174)
Total Operating Transactions	14,568,965	4,492,094
Capital Transactions		
Tangible Capital Assets Purchased	(12,545,988)	(14,589,702)
Tangible Capital Assets -WIP Purchased	(20,617,864)	(8,050,560)
Total Capital Transactions	(33,163,852)	(22,640,262)
Financing Transactions		
Capital Revenue Received	37,418,105	20,029,785
Total Financing Transactions	37,418,105	20,029,785
Investing Transactions		
Investments in Portfolio Investments	(280,562)	(622,191)
Decrease in Remeasurement Gains (Losses)	(187,248)	370,172
Total Investing Transactions	(467,810)	(252,019)
Net Increase (Decrease) in Cash and Cash Equivalents	18,355,408	1,629,598
Cash and Cash Equivalents, beginning of year	42,052,083	40,422,485
Cash and Cash Equivalents, end of year	60,407,491	42,052,083
Cash and Cash Equivalents, end of year, is made up of:		
Cash	37,026,300	30,798,886
Cash Equivalents	23,381,191	11,253,197
	60,407,491	42,052,083

1. Authority and purpose

The School District, established on April 12, 1946, operates under the authority of the School Act of British Columbia as a corporation under the name of "The Board of Education of School District No. 23 (Central Okanagan)", and operates as "School District No. 23 (Central Okanagan)". A Board of Education (the "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. School District No. 23 (Central Okanagan) is exempt from federal and provincial corporate income taxes.

The COVID19 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. As of September 2020, the Province of BC directed schools to welcome students back to classrooms under Stage 2 of the provincial K-12 Restart Plan. 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.

2. Summary of significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in the "*Deferred Revenue and Deferred Capital Revenue*" and "*Revenue Recognition*" notes below.

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

As noted in the "*Deferred Revenue and Deferred Capital Revenue*" and "*Revenue Recognition*" notes below, Section 23.1 of the Budget Transparency and Accountability Act and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require 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.

2. Summary of significant accounting policies (*continued*)

The impact of this difference on the financial statements of the School District is as follows:

Year ended June 30, 2020 - increase in annual surplus by	<u>\$ 8,834,287</u>
June 30, 2020 - increase in accumulated surplus & decrease in deferred contributions by	<u>\$ 221,851,152</u>
Year ended June 30, 2021 - increase in annual surplus by	<u>\$ 17,454,242</u>
June 30, 2021 - increase in accumulated surplus & decrease in deferred contributions by	<u>\$ 239,305,393</u>

(b) Cash and cash equivalents

Cash and cash equivalents include cash balances, term deposits and bonds 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 when purchased and are held for the purpose of meeting short term cash commitments rather than for investing.

(c) Portfolio investments

The School District has investments in provincial, municipal and corporate bonds which have original terms to maturity of greater than three months at the time of acquisition. Bonds not quoted in an active market are reported at cost or amortized cost.

Portfolio investments in bond instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in the fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations.

Impairment is defined as a loss in value of a short term investment that is other than a temporary decline and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

(d) Accounts receivable

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

2. Summary of significant accounting policies (*continued*)

(e) Prepaid expenses

Prepaid expenses include licenses, deposits and software maintenance contracts that are valued at acquisition cost. Prepaid expenses are charged to expense over the periods expected to benefit from it.

(f) Supplies inventory

Supplies inventory held for consumption or use include school supplies and are recorded at the lower of historical cost and replacement cost.

(g) 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. Costs also include overhead directly attributable to construction.
- 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.
- Work in progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Transfers of capital assets from related parties are recorded at carrying value.
- 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 tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written off. Disposals sites or buildings are recorded and gains/losses calculated.
- Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset. It is management's responsibility to determine the appropriate useful lives for capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful lives are as follows:

Buildings	40 years
Computer hardware	5 years
Computer software	5 years
Furniture and equipment	10 years
Vehicles	10 years

2. Summary of significant accounting policies (continued)

(h) Unearned revenue

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

(i) Deferred revenue and deferred capital revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by 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 the "Revenue Recognition" note below.

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. 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. See the "Basis of Accounting" note above for the impact of this policy on these financial statements.

(j) 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 vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rata on service and management's best estimate of expected salary escalation, termination and 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.

2. Summary of significant accounting policies (continued)

(k) Asset retirement obligations

PS3280 (for fiscal years beginning on or after April 1, 2021 – see Note 2 w)

(Prior to implementation of PS3280, refer to GAAP Hierarchy in PS 1150 for other sources of GAAP, which may include international financial reporting standards or Canadian accounting standards for private enterprise.)

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.

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.

(l) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School District:
 - is directly responsible; or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

2. Summary of significant accounting policies (continued)

(m) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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.

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.

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 meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished. See the "*Basis of Accounting*" note above for the impact of this policy on these financial statements.

Revenue related to fees or services received in advance of the fee being earned or the service 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.

2. Summary of significant accounting policies (*continued*)

(n) 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, Vice Principals and Directors of Instruction employed under an administrative officer contract are categorized as Principals and Vice-Principals.
 - Superintendents, Assistant Superintendents, Secretary Treasurers, Trustees and any other employees excluded from union contract are categorized as Other Professionals.
- Allocation of costs
 - Operating expenses are reported by function, program and object. Whenever possible, expenditures are determined by actual identification. Additional costs pertaining to specific instructional programs such as special and aboriginal education are allocated to these programs. All other costs are allocated to regular programs.
 - Actual salaries of personnel assigned by 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 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.

(o) 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.

The School District's financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities and other liabilities. Unless otherwise noted, it is management's opinion that the School District is not exposed to significant credit, liquidity or market risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Except for portfolio investments in equity instruments quoted in an active market that are recorded at fair value, 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. 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 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.

2. Summary of significant accounting policies (*continued*)

(o) Financial instruments (*continued*)

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations. A write-down of a short term 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.

(p) Measurement uncertainty

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

(q) 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 (see the "*Internally Restricted Surplus - Operating Fund*" and "*Interfund Transfers*" notes below).

(r) Future Change in Accounting Policies

PS 2120

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.

2. Summary of significant accounting policies (continued)

(r) Future Change in Accounting Policies (continued)

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 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.

3. Cash and cash equivalents

Included in cash and cash equivalents are funds in the amount of \$371,457 (2020 - \$368,532), restricted and paid out to staff who contribute and take part in the District's self-funded deferred salary leave plan.

Also included in cash and cash equivalents are funds in the amount of \$9,999,124 (2020 - \$9,283,806), restricted and paid out to teachers who contribute and take part in the District's self-funded summer saving plan.

4. Accounts receivable - other

	2021	2020
GST rebate	\$ 347,068	\$ 177,419
Invoices receivable	218,192	23,737
Long term receivable	225,567	54,796
Other receivable	401,487	277,810
Total accounts receivable - other	\$ 1,192,314	\$ 533,762

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2021

5. Accounts payable and accrued liabilities - other

	<u>2021</u>	<u>2020</u>
Trade	\$ 1,905,320	\$ 1,983,564
International Education	2,009,705	1,080,096
Summer Savings program	9,999,124	9,283,806
Deferred Salary Leave program	371,457	368,531
Miscellaneous	<u>5,201,767</u>	<u>2,087,715</u>
Total accounts payable and accrued liabilities - other	<u>\$ 19,487,373</u>	<u>\$ 14,803,712</u>

6. Bank loans

The School District has a revolving demand operating credit facility with the Royal Bank of Canada in the amount of \$5,000,000. The facility is secured by a certified copy of a resolution permitting short term borrowings up to \$5,000,000 under Section 139 of the School Act approved by the Board of Education of the School District. The amounts are repayable on demand and bear interest at the bank's prime lending rate. At June 30, 2020 the balance outstanding under this credit facility was \$nil (2020 – \$nil).

7. Unearned revenue

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,613,164	\$ 2,723,262
Changes for the year;		
Increase:		
Transportation fees	-	-
Tuition fees	4,990,215	3,394,833
Other	<u>3,541</u>	<u>9,306</u>
	<u>4,993,756</u>	<u>3,404,139</u>
Decrease:		
Transportation fees	-	(59,735)
Tuition fees	(3,040,748)	(4,440,778)
Other	<u>(9,306)</u>	<u>(13,724)</u>
	<u>(3,050,054)</u>	<u>(4,514,237)</u>
Balance, end of year	<u>\$ 3,556,866</u>	<u>\$ 1,613,164</u>

	<u>2021</u>	<u>2020</u>
Unearned revenue comprised of:		
Transportation fees	\$ -	\$ -
Tuition fees	3,553,325	1,603,858
Other	<u>3,541</u>	<u>9,306</u>
	<u>\$ 3,556,866</u>	<u>\$ 1,613,164</u>

8. 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. Detailed information about the changes in deferred revenue is included in Schedule 3A.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 3,813,099	\$ 4,022,848
Contributions received during the year	36,826,207	27,042,384
Revenue recognized from deferred contributions	<u>(36,859,278)</u>	<u>(27,252,133)</u>
	<u>(33,071)</u>	<u>(209,749)</u>
Balance, end of year	\$ 3,780,028	\$ 3,813,099

9. 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. Detailed information about the changes in deferred capital revenue is included in Schedule 4C and 4D.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 229,721,916	\$ 218,349,557
Contributions received during the year	37,301,773	19,876,591
Investment income	116,332	153,194
Revenue recognized from deferred contributions	(9,634,719)	(8,524,252)
Site purchases	<u>(13,166)</u>	<u>(133,174)</u>
Balance, end of year	\$ 257,492,136	\$ 229,721,916

10. Employee future benefits

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime 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.

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2021

10. Employee future benefits (continued)

	2021	2020
Reconciliation of accrued benefit obligation		
Accrued benefit obligation - April 1	\$ 9,555,777	\$ 9,423,560
Service cost	871,167	826,433
Interest cost	224,114	242,412
Benefit payments	(584,851)	(832,912)
Actuarial loss (gain)	(522,244)	(103,716)
Accrued benefit obligation - March 31	\$ 9,543,963	\$ 9,555,777
Reconciliation of funded status at end of fiscal year		
Accrued benefit obligation - March 31	\$ (9,543,963)	\$ (9,555,777)
Employer contributions after measurement date	316,701	239,091
Benefit expense after measurement date	(279,217)	(273,820)
Unamortized net actuarial (gain) loss	(1,036,072)	(563,544)
Accrued benefit obligation - June 30	\$ (10,542,551)	\$ (10,154,050)
Reconciliation of change in accrued benefit liability		
Accrued benefit liability - July 1	\$ 10,154,050	\$ 9,901,753
Net expense for fiscal year	1,050,962	1,033,177
Employer contributions	(662,461)	(780,879)
Accrued benefit liability - June 30	\$ 10,542,551	\$ 10,154,051
Components of net benefit expense		
Service cost	\$ 870,443	\$ 837,617
Interest cost	230,235	237,838
Amortization of net actuarial (gain) loss	(49,716)	(42,278)
Net benefit expense	\$ 1,050,962	\$ 1,033,177

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

	2021	2020
Discount rate - April 1	2.25%	2.50%
Discount rate - March 31	2.50%	2.25%
Long term salary growth - April 1	2.50% + seniority	2.50% + seniority
Long term salary growth - March 31	2.50% + seniority	2.50% + seniority
Expected avg. remaining service lifetime (EARSL) - March 31	10.1	10.1

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2021

11. Other liabilities

	2021	2020
Accrued vacation payable	\$ 1,652,857	\$ 1,589,267
Benefits payable	8,206,523	6,834,467
Wages payable	1,377,154	544,462
Other payables	361,114	328,574
Total other liabilities	\$ 11,597,648	\$ 9,296,770

12. Tangible capital assets

	2021	2020
Net Book Value		
Sites	\$ 53,800,701	\$ 53,787,535
Buildings	237,812,780	241,050,091
Buildings - WIP	31,244,224	10,626,360
Computer hardware	8,649,995	8,315,679
Computer software	10,388	15,671
Furniture & equipment	8,152,152	7,252,640
Vehicles	5,967,038	5,877,753
Total	\$ 345,637,278	\$ 326,925,729

	Balance at July 1, 2020	Additions	Disposals	Net WIP Transfer	Balance at June 30, 2021
Cost					
Sites	\$ 53,787,535	\$ 13,166	\$ -	\$ -	\$ 53,800,701
Buildings	425,515,980	6,408,979	-	-	431,924,959
Buildings - WIP	10,626,360	20,617,864	-	-	31,244,224
Computer hardware	13,528,791	3,040,075	(2,201,350)	-	14,367,516
Computer software	26,411	-	-	-	26,411
Furniture & equipment	11,227,070	2,022,219	(695,572)	-	12,553,717
Vehicles	9,722,641	1,061,549	(1,702,276)	-	9,081,914
Total	\$ 524,434,788	\$ 33,163,852	\$ (4,599,198)	\$ -	\$ 552,999,442

Acc. Amortization

Buildings	\$ 184,465,889	\$ 9,646,290	\$ -	\$ -	\$ 194,112,179
Computer hardware	5,213,112	2,705,759	(2,201,350)	-	5,717,521
Computer software	10,740	5,283	-	-	16,023
Furniture & equipment	3,974,430	1,122,707	(695,572)	-	4,401,565
Vehicles	3,844,888	972,264	(1,702,276)	-	3,114,876
Total	\$ 197,509,059	\$ 14,452,303	\$ (4,599,198)	\$ -	\$ 207,362,164

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2021

12. Tangible capital assets (continued)

	Balance at July 1, 2019	Additions	Disposals	Net WIP Transfer	Balance at June 30, 2020
Cost					
Sites	\$ 53,654,361	\$ 133,174	\$ -	\$ -	\$ 53,787,535
Buildings	384,295,627	8,795,602	-	32,424,751	425,515,980
Buildings - WIP	35,000,550	8,050,561	-	(32,424,751)	10,626,360
Computer hardware	14,477,285	2,291,271	(3,239,765)	-	13,528,791
Computer software	32,841	6,778	(13,208)	-	26,411
Furniture & equipment	10,259,055	2,378,868	(1,410,853)	-	11,227,070
Vehicles	8,886,375	984,008	(147,742)	-	9,722,641
Total	\$ 506,606,094	\$ 22,640,262	\$ (4,811,568)	\$ -	\$ 524,434,788
Acc. Amortization					
Buildings	\$ 175,819,753	\$ 8,646,136	\$ 0	\$ -	\$ 184,465,889
Computer hardware	5,557,422	2,895,455	(3,239,765)	-	5,213,112
Computer software	17,379	6,569	(13,208)	-	10,740
Furniture & equipment	4,359,375	1,025,908	(1,410,853)	-	3,974,430
Vehicles	3,103,992	888,638	(147,742)	-	3,844,888
Total	\$ 188,857,921	\$ 13,462,706	\$ (4,811,568)	\$ -	\$ 197,509,059

Buildings - WIP having a value of \$18,189,900 (2020 - \$10,626,360) has not been amortized. Amortization of these assets will commence when the assets are put in service.

13. Prepaid expenses

	2021	2020
Prepaid software licensing	\$ 387,424	\$ 440,641

14. Employee pension plans

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2020, the Teachers' Pension Plan has about 49,000 active members from school districts and approximately 40,000 retired members. As at December 31, 2020, the Municipal Pension Plan has about 220,000 active members, including approximately 28,000 from school districts.

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

The most recent valuation of the Teachers' Pension Plan as at December 31, 2017 indicated a \$1,656 million surplus for basic pension benefits on a going concern basis. The next valuation for the Teachers' Pension Plan will be as at December 31, 2020, with results available in the last quarter of 2021.

The most recent 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 next valuation for the Municipal Pension Plan will be as at December 31, 2021 with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan. The School District paid \$19,894,350 (2020 - \$18,499,871) for employer contributions to these plans in the year ended June 30, 2021.

School District No. 23 (Central Okanagan)
Notes to the Financial Statements
June 30, 2021

15. Internally restricted surplus - operating fund

	2021	2020
Internally restricted (appropriated) by Board for:		
Appropriated for next year's budget	\$ 2,427,575	\$ 1,866,565
Net school surpluses	1,602,288	1,595,126
Operating Holdback funds	721,327	-
Targeted indigenous program	456,806	360,736
CUPE training funds	97,871	120,162
Electric Bus District contribution	313,266	503,898
International Student Exchange	32,450	-
Program funds	85,835	24,816
WCB core audit funds	30,000	47,000
Site Renovations	79,424	-
Trustee travel	32,500	26,500
Professional Development	22,920	-
Net COVID savings to contingency fund	-	1,317,763
Subtotal (internally restricted)	<u>5,902,262</u>	<u>5,862,566</u>
Unrestricted operating surplus	<u>2,443,410</u>	<u>2,427,575</u>
Total available for future operations	<u>\$ 8,345,672</u>	<u>\$ 8,290,141</u>

16. Expense by object

	2021	2020
Salaries and benefits	\$ 238,815,376	\$ 221,582,423
Services and supplies	29,205,981	30,853,403
Amortization on tangible capital assets	<u>14,452,303</u>	<u>13,462,706</u>
Total expenses by object	<u>\$ 282,473,660</u>	<u>\$ 265,898,532</u>

17. Interfund transfers

Inter-fund transfers between operating, special purpose and capital funds for the year ended June 30, 2021 were as follows:

- Transfers in the amount of \$1,632,593 (2020 - \$1,154,545) were made from the Special Purpose Funds to the Capital Fund for capital asset purchases funded by the Special Purpose Funds.
- Transfers in the amount of \$816,158 (2020 - \$718,365) were made from the Operating Fund to the Capital Fund for capital asset purchases funded by the Operating Fund.
- Transfers in the amount of \$3,573,907 (2020 - \$3,313,413) were made from Local Capital within the Operating fund to the Capital Fund for capital asset purchases funded by Local Capital.

18. 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 all of these entities, unless disclosed separately, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

19. Contractual obligations

During the year, the School District has entered into several contractual obligations including:

- Construction contract, relating to new middle school in Lake Country, as well, bus, playground, capital upgrades and Annual Facilities purchases, resulting in commitments of \$11,843,860 at June 30, 2021 (2020 - \$28,533,512). These commitments will be funded by bylaw capital through the Province of British Columbia and will become liabilities in the future when the terms of the contracts are met.
 - The District has entered into an agreement with the Minister of Children and Family Development to construct new child care spaces at seven district locations. The total commitment for this project is \$21,000,000. At June 30, 2021, \$8,400,000 has been received and \$118,200 spent.
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20. Contingencies

The School District is involved in certain legal actions. Some of these legal actions are managed and covered by the School District, School's Protection Program. The outcome of these matters cannot be determined at this time. In the event that any claims are successful, it is management's opinion that the settlements of such claims would not have a material effect on the financial position of the School District. The resulting loss to the School District, if any, will be recorded in the period in which it is determinable.

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. As at June 30, 2021, the liability is not reasonably determinable and accordingly, the fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred.

The School District has two letters of credit with the Royal Bank of Canada in the amounts of \$42,817, payable to the City of Kelowna, and \$15,000, payable to the Rutland Waterworks District. The City of Kelowna letter of credit was required in connection with the completion of works and services relating to the new administration office located at 1040 Hollywood Road. This letter of credit was issued on December 6, 2017. The Rutland Waterworks District letter of credit was necessary to cover hydrant installation and geoexchange improvements for the new administration office and was issued on April 5, 2017.

21. Risk management

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

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 cash equivalents, accounts receivable and portfolio investments.

The School District is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated as most accounts receivable are due from the Province and are collectible.

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash deposits and investments as they are placed with the Royal Bank of Canada and the School District invests solely in fixed income and money market securities. All bonds must have a 'BBB' or better credit rating.

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.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its cash and cash equivalents and portfolio investments. It is management's opinion that the School District is not exposed to significant interest rate risk as they invest solely in fixed income and money market securities.

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. It is management's opinion that the School District is not exposed to significant liquidity risk, as cash flows are guaranteed by the Ministry of Education.

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

22. 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 financial statements have been prepared on a going concern basis.

23. Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

24. Budget figures

Budget figures included in the financial statements are the original planned budget approved by the Board through the adoption of an annual budget on June 24, 2020. While PSAS require the presentation of the originally planned budget, an amended budget based on more accurate enrollment numbers was approved by the Board and filed with the Ministry of Education on February 10, 2021. Significant changes between the original and amended budget are as follows:

	Amended Annual Budget	Annual Budget	Change
Revenue			
Provincial Grants	\$ 260,522,289	\$ 250,231,036	\$ 10,291,253
Federal Grants	148,624	130,000	18,624
Tuition	3,770,000	4,350,000	580,000
Other Revenue	12,441,167	11,949,493	491,674
Investment Income	587,223	576,500	10,723
Amortization of Deferred Cap Revenue	8,524,252	8,524,252	-
Total Revenue	<u>\$ 285,993,555</u>	<u>\$ 275,761,281</u>	<u>\$ 11,392,274</u>
Expense			
Instruction	\$ 240,107,459	\$ 229,908,901	\$ 10,198,558
District Administration	7,295,334	7,203,908	91,426
Operations and Maintenance	37,693,318	36,915,794	777,524
Transportation and Housing	5,057,414	4,661,082	396,332
Total Expense	<u>\$ 290,153,525</u>	<u>\$ 278,689,685</u>	<u>\$ 11,463,840</u>
Net Revenue (Expense)	<u>\$ (4,159,970)</u>	<u>\$ (2,928,404)</u>	<u>\$ (71,566)</u>
Budget Allocation of Surplus (Deficit)	<u>5,862,566</u>	<u>4,541,697</u>	<u>1,320,869</u>
Budget Surplus (Deficit), for the year	<u>\$ 1,702,596</u>	<u>\$ 1,613,293</u>	<u>\$ 1,249,303</u>

School District No. 23 (Central Okanagan)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2021 Actual	2020 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	8,290,141		107,661,956	115,952,097	113,033,343
Changes for the year					
Surplus (Deficit) for the year	4,445,596	1,632,593	(4,743,123)	1,335,066	2,918,754
Interfund Transfers					
Tangible Capital Assets Purchased	(816,158)	(1,632,593)	2,448,751	-	
Local Capital	(3,573,907)		3,573,907	-	
Net Changes for the year	55,531	-	1,279,535	1,335,066	2,918,754
Accumulated Surplus (Deficit), end of year - Statement 2	8,345,672	-	108,941,491	117,287,163	115,952,097
Accumulated Remeasurement Gains (Losses) - Statement 3	1,496,093			1,496,093	1,683,341
	9,841,765	-	108,941,491	118,783,256	117,635,438

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School District No. 23 (Central Okanagan)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	230,236,204	227,605,152	221,247,357
Other	703,926	574,664	522,666
Federal Grants	130,000	148,623	130,684
Tuition	4,350,000	3,726,557	5,895,217
Other Revenue	3,574,493	4,224,583	3,914,356
Rentals and Leases	575,000	446,356	611,530
Investment Income	500,000	563,180	448,288
Total Revenue	<u>240,069,623</u>	<u>237,289,115</u>	<u>232,770,098</u>
Expenses			
Instruction	203,563,351	198,386,098	191,081,950
District Administration	7,203,908	6,741,582	6,467,959
Operations and Maintenance	23,453,088	23,254,657	24,021,132
Transportation and Housing	4,661,082	4,461,182	4,767,197
Total Expense	<u>238,881,429</u>	<u>232,843,519</u>	<u>226,338,238</u>
Operating Surplus (Deficit) for the year	<u>1,188,194</u>	<u>4,445,596</u>	<u>6,431,860</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>4,541,697</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(2,455,984)	(816,158)	(718,365)
Local Capital	(3,273,907)	(3,573,907)	(3,313,413)
Total Net Transfers	<u>(5,729,891)</u>	<u>(4,390,065)</u>	<u>(4,031,778)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>55,531</u>	<u>2,400,082</u>
Operating Surplus (Deficit), beginning of year		<u>8,290,141</u>	<u>5,890,059</u>
Operating Surplus (Deficit), end of year		<u>8,345,672</u>	<u>8,290,141</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		<u>5,902,262</u>	<u>5,862,566</u>
Unrestricted		<u>2,443,410</u>	<u>2,427,575</u>
Total Operating Surplus (Deficit), end of year		<u>8,345,672</u>	<u>8,290,141</u>

School District No. 23 (Central Okanagan)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	229,497,374	226,996,449	215,228,475
ISC/LEA Recovery	(1,114,493)	(1,356,397)	(1,350,531)
Other Ministry of Education Grants			
Pay Equity	1,238,323	1,238,323	1,238,323
Funding for Graduated Adults	15,000	99,485	151,840
Student Transportation Fund	600,000	600,000	600,000
Carbon Tax Grant			165,522
Employer Health Tax Grant			1,703,496
Support Staff Wage Increase Funding			873,894
Teachers' Labour Settlement Funding			2,537,550
FSA Scorer Grant		27,292	31,792
District Entered			66,996
Total Provincial Grants - Ministry of Education	230,236,204	227,605,152	221,247,357
Provincial Grants - Other	703,926	574,664	522,666
Federal Grants	130,000	148,623	130,684
Tuition			
International and Out of Province Students	4,350,000	3,726,557	5,895,217
Total Tuition	4,350,000	3,726,557	5,895,217
Other Revenues			
Other School District/Education Authorities	480,000	525,580	552,383
Funding from First Nations	1,114,493	1,356,397	1,350,531
Miscellaneous			
Transportation Fees	1,200,000	986,718	599,765
Wage Recoveries	300,000	508,998	411,140
City of Kelowna		40,000	40,000
District of Lake Country		70,000	70,000
Other	480,000	736,890	890,537
Total Other Revenue	3,574,493	4,224,583	3,914,356
Rentals and Leases	575,000	446,356	611,530
Investment Income	500,000	563,180	448,288
Total Operating Revenue	240,069,623	237,289,115	232,770,098

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School District No. 23 (Central Okanagan)

Schedule 1 (Unaudited)

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

	Operating Fund	Special Purpose Fund	Capital Fund	2021 Actual	2020 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	8,290,141		107,661,956	115,952,097	113,033,343
Changes for the year					
Surplus (Deficit) for the year	4,445,596	1,632,593	(4,743,123)	1,335,066	2,918,754
Interfund Transfers					
Tangible Capital Assets Purchased	(816,158)	(1,632,593)	2,448,751	-	
Local Capital	(3,573,907)		3,573,907	-	
Net Changes for the year	55,531	-	1,279,535	1,335,066	2,918,754
Accumulated Surplus (Deficit), end of year - Statement 2	8,345,672	-	108,941,491	117,287,163	115,952,097
Accumulated Remeasurement Gains (Losses) - Statement 3	1,496,093			1,496,093	1,683,341
	9,841,765	-	108,941,491	118,783,256	117,635,438

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School District No. 23 (Central Okanagan)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	230,236,204	227,605,152	221,247,357
Other	703,926	574,664	522,666
Federal Grants	130,000	148,623	130,684
Tuition	4,350,000	3,726,557	5,895,217
Other Revenue	3,574,493	4,224,583	3,914,356
Rentals and Leases	575,000	446,356	611,530
Investment Income	500,000	563,180	448,288
Total Revenue	<u>240,069,623</u>	<u>237,289,115</u>	<u>232,770,098</u>
Expenses			
Instruction	203,563,351	198,386,098	191,081,950
District Administration	7,203,908	6,741,582	6,467,959
Operations and Maintenance	23,453,088	23,254,657	24,021,132
Transportation and Housing	4,661,082	4,461,182	4,767,197
Total Expense	<u>238,881,429</u>	<u>232,843,519</u>	<u>226,338,238</u>
Operating Surplus (Deficit) for the year	<u>1,188,194</u>	<u>4,445,596</u>	<u>6,431,860</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>4,541,697</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(2,455,984)	(816,158)	(718,365)
Local Capital	(3,273,907)	(3,573,907)	(3,313,413)
Total Net Transfers	<u>(5,729,891)</u>	<u>(4,390,065)</u>	<u>(4,031,778)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>55,531</u>	<u>2,400,082</u>
Operating Surplus (Deficit), beginning of year		<u>8,290,141</u>	<u>5,890,059</u>
Operating Surplus (Deficit), end of year		<u>8,345,672</u>	<u>8,290,141</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		<u>5,902,262</u>	<u>5,862,566</u>
Unrestricted		<u>2,443,410</u>	<u>2,427,575</u>
Total Operating Surplus (Deficit), end of year		<u>8,345,672</u>	<u>8,290,141</u>

School District No. 23 (Central Okanagan)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	229,497,374	226,996,449	215,228,475
ISC/LEA Recovery	(1,114,493)	(1,356,397)	(1,350,531)
Other Ministry of Education Grants			
Pay Equity	1,238,323	1,238,323	1,238,323
Funding for Graduated Adults	15,000	99,485	151,840
Student Transportation Fund	600,000	600,000	600,000
Carbon Tax Grant			165,522
Employer Health Tax Grant			1,703,496
Support Staff Wage Increase Funding			873,894
Teachers' Labour Settlement Funding			2,537,550
FSA Scorer Grant		27,292	31,792
District Entered			66,996
Total Provincial Grants - Ministry of Education	230,236,204	227,605,152	221,247,357
Provincial Grants - Other	703,926	574,664	522,666
Federal Grants	130,000	148,623	130,684
Tuition			
International and Out of Province Students	4,350,000	3,726,557	5,895,217
Total Tuition	4,350,000	3,726,557	5,895,217
Other Revenues			
Other School District/Education Authorities	480,000	525,580	552,383
Funding from First Nations	1,114,493	1,356,397	1,350,531
Miscellaneous			
Transportation Fees	1,200,000	986,718	599,765
Wage Recoveries	300,000	508,998	411,140
City of Kelowna		40,000	40,000
District of Lake Country		70,000	70,000
Other	480,000	736,890	890,537
Total Other Revenue	3,574,493	4,224,583	3,914,356
Rentals and Leases	575,000	446,356	611,530
Investment Income	500,000	563,180	448,288
Total Operating Revenue	240,069,623	237,289,115	232,770,098

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School District No. 23 (Central Okanagan)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object
Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Salaries			
Teachers	109,970,571	107,270,392	102,184,148
Principals and Vice Principals	13,027,198	12,785,722	12,289,389
Educational Assistants	18,159,022	17,970,816	17,103,256
Support Staff	21,884,212	22,352,568	21,560,605
Other Professionals	3,826,580	3,732,163	3,423,216
Substitutes	7,361,987	6,512,316	5,373,039
Total Salaries	174,229,570	170,623,977	161,933,653
Employee Benefits	40,557,041	41,199,922	40,878,649
Total Salaries and Benefits	214,786,611	211,823,899	202,812,302
Services and Supplies			
Services	6,229,314	5,470,404	5,667,685
Student Transportation	413,044	141,863	333,559
Professional Development and Travel	2,210,803	1,310,612	1,588,907
Rentals and Leases	507,000	504,754	896,586
Dues and Fees	417,845	360,144	447,263
Insurance	681,500	695,257	648,141
Supplies	9,735,912	8,922,195	10,319,001
Utilities	3,899,400	3,614,391	3,624,794
Total Services and Supplies	24,094,818	21,019,620	23,525,936
Total Operating Expense	238,881,429	232,843,519	226,338,238

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School District No. 23 (Central Okanagan)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2021

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	89,273,449	1,907,278	168,808	957,866		5,780,268	98,087,669
1.03 Career Programs	593,207		51,476	325,662		20,814	991,159
1.07 Library Services	2,005,072	245,843		1,236,193	169,812	13,274	3,670,194
1.08 Counselling	2,887,610					22,680	2,910,290
1.10 Special Education	10,474,622	264,677	15,318,234	1,004,519		518,063	27,580,115
1.30 English Language Learning	1,170,416			96,002		2,228	1,268,646
1.31 Indigenous Education	705,887	229,392	2,432,298	62,829		1,620	3,432,026
1.41 School Administration		9,262,494		3,776,165		58,491	13,097,150
1.62 International and Out of Province Students	160,129	157,606		43,776	247,463	6,344	615,318
Total Function 1	107,270,392	12,067,290	17,970,816	7,503,012	417,275	6,423,782	151,652,567
4 District Administration							
4.11 Educational Administration		408,321		115,167	587,939	56,883	1,168,310
4.40 School District Governance					150,156		150,156
4.41 Business Administration		310,111		922,934	1,488,543	31,651	2,753,239
Total Function 4	-	718,432	-	1,038,101	2,226,638	88,534	4,071,705
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				170,704	624,500		795,204
5.50 Maintenance Operations				10,114,934	176,444		10,291,378
5.52 Maintenance of Grounds				850,609			850,609
5.56 Utilities				83,306	97,924		181,230
Total Function 5	-	-	-	11,219,553	898,868	-	12,118,421
7 Transportation and Housing							
7.41 Transportation and Housing Administration				143,012			143,012
7.70 Student Transportation				2,448,890	189,382		2,638,272
Total Function 7	-	-	-	2,591,902	189,382	-	2,781,284
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	107,270,392	12,785,722	17,970,816	22,352,568	3,732,163	6,512,316	170,623,977

School District No. 23 (Central Okanagan)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2021

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	98,087,669	22,672,776	120,760,445	7,295,924	128,056,369	132,184,493	120,362,263
1.03 Career Programs	991,159	269,491	1,260,650	390,041	1,650,691	1,941,978	2,079,709
1.07 Library Services	3,670,194	967,576	4,637,770	512,675	5,150,445	5,297,232	4,897,307
1.08 Counselling	2,910,290	721,903	3,632,193	5,667	3,637,860	3,656,047	3,498,218
1.10 Special Education	27,580,115	7,423,685	35,003,800	957,712	35,961,512	35,088,882	36,615,648
1.30 English Language Learning	1,268,646	314,341	1,582,987	32,247	1,615,234	1,487,042	1,204,851
1.31 Indigenous Education	3,432,026	908,494	4,340,520	299,896	4,640,416	5,157,368	4,298,794
1.41 School Administration	13,097,150	2,895,245	15,992,395	37,197	16,029,592	16,192,669	15,643,973
1.62 International and Out of Province Students	615,318	165,728	781,046	862,933	1,643,979	2,557,640	2,481,187
Total Function 1	151,652,567	36,339,239	187,991,806	10,394,292	198,386,098	203,563,351	191,081,950
4 District Administration							
4.11 Educational Administration	1,168,310	300,832	1,469,142	162,623	1,631,765	1,903,151	1,733,964
4.40 School District Governance	150,156	7,821	157,977	91,275	249,252	310,418	274,950
4.41 Business Administration	2,753,239	671,292	3,424,531	1,436,034	4,860,565	4,990,339	4,459,045
Total Function 4	4,071,705	979,945	5,051,650	1,689,932	6,741,582	7,203,908	6,467,959
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	795,204	198,497	993,701	431,759	1,425,460	1,470,185	1,258,133
5.50 Maintenance Operations	10,291,378	2,763,003	13,054,381	2,656,344	15,710,725	15,661,413	16,409,275
5.52 Maintenance of Grounds	850,609	185,869	1,036,478	493,599	1,530,077	1,639,095	1,814,822
5.56 Utilities	181,230	40,097	221,327	4,367,068	4,588,395	4,682,395	4,538,902
Total Function 5	12,118,421	3,187,466	15,305,887	7,948,770	23,254,657	23,453,088	24,021,132
7 Transportation and Housing							
7.41 Transportation and Housing Administration	143,012	85,914	228,926	28,113	257,039	471,732	390,473
7.70 Student Transportation	2,638,272	607,358	3,245,630	958,513	4,204,143	4,189,350	4,376,724
Total Function 7	2,781,284	693,272	3,474,556	986,626	4,461,182	4,661,082	4,767,197
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	170,623,977	41,199,922	211,823,899	21,019,620	232,843,519	238,881,429	226,338,238

School District No. 23 (Central Okanagan)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	19,290,906	32,901,650	21,311,104
Other Revenue	7,800,000	3,907,271	5,927,485
Investment Income	1,500	1,510	13,544
Total Revenue	<u>27,092,406</u>	<u>36,810,431</u>	<u>27,252,133</u>
Expenses			
Instruction	26,345,550	31,337,150	26,097,588
District Administration		108,501	
Operations and Maintenance		3,114,554	
Transportation and Housing		617,633	
Total Expense	<u>26,345,550</u>	<u>35,177,838</u>	<u>26,097,588</u>
Special Purpose Surplus (Deficit) for the year	<u>746,856</u>	<u>1,632,593</u>	<u>1,154,545</u>
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(746,856)	(1,632,593)	(1,154,545)
Total Net Transfers	<u>(746,856)</u>	<u>(1,632,593)</u>	<u>(1,154,545)</u>
Total Special Purpose Surplus (Deficit) for the year	<u>-</u>	<u>-</u>	<u>-</u>
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		<u>-</u>	<u>-</u>

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School District No. 23 (Central Okanagan)

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

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Classroom Enhancement Fund - Overhead
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	11,790	58,908	20,501	3,565,409		12,430	58,684		
Add: Restricted Grants									
Provincial Grants - Ministry of Education	785,351	808,330			256,000	75,950	348,704	1,252,296	549,237
Other				3,711,810					
Investment Income		991	345				987		
	785,351	809,321	345	3,711,810	256,000	75,950	349,691	1,252,296	549,237
Less: Allocated to Revenue	797,141	815,285	-	3,907,271	256,000	88,380	287,671	1,160,245	549,237
Recovered									
Deferred Revenue, end of year	-	52,944	20,846	3,369,948	-	-	120,704	92,051	-
Revenues									
Provincial Grants - Ministry of Education	797,141	815,285			256,000	88,380	286,684	1,160,245	549,237
Other Revenue				3,907,271					
Investment Income							987		
	797,141	815,285	-	3,907,271	256,000	88,380	287,671	1,160,245	549,237
Expenses									
Salaries									
Teachers				61,878		40,030	129,221	43,461	
Educational Assistants		673,098							
Support Staff					201,681		986		
Other Professionals									
Substitutes		1,460			1,557		17,213	405	545,490
	-	674,558	-	61,878	203,238	40,030	147,420	43,866	545,490
Employee Benefits		140,727		15,861	48,095	10,008	28,594	10,866	
Services and Supplies	58,495			3,829,532	4,667	38,342	100,954	1,105,513	3,747
	58,495	815,285	-	3,907,271	256,000	88,380	276,968	1,160,245	549,237
Net Revenue (Expense) before Interfund Transfers	738,646	-	-	-	-	-	10,703	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(738,646)						(10,703)		
	(738,646)	-	-	-	-	-	(10,703)	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 23 (Central Okanagan)

Schedule 3A (Unaudited)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2021

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	Safe Return to School Grant	Federal Safe Return to Class Fund	Provincial Resource Program	COVID Rapid Response
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year		48,847	732	18,100	12,979			4,719	
Add: Restricted Grants									
Provincial Grants - Ministry of Education	17,684,304	17,887	1,568	48,000	6,000	1,747,628	9,198,029	182,267	150,000
Other				305	218				
Investment Income									
	17,684,304	17,887	1,568	48,305	6,218	1,747,628	9,198,029	182,267	150,000
Less: Allocated to Revenue	17,684,304	9,952	-	47,404	2,783	1,747,628	9,198,029	180,482	78,619
Recovered		48,847							
Deferred Revenue, end of year	-	7,935	2,300	19,001	16,414	-	-	6,504	71,381
Revenues									
Provincial Grants - Ministry of Education	17,684,304	9,952		47,099	2,565	1,747,628	9,198,029	180,482	78,619
Other Revenue				305	218				
Investment Income									
	17,684,304	9,952	-	47,404	2,783	1,747,628	9,198,029	180,482	78,619
Expenses									
Salaries									
Teachers	14,254,528						2,554,269	95,681	
Educational Assistants									
Support Staff						832,592	1,361,409		
Other Professionals							267,461		12,057
Substitutes		9,952					1,167,723	810	
	14,254,528	9,952	-	-	-	832,592	5,350,862	96,491	12,057
Employee Benefits	3,429,776					113,906	893,198	21,930	2,773
Services and Supplies				47,404	2,783	679,294	2,192,561	62,061	63,789
	17,684,304	9,952	-	47,404	2,783	1,625,792	8,436,621	180,482	78,619
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	121,836	761,408	-	-
Interfund Transfers									
Tangible Capital Assets Purchased						(121,836)	(761,408)		
	-	-	-	-	-	(121,836)	(761,408)	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 23 (Central Okanagan)

Changes in Special Purpose Funds and Expense by Object

Year Ended June 30, 2021

Schedule 3A (Unaudited)

	<u>TOTAL</u>
	\$
Deferred Revenue, beginning of year	3,813,099
Add: Restricted Grants	
Provincial Grants - Ministry of Education	33,111,551
Other	3,711,810
Investment Income	2,846
	<u>36,826,207</u>
Less: Allocated to Revenue	36,810,431
Recovered	48,847
Deferred Revenue, end of year	<u><u>3,780,028</u></u>
Revenues	
Provincial Grants - Ministry of Education	32,901,650
Other Revenue	3,907,271
Investment Income	1,510
	<u>36,810,431</u>
Expenses	
Salaries	
Teachers	17,179,068
Educational Assistants	673,098
Support Staff	2,396,668
Other Professionals	279,518
Substitutes	1,744,610
	<u>22,272,962</u>
Employee Benefits	4,715,734
Services and Supplies	8,189,142
	<u>35,177,838</u>
Net Revenue (Expense) before Interfund Transfers	<u>1,632,593</u>
Interfund Transfers	
Tangible Capital Assets Purchased	(1,632,593)
	<u>(1,632,593)</u>
Net Revenue (Expense)	<u><u>-</u></u>

School District No. 23 (Central Okanagan)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual			2020 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education		13,166		13,166	133,174
Other Revenue			14,379	14,379	60,839
Rentals and Leases			46,916	46,916	76,790
Investment Income	75,000			-	
Amortization of Deferred Capital Revenue	8,524,252	9,634,719		9,634,719	8,524,252
Total Revenue	8,599,252	9,647,885	61,295	9,709,180	8,795,055
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	13,462,706	14,452,303		14,452,303	13,462,706
Total Expense	13,462,706	14,452,303	-	14,452,303	13,462,706
Capital Surplus (Deficit) for the year	(4,863,454)	(4,804,418)	61,295	(4,743,123)	(4,667,651)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	3,202,840	2,448,751		2,448,751	1,872,910
Local Capital	3,273,907		3,573,907	3,573,907	3,313,413
Total Net Transfers	6,476,747	2,448,751	3,573,907	6,022,658	5,186,323
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		3,612,975	(3,612,975)	-	
Total Other Adjustments to Fund Balances		3,612,975	(3,612,975)	-	
Total Capital Surplus (Deficit) for the year	1,613,293	1,257,308	22,227	1,279,535	518,672
Capital Surplus (Deficit), beginning of year		104,873,211	2,788,745	107,661,956	107,143,284
Capital Surplus (Deficit), end of year		106,130,519	2,810,972	108,941,491	107,661,956

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School District No. 23 (Central Okanagan)

Tangible Capital Assets
Year Ended June 30, 2021

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	53,787,535	425,515,979	11,227,068	9,722,641	26,411	13,528,794	513,808,428
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw	13,166	4,230,232	541,482	1,005,071			5,789,951
Deferred Capital Revenue - Other		118,243	576,068				694,311
Operating Fund		113,254	416,742	56,478		229,684	816,158
Special Purpose Funds		823,739	218,131			590,723	1,632,593
Local Capital		1,123,511	269,796			2,219,668	3,612,975
	13,166	6,408,979	2,022,219	1,061,549	-	3,040,075	12,545,988
Decrease:							
Deemed Disposals			695,572	1,702,276		2,201,350	4,599,198
	-	-	695,572	1,702,276	-	2,201,350	4,599,198
Cost, end of year	53,800,701	431,924,958	12,553,715	9,081,914	26,411	14,367,519	521,755,218
Work in Progress, end of year		31,244,224					31,244,224
Cost and Work in Progress, end of year	53,800,701	463,169,182	12,553,715	9,081,914	26,411	14,367,519	552,999,442
Accumulated Amortization, beginning of year		184,465,889	3,974,428	3,844,888	10,740	5,213,114	197,509,059
Changes for the Year							
Increase: Amortization for the Year		9,646,290	1,122,707	972,264	5,283	2,705,759	14,452,303
Decrease:							
Deemed Disposals			695,572	1,702,276		2,201,350	4,599,198
			695,572	1,702,276		2,201,350	4,599,198
Accumulated Amortization, end of year		194,112,179	4,401,563	3,114,876	16,023	5,717,523	207,362,164
Tangible Capital Assets - Net	53,800,701	269,057,003	8,152,152	5,967,038	10,388	8,649,996	345,637,278

School District No. 23 (Central Okanagan)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2021

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	10,626,360				10,626,360
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	20,617,864				20,617,864
	20,617,864	-	-	-	20,617,864
Net Changes for the Year	20,617,864	-	-	-	20,617,864
Work in Progress, end of year	31,244,224	-	-	-	31,244,224

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School District No. 23 (Central Okanagan)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2021

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	206,191,972	4,239,640	793,180	211,224,792
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	5,776,785	118,588	575,723	6,471,096
	<u>5,776,785</u>	<u>118,588</u>	<u>575,723</u>	<u>6,471,096</u>
Decrease:				
Amortization of Deferred Capital Revenue	9,383,778	159,568	91,373	9,634,719
	<u>9,383,778</u>	<u>159,568</u>	<u>91,373</u>	<u>9,634,719</u>
Net Changes for the Year	<u>(3,606,993)</u>	<u>(40,980)</u>	<u>484,350</u>	<u>(3,163,623)</u>
Deferred Capital Revenue, end of year	<u>202,584,979</u>	<u>4,198,660</u>	<u>1,277,530</u>	<u>208,061,169</u>
Work in Progress, beginning of year	10,626,360			10,626,360
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	20,617,864			20,617,864
	<u>20,617,864</u>	<u>-</u>	<u>-</u>	<u>20,617,864</u>
Net Changes for the Year	<u>20,617,864</u>	<u>-</u>	<u>-</u>	<u>20,617,864</u>
Work in Progress, end of year	<u>31,244,224</u>	<u>-</u>	<u>-</u>	<u>31,244,224</u>
Total Deferred Capital Revenue, end of year	<u>233,829,203</u>	<u>4,198,660</u>	<u>1,277,530</u>	<u>239,305,393</u>

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School District No. 23 (Central Okanagan)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2021

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
Balance, beginning of year	\$ 926,324	\$ 1,399,515	\$ 29,578	\$ 5,515,347	\$	7,870,764
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	26,276,600					26,276,600
Provincial Grants - Other			8,400,000			8,400,000
Other					575,723	575,723
Investment Income		23,545		92,787		116,332
District Entered				2,049,450		2,049,450
	<u>26,276,600</u>	<u>23,545</u>	<u>8,400,000</u>	<u>2,142,237</u>	<u>575,723</u>	<u>37,418,105</u>
Decrease:						
Transferred to DCR - Capital Additions	5,776,785		118,588		575,723	6,471,096
Transferred to DCR - Work in Progress	20,617,864					20,617,864
Transferred to Revenue - Site Purchases	13,166					13,166
	<u>26,407,815</u>	<u>-</u>	<u>118,588</u>	<u>-</u>	<u>575,723</u>	<u>27,102,126</u>
Net Changes for the Year	<u>(131,215)</u>	<u>23,545</u>	<u>8,281,412</u>	<u>2,142,237</u>	<u>-</u>	<u>10,315,979</u>
Balance, end of year	<u>795,109</u>	<u>1,423,060</u>	<u>8,310,990</u>	<u>7,657,584</u>	<u>-</u>	<u>18,186,743</u>

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**Central Okanagan
Public Schools**

Together We Learn

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

For the Year Ending

June 30, 2021



Financial Statement Discussion and Analysis

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Introduction

This report is a financial statement discussion and analysis of the financial performance of Central Okanagan Public Schools (School District No. 23 (Central Okanagan)) for the fiscal year ended June 30, 2021. It is based on currently known facts, decisions, or conditions. This should be read in conjunction with the District's financial statements. The preparation of this financial statement discussion and analysis is management's responsibility.

The District:

- lives on Okanagan Territory.
- serves 195,000 citizens living in 4 municipalities - Peachland, West Kelowna, Kelowna, Lake Country, and the Regional District of Central Okanagan.
- is the 5th largest district in BC with approximately 23,640 students.
- has 45 schools - 31 elementary, 8 middle, 5 secondary, and 1 alternative school (operating on 4 campuses).
- has 7 Board of Education Trustees.
- has an increasing number of immigrant families residing in the Central Okanagan.
- welcomes more English Language Learners (ELL) and international students and is proud that more Indigenous families are self-identifying.

Our Overarching Goal

Our learners will develop foundational skills and core curricular competencies so that they can be empowered to follow their passions and strengths and thrive holistically as resilient and engaged global citizens.

Purpose

To educate students in a safe, inclusive, equitable, and inspirational learning environment where each learner develops the attributes and competencies to flourish in a global community.

Vision

Together We Learn.

Cultural Values

The core values of empathy, equity, honesty, responsibility, and respect support our mission to educate students in safe, inspirational, inclusive learning environments where each student develops the knowledge, skills, attributes, and competencies to be a lifelong learner and a healthy productive member of our global society.

- Empathy is a feeling of concern, compassion and understanding of another's situation or feelings.
- Equity is addressing differences with understanding and designing learning to provide access to opportunities for all.
- Honesty is the building block for relationships and the basis for trust. It is the absence of falsehood and the action of full disclosure. It is the ultimate test of moral strength. When honesty is present, integrity will also be apparent.
- Responsibility is being accountable for our actions and their consequences. When we demonstrate responsibility, we are doing our best to meet the expectations of ourselves and others.
- Respect is "to consider worthy of high regard". Being respectful is an attitude of honoring people and caring about their rights.

Financial Statement Composition Overview

The two key audited statements are:

- **Statement of Financial Position** - summarizes the combined assets and liabilities on June 30th. This provides an indication of the financial health of the District.
- **Statement of Operations** - summarizes the combined revenues received and expenses incurred during the twelve months between July 1 and June 30. This provides an indication of the funding received by the District and how that funding was spent.

A Statement of Changes in Net Financial Assets (Debt), Statement of Cash Flows and the notes to the financial statements are also audited and provide further analysis of the District's finances.

The schedules at the end of the notes to the audited financial statements are in a format prescribed by the Ministry of Education. These schedules provide more detail specific to each of the three funds (Operating, Special Purpose and Capital funds). The balances in these schedules are consistent, when combined, with the financial statements. These schedules are comprised of:

- **Schedule 2: Operating Fund** – accounts for the District' grants and other operating revenues as well as the District's operating expenses. As the District must present a balanced Operating Fund budget, any surplus is carried forward to future years.
- **Schedule 3: Special Purpose Fund** – accounts for grant and other contributions whereby spending is for specific activities. As these are targeted funding, any unspent funds are accounted as deferred revenue, not accumulated surplus and are carried forward.
- **Schedule 4: Capital Fund** – accounts for the District's investment in capital assets, local capital as well as bylaw capital, other provincial capital, other capital, land capital and Ministry of Education restricted capital.

Summary of Significant Events

COVID-19 Pandemic

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. On September 10, 2020, the Province of BC directed schools to welcome students back to classrooms under Stage 2 of the provincial K-12 Restart Plan. Students at Central Okanagan Public Schools completed the 2020-2021 school year on June 29, 2021.

The ongoing impact of the pandemic continues to present 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.

Capital Projects

During the year, the District managed several large capital projects including:

- Ventilation upgrades at A.S. Matheson Elementary and South Rutland Elementary schools.
- Continued construction of H.S. Grenda Middle School, to be opened in September 2021.
- Completed multiple Annual Facilities Grant (AFG) capital assignments.
- Installed an electric bus charging station.
- Built two new playgrounds at North Glenmore Elementary and Chief Tomat Elementary schools.

INDICATORS OF FINANCIAL HEALTH

The following highlights some of the more significant financial health indicators of the District.

Combined Assets & Liabilities (STATEMENT 1-Current Year Compared to Prior Year)

Financial Asset Summary

	(In millions)		
	2021	2020	\$ Diff
<u>Financial Assets</u>			
Cash & Cash Equivalents	60.4	42.1	18.4
Accounts Receivable	4.1	3.2	0.9
Portfolio Investments	14.5	14.2	0.3
Tangible Capital Assets	345.6	326.9	18.7
Prepaid Expenses	0.4	0.4	(0.1)
Supplies Inventory	0.2	0.2	0.0
Total Financial Assets	425.2	387.0	38.2

Cash & Cash Equivalents - Statement 5 (Cash Flow) provides information regarding cash inflows from operations and investments and outflows that pay for District activities. The District requires a strong cash balance to pay for current liabilities, including trade accounts payable, wages payable and the teacher summer savings plan.

Included in the cash balance of \$60M at June 30, 2021 are restricted funds received from the Ministry of Children & Family Development (\$8.4M) to fund new childcare spaces at 7 school locations, teacher summer savings and deferred salary leave plans (\$10.37M), school generated funds (\$3.4M) and restricted cash being held by the Ministry of Education (\$23.4M), operating holdback funds of \$721K received and carried forward into fiscal 2022. These funds are to be used to assess learning impacts to students due to the COVID pandemic.

The monthly funding from the Ministry of Education drops significantly from July through October each year so additional cash funds are required to carry the District through these four months.

Accounts Receivable – similar to last year Ministry of Education Certificate of Approval (COA) funds were requested on June 30, 2021, for the completion of H.S. Grenda Middle School. Long term receivables from schools, relating the construction of playgrounds and other minor facility improvements, increased in 2021 by \$175,000 over last year.

Portfolio Investments - Fluctuates as the market changes.

Tangible Capital Assets –Additions to Tangible Capital Assets relates mostly to the construction and equipping of H.S. Grenda Middle School and the District's computer refresh program.

Prepaid Expenses - Prepayment of software & other licenses for multiple years.

Supplies Inventory - Central Stores maintains an inventory on hand for schools to access.

Financial Liability Summary

	(In millions)		
	2021	2020	\$ Diff
<u>Liabilities</u>			
Accounts Payable	19.5	14.8	4.7
Unearned Revenue	3.6	1.6	1.9
Deferred Revenue	3.8	3.8	(0.0)
Deferred Capital Revenue	257.5	229.7	27.8
Employee Future Benefits	10.5	10.2	0.4
Other Liabilities	11.6	9.3	2.3
Total Financial Liabilities	306.5	263.4	37.1

Accounts Payable – With an increase in International Education student FTE next year, the corresponding homestay deposits have increased (\$1.25M), teacher summer savings and deferred salary leave plans (\$10.37M), as well, an increase in progress and builder lien holdback invoices related to the construction of H.S. Grenda Middle School.

Unearned Revenue – This represents fees collected in 2020/2021 from International Education students coming in the 2021/2022 school year. Last year, due to the COVID-19 pandemic and the uncertainty of border closures and travel restrictions we saw a decrease in International Education students attending the 2020/2021 school year.

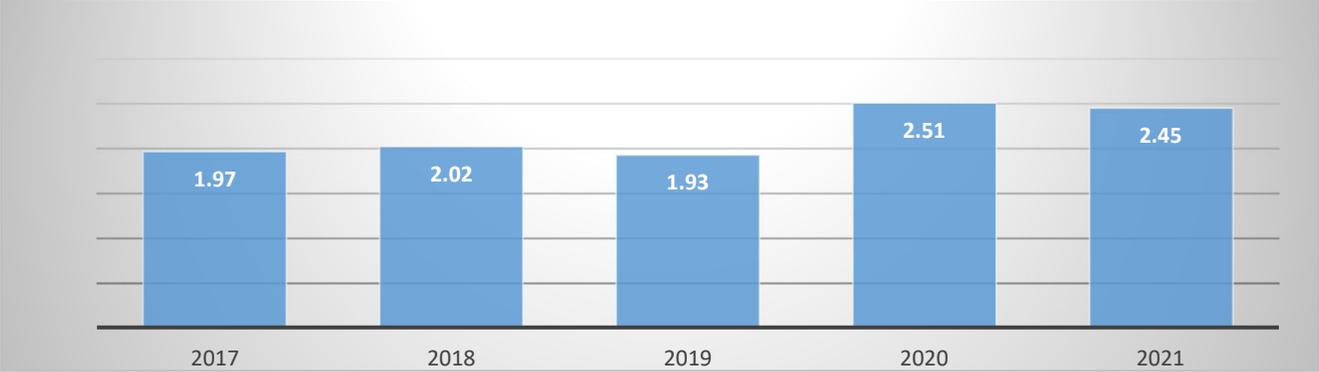
Deferred Revenue - Special Purpose Funds remaining balances (i.e., Classroom Enhancement Fund (CEF), Community Link, Learning Improvement Fund (LIF), school generated funds, Annual Facilities Grant (AFG) underspend) to be spent in future years.

Deferred Capital Revenue – The difference relates to the transfer of costs for the completion of Canyon Falls Middle School to deferred capital revenue (from work in progress), land capital increase (\$2.1M) in site acquisition charges plus \$8.4M received from the Ministry of Children & Family Development fund new childcare spaces at 7 school locations.

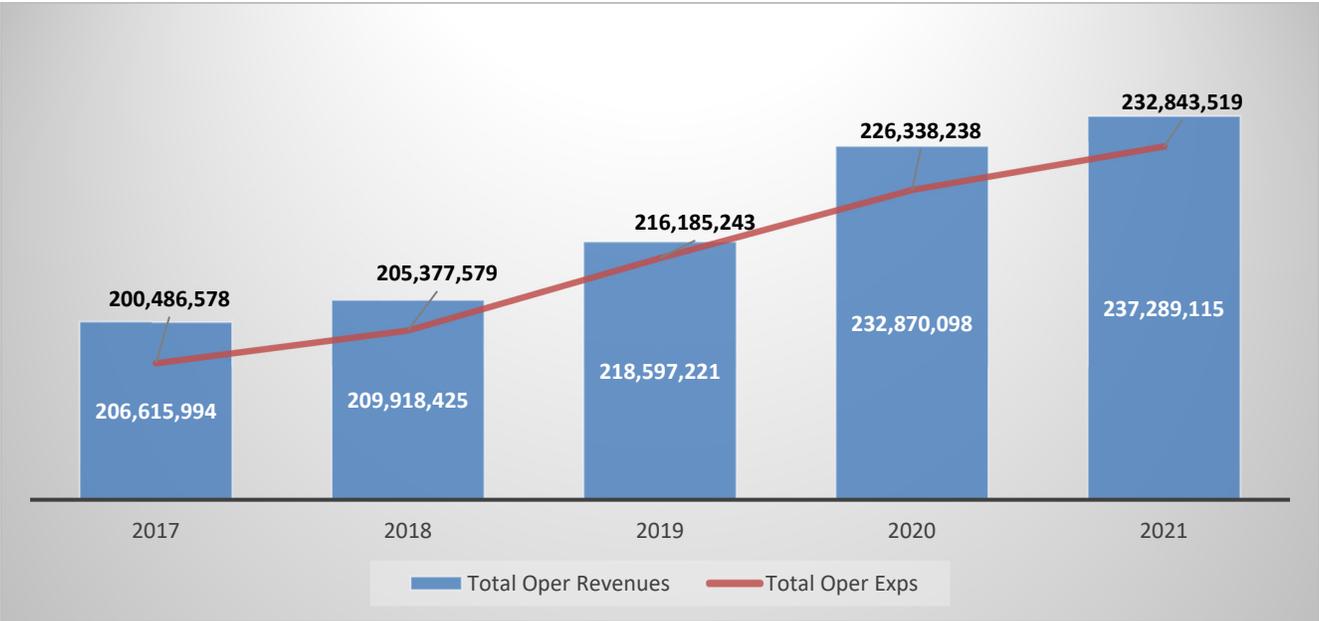
Employee Future Benefits - Relates to retirement payments to employees for years of service.

Other Liabilities - Various payroll related accruals higher in the current year due to increased work force, union and excluded staff grid increases

Working Capital Ratio - also called the current ratio, is a liquidity ratio that measures a District's ability to pay off its current liabilities with current assets. A working capital ratio greater than one is desirable as it means that the District has the ability to pay current liabilities as they are due. A working capital ratio of less than one (1) indicates that the District would have to borrow to meet short term obligations. The working capital ratio is calculated as current assets divided by current liabilities. The District's working capital ratio continues to be healthy and well above one (1).



Operating Revenue & Expenses Trend – the following chart illustrates the District's operating revenue and expenses over a five-year period. This data shows a constant upward trend in both revenues and expenses. Revenue is mainly impacted by enrolment changes while expenses are primarily affected by staffing and collective agreement commitments.



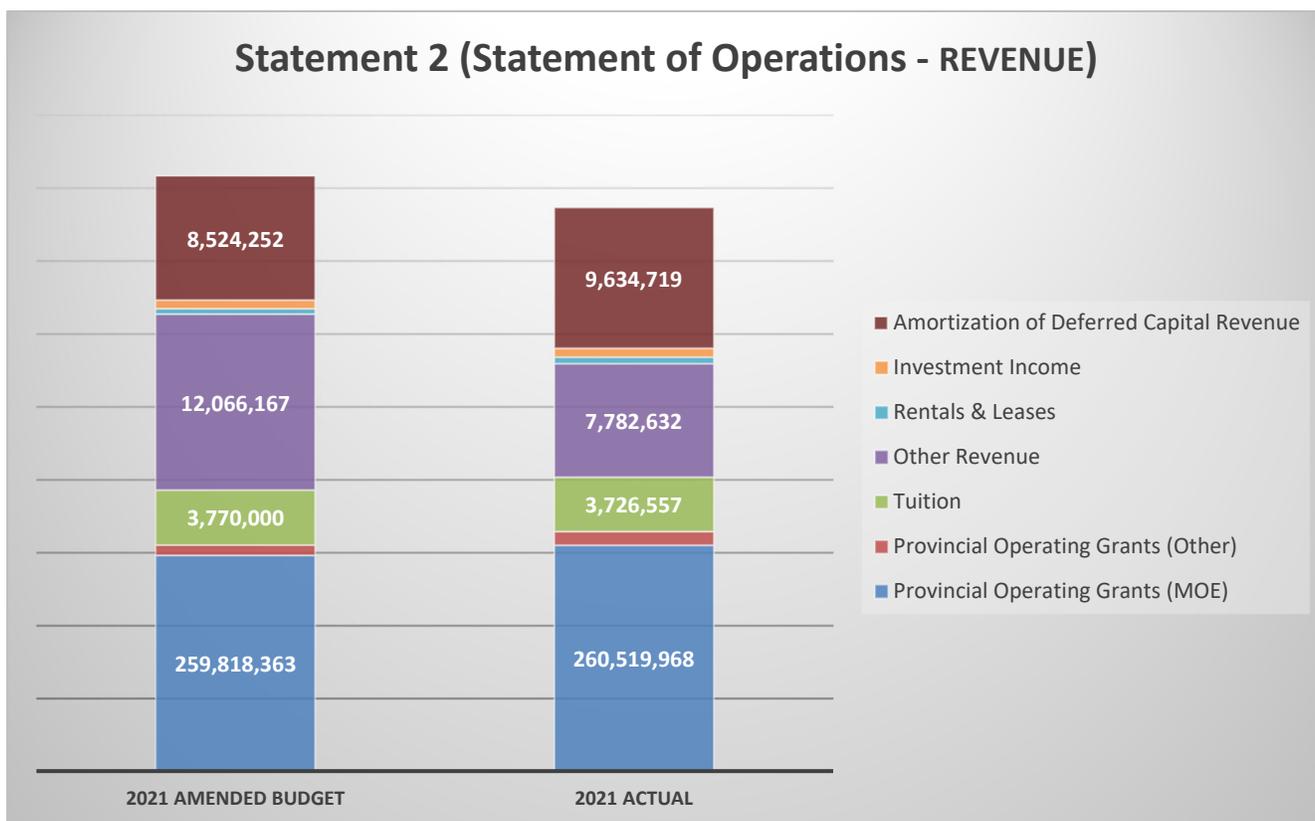
Combined Revenue & Expenses Trend (STATEMENT 2-Actual Compared to Amended Annual Budget)

REVENUE

Provincial Grants -The Ministry of Education provincial grant funding is slightly higher than the Amended budget because the District received \$721K of operating holdback funds. These funds are to be used to assess learning impacts to students due to the COVID pandemic in the upcoming school year.

Other Revenue – The Amended budget for school generated funds was \$7.8M, due to the COVID pandemic, \$3.9M less school fees were collected during the 2021 school year for field trips, travel, student activity fees, cultural performances, athletics etc.

Amortization – Amortization of deferred capital revenue is calculated using an amortization tool provided by the Ministry of Education. The actual amortization is \$990K higher than budgeted.



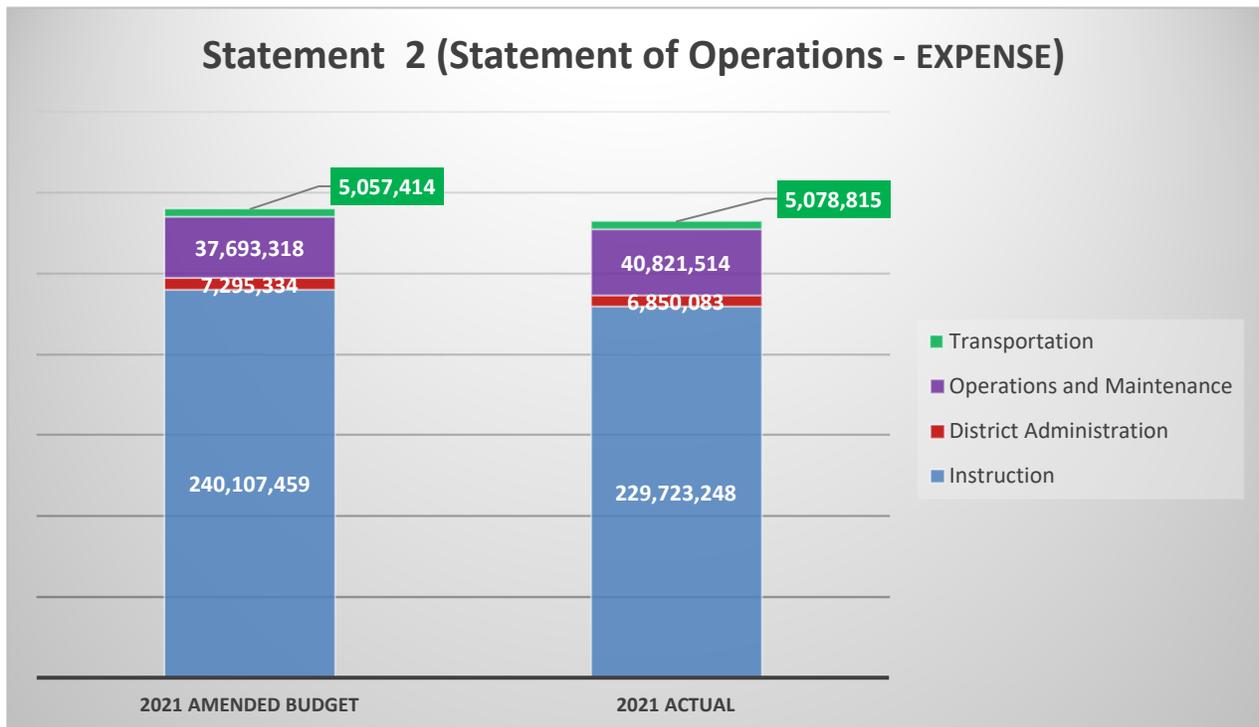
EXPENSES

Instruction

- When completing the Amended budget (Sch 3A only), federal and provincial spending related to Safe Return to Class was not segregated between Instruction, District Administration, Operations & Transportation. The audited financial statements reflect this change resulting in \$3.9M of costs originally budgeted for in Instruction being reclassified to District Administration, Operations & Maintenance and Transportation.
- Due to the COVID pandemic, less was spent on TOC release, field studies, travel, professional development, resources, photocopying etc. As well, \$3.9M less school spending occurred during the 2021 school year for field trips, travel, student activity fees, cultural performances, athletics etc.

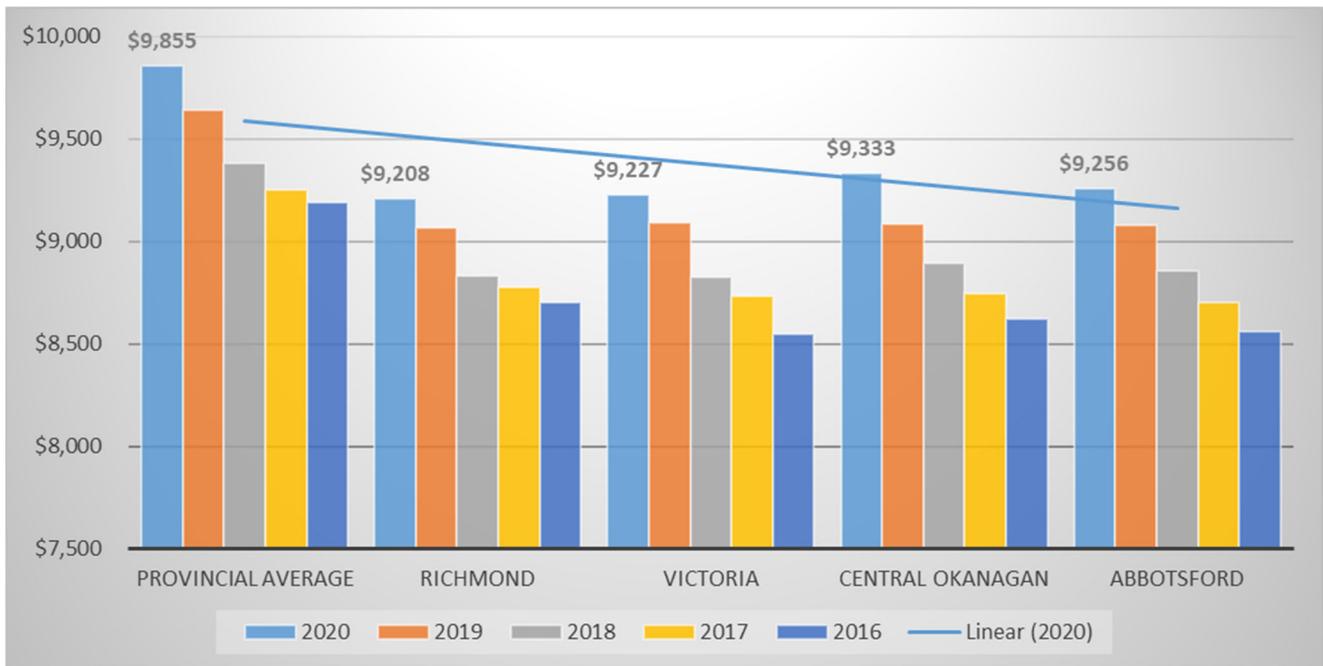
Operations and Maintenance

- When completing the Amended budget (Sch 3A only), federal and provincial spending relating to Safe Return to Class funding was not segregated between Instruction, District Administration, Operations & Maintenance and Transportation. The audited financial statements reflect this change resulting in \$3.1M of costs originally budgeted for in Instruction being reclassified to Operations and Maintenance.



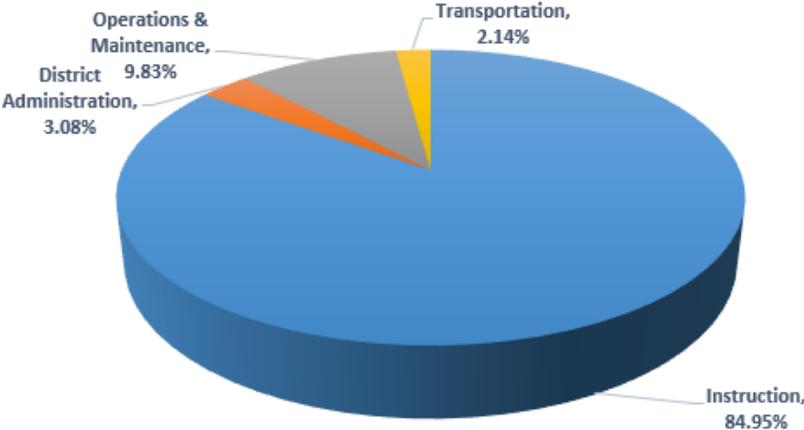
Ministry Operating Grant Funding per Student – The chart below indicates what our District receives in funding, on average, per FTE student compared to other comparable size districts and the province.

The information shows that our District receives less funding per FTE student than the provincial average. This differential occurs because there are specialty grants provided to districts that address factors unique to specific districts i.e., geographical differences, special education enrolment and salary differentials.

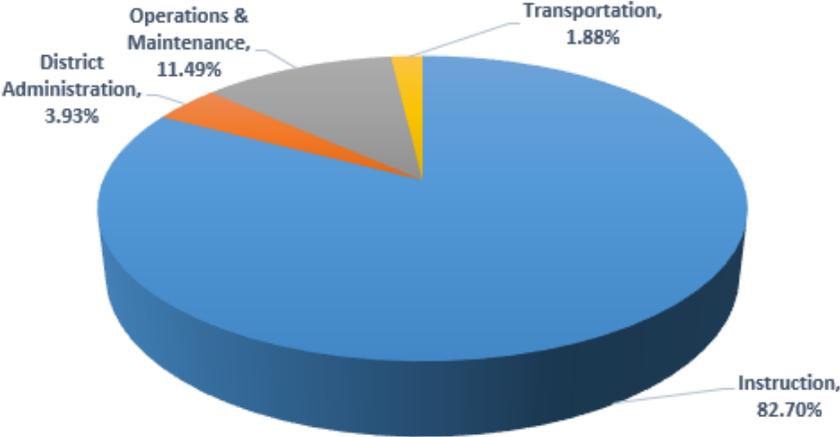


Operating Expenses by Function – The graphs below compare our District's operating expenses by function to the provincial average. As illustrated, Central Okanagan Public Schools dedicates almost 85% of the budget to instruction and only 3% to district administration. This is compared to the provincial average of 83% for instruction and almost 4% district administration.

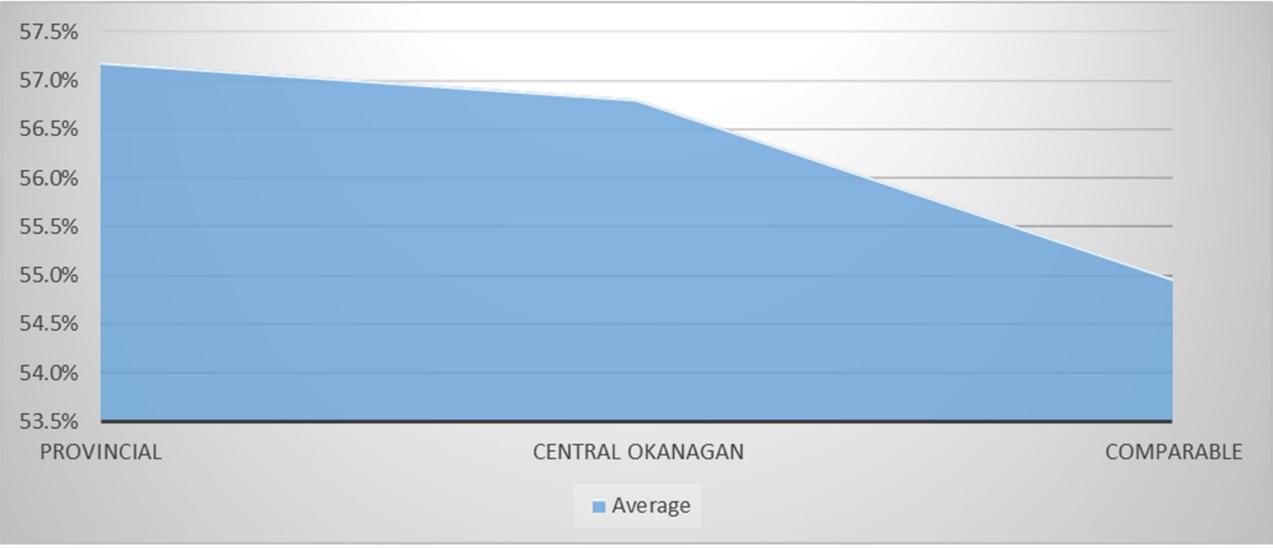
Central Okanagan (2021 Amended Budget Data)



Provincial (2021 Amended Budget Data)

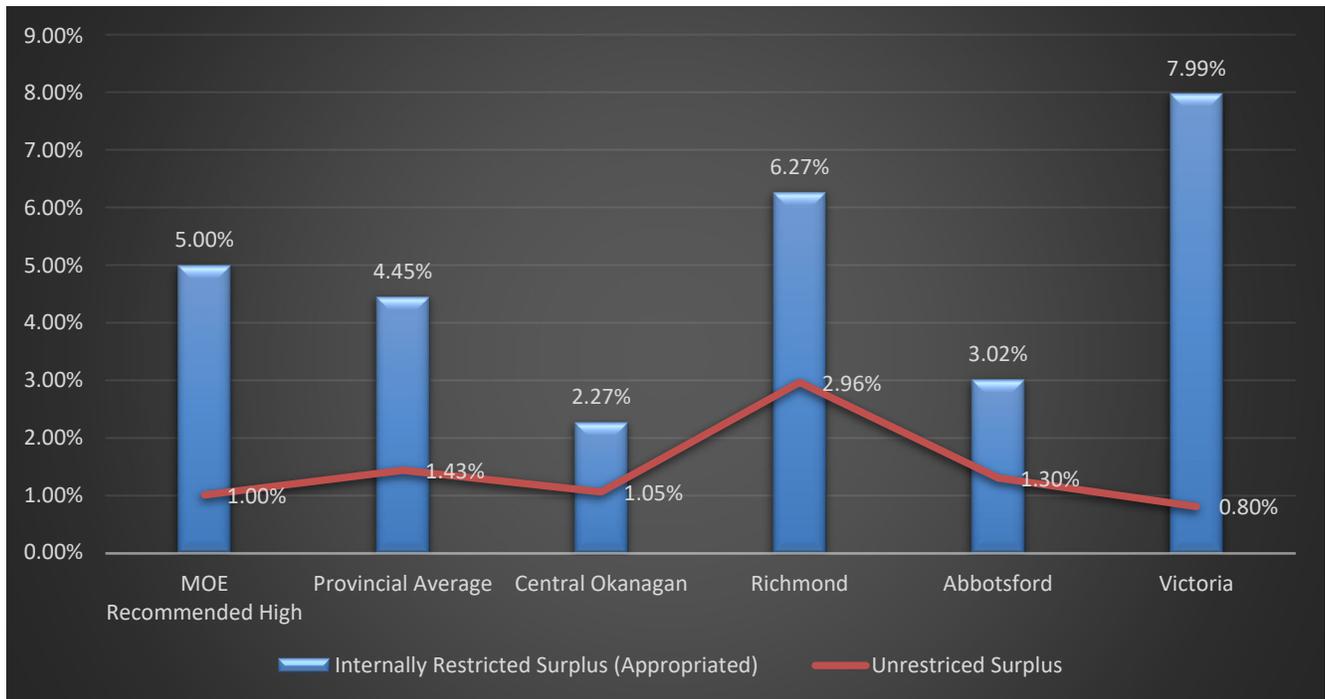


Changes in Capital Assets – If you compare the District's capital asset net book value (cost less amortization) to the capital assets historical cost (cost when purchased), the percentage illustrates the relative age of the asset. A high percentage indicates newer assets whereas a lower percentage indicates older assets. The concern with a low ratio is that capital assets may not be replaced on a regular basis, which may be an indication of potential health and safety issues, or a significant cost in the future to replace capital assets. As illustrated in the graph below, the District's five-year average for buildings only (buildings account for over 80% of the District's total assets) of 56.8% is on par with the provincial average of 57.2% and just over the average of comparable size FTE districts at 55.0%. This indicates the District is maintaining its buildings in a timely fashion.



Changes in Surplus Compared to Operating Expenses – one of the key indicators of the financial health of an organization is the accumulated operating surplus. This indicator takes accumulated surplus from Operations (District's accumulated revenue in excess of expenses over time) and is compared to expenditures to determine the District's ability to react to emergent situations and the ability to fund special initiatives.

When compared to the province, comparable size districts and the Ministry recommended ranges (2.5-5% for internally restricted surplus and .5-1% for unrestricted surplus), using a three-year average, the District is maintaining both an internally and unrestricted surplus within the acceptable range.



Overall Financial Health

Overall, as of June 30, 2021, the District has strong financial health when compared to comparable districts and the province. This is illustrated throughout this report, including a working capital ratio above one, a high % in changes in capital assets indicating the District's maintains new assets in a timely fashion and the average unrestricted and internally restricted surpluses remaining within the recommended Ministry ranges. This strong financial health can be contributed to sound financial management, planning and governance of the District.

School District No. 23 (Central Okanagan)
Surplus Appropriation Analysis
5 Year Period from 2017 to 2021

Description	2021	2020	2019	2018	2017
Internally Restricted Surplus					
School Budgets	1,602,288	1,595,126	712,309	963,384	1,471,330
Operating Budget	2,427,575	1,866,565	2,643,656	3,034,268	2,610,224
Operating Holdback Funds	721,327	0	0	0	0
Indigenous Program	456,806	360,736	288,040	402,302	252,237
Net COVID Savings to Contingency Fund	0	1,317,766	0	0	0
Trustee Travel	32,500	26,500	21,528	33,928	30,200
<i>Speciality Grants</i>					
- Active Kids Grant	0	0	0	0	20,699
- Apprenticeship program	0	0	37,430	0	0
- CUPE Training	97,871	120,162	121,161	164,119	177,563
- Electric Bus District Contribution	313,266	503,898	0	0	0
- International Student Exchange	32,450	0	0	0	0
- Learning Support & Resources	85,835	0	0	0	0
- Mental Health Support	0	18,100	0	0	0
- Privacy and Scurity Audit	0	0	0	100,000	
- Professional Development	22,920	0	0	0	0
- Roots of Empathy Program	0	6,716	0	0	0
- Shared Energy Manager	0	0	150,370	82,204	161,269
- Site Renovations	79,424	0	0	0	0
- Student Learning Grant	0	0	0	0	745,060
- Trades Grant	0	0	0	27,075	142,532
- International Field Trip	0	0	0	23,400	0
- WCB - CORE Audit Funds	30,000	47,000	49,000	39,000	54,000
Total Internally Restricted Surplus	5,902,262	5,862,569	4,023,494	4,869,680	5,665,114
% Internally Restricted to Operating Expenses	2.50%	2.59%	1.86%	2.37%	2.83%
SUGGESTION BY MOE TOOLKIT	2.5 - 5%				
Unrestricted Surplus	2,443,411	2,427,575	1,866,565	2,519,656	2,233,445
% Unrestricted to Operating Expenses	1.03%	1.07%	0.86%	1.23%	1.11%
SUGGESTION BY MOE TOOLKIT	0.5 - 1%				

ACTUAL		
Federal	Provincial	Total

FUNDING RECEIVED

Instalment #1	4,144,747		
Instalment #2	4,144,747		
Holdback Funds	908,535		
Total Funds Received	9,198,029	1,747,628	10,945,657

TOTAL EXPENSES

International Education Program

Teaching Support	130,962		130,962
Services & Supplies	497,096		497,096
	628,058	0	628,058

Wages & Benefits

eSchool23 Teachers	3,031,001	0	3,031,001
Clerical Support	60,052	0	60,052
Total eSchool Staffing Costs	3,091,053	0	3,091,053

Additional Custodial Staffing	309,199	946,498	1,255,697
Additional Secondary Bus Routes	432,645	0	432,645
Community Use Staffing	44,118	0	44,118
COVID Admin Time	330,686	0	330,686
COVID Training	61,204	0	61,204
Early Learning Support	9,372	0	9,372
Indigenous Middle School Tutor Support	11,948	0	11,948
Noon Hour Supervision	716,355	0	716,355
Total Other Staffing Costs	1,915,526	946,498	2,862,024

Total Wages & Benefits	5,006,579	946,498	5,953,077
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Total Illness Costs	1,053,584	0	1,053,584
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Service & Supplies

Additional Bus Routes (Operating Costs)	185,000	0	185,000
Continuity of Learning	52,935	0	52,935
Custodial Supplies	526,929	209,876	736,805
eSchool Admin Time Support	89,971	0	89,971
eSchool Exps (Reno/Resources)	26,009	0	26,009
Hand Sanitizer	0	377,365	377,365
Land Based Learning	15,246	0	15,246
Masks & Barriers	34,372	92,053	126,425
Mileage for Home Visits	634	0	634
Operations & Maintenance	65,370	0	65,370
Professional Development	204,780	0	204,780
Supplies	272,154	0	272,154
Utility Costs	275,000	0	275,000
Total Services & Supplies	1,748,400	679,294	2,427,694

Capital Items

Electrostatic Sprayers	539,299	0	539,299
Facility Improvements	89,927	0	89,927
Faucets & Fountains	107,817	0	107,817
Technology	24,365	121,836	146,201
Total Capital Costs	761,408	121,836	883,244

Total Expenses	9,198,029	1,747,628	10,945,657
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