

Grand Erie District School Board
Consolidated Financial Statements
August 31, 2020



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Index to Consolidated Financial Statements
August 31, 2020

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	2
INDEPENDENT AUDITOR'S REPORT	3 - 4
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Cash Flow	7
Consolidated Statement of Change in Net Debt	8
Notes to Consolidated Financial Statements	9 - 25



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the Grand Erie District School Board (the Board) are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in Note 1 to the consolidated financial statements, except for the qualified opinion regarding the completeness of revenue with respect to the school fundraising activities.

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

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and Board policies and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

The consolidated financial statements have been audited by Millard, Rouse and Rosebrugh LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination, and their opinion on the Board's consolidated financial statements.

JoAnna Roberto, Director of Education

Rafal Wyszynski, Superintendent of
Business & Treasurer

Brantford, Ontario
November 09, 2020



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Grand Erie District School Board

Qualified Opinion

We have audited the consolidated financial statements of Grand Erie District School Board (the Board), which comprise the consolidated statement of financial position as at August 31, 2020, and the consolidated statements of operations, changes in net debt, and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the financial statements).

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2020, and the results of its operations and its cash flow for the year then ended, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to school fundraising revenue, annual surplus, and cash flows from operations for the year ended August 31, 2020, financial assets and accumulated surplus as at August 31, 2020. Our audit opinion on the consolidated financial statements for the year ended August 31, 2019, was modified accordingly because of the possible effects of this limitation of scope.

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian Public Sector Accounting Standards. As a result, the financial statements may not be suitable for another purpose.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Independent Auditor's Report to the Board of Trustees of Grand Erie District School Board *(continued)*

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Board'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 Board'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 consolidated 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 Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

November 9, 2020
Simcoe, Ontario

Millard, Rouse & Rosebrugh LLP

Millard, Rouse & Rosebrugh LLP
Chartered Professional Accountants
Licensed Public Accountants

Grand Erie District School Board
Consolidated Statement of Financial Position
As at August 31, 2020

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 11,052,304	\$ 4,620,818
Accounts receivable (Note 2)	35,393,810	14,934,921
Accounts receivable - Government of Ontario (Note 3)	86,199,076	87,599,620
	\$132,645,190	\$107,155,359
Financial liabilities		
Temporary borrowing (Note 4)	\$ -	\$ 2,225,252
Accounts payable and accrued liabilities (Note 5)	40,133,250	18,184,930
Deferred revenue (Note 6)	7,635,218	4,752,607
Deferred capital contributions (Note 7)	198,739,986	195,103,264
Long-term debt (Note 8)	75,009,457	79,138,378
Retirement and other employee future benefits (Note 9)	24,575,408	24,981,009
	346,093,319	324,385,440
Net debt	(213,448,129)	(217,230,081)
Non-financial assets		
Prepaid expenses	2,769,735	1,626,790
Inventories of supplies	190,000	250,000
Tangible capital assets (Note 10)	215,804,389	214,441,846
	218,764,124	216,318,636
Accumulated surplus (deficit) (Note 12)	\$ 5,315,995	\$ (911,445)

ON BEHALF OF THE BOARD

_____ Chair of the Board

_____ Vice-Chair of the Board

See accompanying notes



Grand Erie District School Board
Consolidated Statement of Operations
Year ended August 31, 2020

	Budget 2020	2020	2019
REVENUE			
Provincial grants - grants for student needs	\$ 311,776,203	\$ 307,749,204	\$ 314,309,927
Provincial grants - other	2,041,146	4,504,404	5,602,324
Federal grants and fees	6,969,804	6,884,045	7,290,311
Other revenue - school boards	210,000	220,202	275,675
Other fees and revenue	963,255	1,969,992	2,601,969
School fundraising	7,812,296	3,881,746	8,057,951
	329,772,704	325,209,593	338,138,157
Expenses (Note 13)			
Instruction	245,498,422	247,767,743	256,012,103
Administration	7,469,115	8,321,409	7,788,475
Transportation	12,688,500	12,297,225	12,929,172
Pupil accommodation	49,422,702	44,716,546	45,252,704
Other	2,048,548	2,050,512	2,221,632
School funded activities	7,484,268	3,828,718	8,083,298
	324,611,555	318,982,153	332,287,384
ANNUAL SURPLUS	5,161,149	6,227,440	5,850,773
Deficit - beginning of year	(474,448)	(911,445)	(6,762,218)
SURPLUS (DEFICIT) - END OF YEAR	\$ 4,686,701	\$ 5,315,995	\$ (911,445)

See accompanying notes



Grand Erie District School Board
Consolidated Statement of Cash Flow
Year ended August 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 6,227,440	\$ 5,850,773
Items not affecting cash:		
Amortization of tangible capital assets	16,909,229	15,607,800
Revenue recognized from deferred capital contributions	(16,206,254)	(14,855,305)
Loss on disposal of tangible capital assets	-	1,051,834
	6,930,415	7,655,102
Sources (uses):		
Accounts receivable	(20,458,889)	1,516,676
Accounts payable and accrued liabilities	21,948,320	3,690,569
Deferred revenue - operating	1,416,730	28,276
Retirement and other employee future benefits	(405,601)	(1,048,780)
Prepaid expenses	(1,142,945)	(3,691)
Inventory	60,000	-
	1,417,615	4,183,050
Cash flow from operating activities	8,348,030	11,838,152
INVESTING ACTIVITIES		
Cash used to acquire tangible capital assets	(18,271,772)	(18,840,521)
Proceeds on disposal of property and equipment	-	424,180
Cash flow used by investing activities	(18,271,772)	(18,416,341)
FINANCING ACTIVITIES		
Accounts receivable - Government of Ontario	1,400,544	4,547,274
Decrease in temporary borrowing	(2,225,252)	(12,822,022)
Increase in deferred revenue - capital	1,465,881	1,285,752
Additions to deferred capital contributions	19,842,976	17,473,150
Debt repayments	(4,128,921)	(4,134,667)
Cash flow from financing activities	16,355,228	6,349,487
Net change in cash and cash equivalents during the year	6,431,486	(228,702)
Cash and cash equivalents - beginning of year	4,620,818	4,849,520
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,052,304	\$ 4,620,818

See accompanying notes



Grand Erie District School Board
Consolidated Statement of Change in Net Debt
Year ended August 31, 2020

	Budget 2020	2020	2019
ANNUAL SURPLUS	\$ 5,161,149	\$ 6,227,440	\$ 5,850,773
Tangible capital asset activity			
Acquisition of tangible capital assets	(18,267,818)	(18,271,772)	(18,840,521)
Amortization of tangible capital assets	16,842,869	16,909,229	15,607,800
Proceeds on disposal of property and equipment	-	-	424,180
Loss on disposal of tangible capital assets	-	-	1,051,834
Transfer to assets held for sale	-	-	(476,997)
	(1,424,949)	(1,362,543)	(2,233,704)
Other non-financial asset activity			
Acquisition of prepaid expenses	-	(2,871,164)	(1,708,726)
Use of prepaid expenses	-	1,728,219	1,705,035
Consumption of supplies inventories	-	60,000	-
	-	(1,082,945)	(3,691)
Decrease in net debt	3,736,200	3,781,952	3,613,378
Net debt - beginning of year	(217,230,081)	(217,230,081)	(220,843,459)
NET DEBT - END OF YEAR	\$ (213,493,881)	\$ (213,448,129)	\$ (217,230,081)

See accompanying notes



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

Basis of accounting

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian Public Sector Accounting Standards commencing with their year ended August 31, 2004, and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian Public Sector Accounting Standards, which 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;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

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

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board, which are controlled by the Board.

School generated funds, which include the assets, liabilities, revenues, and expenses of various organizations that exist at the school level, which are controlled by the Board, are reflected in the consolidated financial statements.

Transportation consortium, which include the Board's pro-rata share of assets, liabilities, revenues, and expenses of the consortium, which are controlled unilaterally by the participating Boards, are reflected in the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value, and have a short maturity term of less than 90 days.

Deferred revenue

Certain amounts are received pursuant to legislation, regulation, or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues that were historically used to fund capital assets

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, and health care benefits, dental benefits, retirement gratuity, worker's compensation, and long-term disability benefits (long-term disability is available, however, premiums are paid by employees).

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17L: ETFO and OSSTF. The following were established in 2017-18: CUPE and ONE-T for non-unionized employees, including principals and vice-principals.

The ELHTs provide health, life, and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations, and the Government of Ontario. The Board is no longer responsible to provide certain benefits to ETFO, OSSTF, CUPE, and non-unionized employees including principals and vice-principals, effective June 1, 2018.

Upon transition of the employee groups' health, dental, and life benefit plans to the ELHTs, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution, as well as Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental, and life insurance benefits for retired individuals that were previously represented by the following unions/federations: ETFO, OSSTF and CUPE.

The Board has adopted the following policies with respect to accounting for these employee benefits:

- (a) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates, and discount rates.

The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days, and years of service as at August 31, 2012, and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method pro-rated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance, and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (b) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (c) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

Trust funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criterion have been met, and reasonable estimates of the amount can be made. If government transfers contain stipulations, which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC), and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

Investment income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds (such as pupil accommodation, education development charges and special education) forms part of the respective deferred revenue balances.

Property tax revenue

Under public sector accounting standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of provincial grants.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are recorded at historical, cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Tangible capital assets, except land, are amortized on a straight-line basis over their estimated useful lives, as follows:

Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Furniture and equipment	5-15 years
Computer hardware	5 years
Computer software	5 years
Capital leased assets	10 years
Vehicles	5 years

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets, are reclassified as "assets held for sale" on the Consolidated Statement of Financial Position.

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described earlier in this note requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

2. ACCOUNTS RECEIVABLE

	2020	2019
Municipalities	\$ 25,481,241	\$ 9,562,325
Province of Ontario	954,986	975,600
Government of Canada	8,015,701	3,482,464
Other school boards	513,126	506,954
Other	428,756	407,578
	\$ 35,393,810	\$ 14,934,921

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$15,639,949 and has been included in accounts receivable on the statement of financial position. This amount will be recovered fully by the Board in the following school year.

3. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Grand Erie District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs, which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$86,199,076 as at August 31, 2020, (2019 - \$87,599,620) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2020 is \$1,440,974 (2019 - \$1,016,793).



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

4. TEMPORARY BORROWING

Temporary borrowing is comprised of bank overdraft and short-term bank loans as follows:

	2020	2019
Bank overdraft	\$ -	\$ 2,225,252

The Board has credit facility agreement consisting of revolving demand term facility with a limit of \$35,000,000. The bank overdraft bears interest at prime minus 0.65%.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade	\$ 17,865,991	\$ 13,308,999
Teachers wage deferral plan payable	707,627	671,054
Province of Ontario	21,559,632	4,204,877
	\$ 40,133,250	\$ 18,184,930

Due to the response to Covid-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to approximately 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$19,519,534. This amount will be recovered by the Province in 2021.

6. DEFERRED REVENUE

Revenues received and that have been set aside for specific purposes by legislation, regulation, or agreement are included in deferred revenue. Deferred revenue for specific purposes by legislation, regulation, or agreement as at August 31, 2020, is comprised of:

	Balance as at August 31, 2019	Revenue received and interest earned	Revenue recognized in the period	Transfer to deferred capital contributions	Balance as at August 31, 2020
Provincial - operating	\$ 343,242	\$ 44,126,395	\$ (42,765,233)	\$ -	\$ 1,704,404
Third party - operating	72,184	618,755	(563,187)	-	127,752
Provincial - capital	2,896,207	17,359,406	(13,662,679)	(2,230,846)	4,362,088
Third party - capital	1,440,974	524,999	(524,999)	-	1,440,974
	\$ 4,752,607	\$ 62,629,555	\$ (57,516,098)	\$ (2,230,846)	\$ 7,635,218



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with Regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	2020	2019
Balance - beginning of year	\$195,103,264	\$192,485,419
Additions	19,842,976	18,472,171
Revenue recognized	(16,206,254)	(14,855,305)
Transfers to deferred revenue	-	(999,021)
Balance - end of year	\$198,739,986	\$195,103,264

8. LONG-TERM DEBT

	2020	2019
Demand loan payable to Royal Bank of Canada, bearing interest at 3.31%, repayable in blended monthly principal and interest payments of \$22,073, due January 10, 2025.	\$ 1,070,460	\$ 1,295,960
Demand loan payable to Royal Bank of Canada, bearing interest at 3.18%, repayable in blended monthly principal and interest payments of \$22,042, due July 8, 2025.	1,202,703	1,424,780
Demand loan payable to Royal Bank of Canada, bearing interest at 3.39%, repayable in blended monthly principal and interest payment of \$22,390, due December 23, 2025.	1,309,504	1,529,471
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.76%, repayable in blended semi-annual principal and interest payments of \$529,236, due November 15, 2029.	8,013,288	8,666,738
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.56%, repayable in blended semi-annual principal and interest payments of \$399,470, due November 15, 2031.	7,088,733	7,548,640
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.9%, repayable in blended semi-annual principal and interest payments of \$331,482, due March 3, 2033.	6,247,486	6,591,626
		<i>(continues)</i>



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

8. LONG-TERM DEBT (continued)

	2020	2019
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 5.23%, repayable in blended semi-annual principal and interest payments of \$659,390, due April 13, 2035.	13,534,930	14,122,408
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.83%, repayable in blended semi-annual principal and interest payments of \$129,343, due March 11, 2036.	2,838,075	2,955,331
Ontario Finance Authority Debenture for Good Places to Learn, Prohibitive to Repair and Capital Priorities expenditures, bearing interest at 3.799%, repayable in blended semi-annual principal and interest payments of \$1,290,173, due March 19, 2038.	33,213,351	34,495,282
Ontario Finance Authority Debenture for Good Places to Learn, Prohibitive to Repair and Capital Priorities expenditures, bearing interest at 4.003% repayable in blended semi-annual principal and interest payments of \$18,692, due March 11, 2039.	490,927	508,142
	\$ 75,009,457	\$ 79,138,378

Principal repayment terms are approximately:

2021	\$ 4,308,000
2022	4,495,000
2023	4,690,000
2024	4,894,000
2025	4,909,500
Thereafter	51,712,957
	<u>\$ 75,009,457</u>



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

9. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and other employee future benefit liabilities:

	2020	2019
Accrued employee future benefit obligations		
Retirement gratuity plan	\$ 17,271,429	\$ 18,719,561
Retirement life insurance and health care benefits	1,515,887	1,473,362
Workplace Safety and Insurance Board obligations	5,587,992	4,604,434
Sick leave top-up benefits	200,100	183,652
Total employee future benefit liability at August 31	24,575,408	24,981,009

Retirement and other employee future benefit expenses:

Current year benefit cost		
Sick leave top-up benefits	200,100	183,652
Workplace Safety and Insurance Board obligations	2,062,466	2,490,052
	2,262,566	2,673,704
Interest on accrued benefit obligation		
Retirement gratuity plan	371,162	579,159
Retirement life insurance and health care benefits	28,607	32,302
Workplace Safety and Insurance Board obligations	100,915	109,358
	500,684	720,819
Recognition of unamortized actuarial (gain) loss		
Retirement gratuity plan	123,598	14,087
Retirement life insurance and health care benefits	99,909	372,225
Sick leave top-up benefits	(39,759)	-
	183,748	386,312
Total employee future benefit expenses	\$ 2,946,998	\$ 3,780,835

(continues)



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

9. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2019, and based on updated average daily salary and banked sick days as at August 31, 2020. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2020	2019
	%	%
Inflation		
Retirement gratuity plan	1.5	1.5
Retirement life insurance and health care benefits	1.5	1.5
Workplace Safety and Insurance Board obligations	4	2
Wage and salary escalation		
Retirement gratuity plan	0	0
Insurance and health care cost escalation		
Health costs	7.75	7.75
Dental costs	3.75	3.75
Discount on accrued benefit obligations		
Retirement gratuity plan	1.40	2.00
Retirement life insurance and health care benefits	1.40	2.00
Workplace Safety and Insurance Board obligations	1.40	2.00

Retirement benefits

Ontario Teachers' Pension Plan

Teachers are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's financial statements.

Ontario Municipal Employees Retirement System

Qualifying non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2020, the Board contributed \$3,983,224 (2019 - \$3,995,079) to the plan. These contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

9. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS *(continued)*

Retirement gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

Life insurance benefits

The Board sponsors a separate plan for retirees to provide life insurance benefits. The Board is responsible for the payment of life insurance premiums under this plan, however all or a portion of the cost are recovered from the employees as specified in their collective agreement. The premiums are based on the Board's experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for Board subsidized premiums or contributions.

Health care and dental benefits

The Board sponsors a separate plan for retirees to provide group health care and dental benefits. The Board is responsible for the payment of health care premiums under this plan, however all or a portion of the cost is recovered from the employees as specified in their collective agreement once a certain time period has been reached. Benefits provided by the Board are provided through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

Other employee future benefits

Workplace Safety and Insurance Board obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes in 2012 require school boards to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreement included such provision.

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

9. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Long-term disability life insurance and dental and health care benefits

The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the defined benefit plan.

Sick leave top-up benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$200,100 (2019 – \$183,652).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2020 and was extrapolated from the results of the August 31, 2019 valuation without gains and losses.

10. TANGIBLE CAPITAL ASSETS

COST	2019	Additions	Disposals	2020
Land	\$ 4,131,147	\$ -	\$ -	\$ 4,131,147
Land improvements	15,304,694	4,688,549	-	19,993,243
Buildings	342,961,518	13,190,356	-	356,151,874
Portable structures	6,366,792	-	1,548,000	4,818,792
Furniture and equipment	5,026,112	59,694	213,611	4,872,195
Computer hardware	8,867,518	271,721	3,094,703	6,044,536
Capital leased assets	534,779	-	-	534,779
Vehicles	761,456	61,452	-	822,908
	\$383,954,016	\$ 18,271,772	\$ 4,856,314	\$397,369,474

AMORTIZATION	2019	Amortization	Disposals	2020
Land improvements	\$ 5,260,514	\$ 1,815,858	\$ -	\$ 7,076,372
Buildings	150,892,251	12,754,753	-	163,647,004
Portable structures	4,322,986	282,574	1,548,000	3,057,560
Furniture and equipment	2,547,954	477,387	213,611	2,811,730
Computer hardware	5,418,515	1,491,205	3,094,703	3,815,017
Capital leased assets	534,779	-	-	534,779
Vehicles	535,171	87,452	-	622,623
	\$169,512,170	\$ 16,909,229	\$ 4,856,314	\$181,565,085



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

NET BOOK VALUE	2020	2019
Land	\$ 4,131,147	\$ 4,131,147
Land improvements	12,916,871	10,044,180
Buildings	192,504,870	192,069,267
Portable structures	1,761,232	2,043,806
Furniture and equipment	2,060,465	2,478,158
Computer hardware	2,229,519	3,449,003
Vehicles	200,285	226,285
	\$215,804,389	\$214,441,846

The Board has identified \$808,568 in buildings that qualify as assets permanently removed from service with a net book value of \$236,655 as at August 31, 2019. During 2020 this asset was brought back into service.

11. DEBT CHARGES AND CAPITAL LOAN INTEREST

The debt charges and capital loan interest charges includes principal and interest payments as follows:

	2020	2019
Principal payments on long-term debt	\$ 4,128,921	\$ 4,134,667
Interest payments on long-term debt	3,384,719	3,557,905
	\$ 7,513,640	\$ 7,692,572

12. ACCUMULATED SURPLUS (DEFICIT)

Accumulated surplus (deficit) consists of the following:

	2020	2019
Surplus (deficit):		
Invested in non-depreciable tangible capital assets	\$ 4,131,147	\$ 4,098,051
Employee future benefits	(5,813,557)	(11,630,715)
School generated funds	3,714,672	3,661,644
Accumulated surplus	3,283,733	2,959,575
	\$ 5,315,995	\$ (911,445)

The Grand Erie District School Board has achieved the required accumulated surplus and has successfully completed the targets outlined in the Multi-year Financial Recovery Plan, developed in collaboration with the Ministry of Education.



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

13. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the consolidated statement of operations by object:

	2020 Budget	2020 Actual	2019 Actual
Salary and wages	\$221,191,973	\$219,325,116	\$223,626,006
Employee benefits	34,374,176	37,033,228	38,612,865
Staff development	968,664	514,812	1,210,347
Supplies and services	26,631,352	22,478,382	29,047,111
Interest charges on capital	3,454,198	3,384,719	3,793,426
Rental expenses	84,817	114,066	170,015
Fees and contract services	18,425,915	18,515,393	18,676,496
Amortization and loss on disposal of tangible capital assets and assets held for sale	19,012,114	16,909,229	16,659,639
Other	468,346	707,208	491,479
	\$324,611,555	\$318,982,153	\$332,287,384

14. TRUST FUNDS

Trust funds administered by the Board amounting to \$1,218,035 (2019 - \$1,225,908) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

15. CONTRACTUAL OBLIGATIONS

The Board has ongoing commitments under operating leases and efficiency services agreements. Anticipated payments over the next five years are as follows:

2021	\$ 4,250,000
2022	4,199,000
2023	3,654,500
2024	3,062,000
2025	3,340,000
	\$ 18,505,500

The Board had \$611,625 in letters of credit outstanding with the bank as at August 31, 2020 (2019 - \$567,000), which were required for security on some of the construction projects.



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

16. EXTRAORDINARY EVENT

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Board in future periods.

17. EDUCATIONAL SERVICES TRANSFERS

Grand Erie District School Board has education services agreements with Indigenous Services Canada (ISC) and The Mississaugas of the Credit First Nations (MCFN). The agreements provide accommodation, instruction, and special services for Indigenous pupils. Revenues earned by the Board during the year are as follows:

	2020	2019
Indigenous Services Canada (Six Nations)		
Educational services - secondary	\$ 4,797,929	\$ 5,062,306
Special services agreement - educational counsellor/native advisor	476,900	460,272
Special services agreement - high cost special secondary	600,000	600,000
Other	164,648	251,418
	6,039,477	6,373,996
The Mississaugas of the Credit First Nations		
Educational services - secondary	548,409	553,690
Special services agreements	41,344	99,021
	589,753	652,711
Total	\$ 6,629,230	\$ 7,026,707

18. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage, and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence.



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2020

19. REPAYMENT OF “55 SCHOOL BOARD TRUST” FUNDING

On June 1, 2003, the Board received \$3,520,453 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt. As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.

20. PARTNERSHIP IN TRANSPORTATION CONSORTIUM

	<u>2020</u>		<u>2019</u>	
	<u>Total</u>	<u>Board portion</u>	<u>Total</u>	<u>Board portion</u>
Financial position:				
Financial assets	\$ 178,129	\$ 178,129	\$ 104,750	\$ (104,750)
Liabilities	(178,129)	(178,129)	(104,750)	104,750
<hr/>				
Accumulated surplus (deficit)	-	-	-	-
<hr/>				
Operations:				
Revenues	17,351,583	11,989,654	18,111,438	(12,655,135)
Expenses	(17,351,583)	(11,989,654)	(18,111,438)	12,655,135
<hr/>				
Annual surplus (deficit)	\$ -	\$ -	\$ -	\$ -

Transportation consortium

On October 14, 2010, Student Transportation Services of Brant Haldimand Norfolk was incorporated. On September 1, 2011, the Board entered into an agreement with Brant Haldimand Norfolk Catholic District School Board and CSC MonAvenir in order to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the boards. Under the agreement, decisions related to the financial and operating activities of Student Transportation Services of Brant Haldimand Norfolk are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses. The above provides condensed financial information, which is reported net of harmonized sales tax.

21. CONTINGENT LIABILITY

The Board has been named as the defendant in certain legal actions, in which damages have been sought. Not all legal actions may be covered by insurance and any losses arising from these actions are recorded in the year that the related litigation is settled or when any likely amounts are measurable. Where the outcomes of actions are not determinable as at August 31, 2020, no provision has been made in the consolidated financial statements.

