Report and consolidated financial statements of

St. Clair Catholic District School Board

August 31, 2020

St. Clair Catholic District School Board
August 31, 2020

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Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the St. Clair Catholic District School Board are the responsibility of the Board's management and have been prepared in compliance 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.

A summary of the significant accounting policies is presented in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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 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 management and 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 BDO Canada LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Director of Education

Associate Director
Corporate Services and Treasurer

November 24, 2020

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Independent Auditor's Report

To the Board of Trustees of the
St. Clair Catholic District School Board

Opinion

We have audited the consolidated financial statements of St. Clair Catholic District School Board and its controlled entities (the Board), which comprise the consolidated statement of financial position as at August 31, 2020, the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Board as at and for the year ended August 31, 2020 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation 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 related 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.

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.
- 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario
November 24, 2020

St. Clair Catholic District School Board

Consolidated statement of financial position
as at August 31, 2020
(In thousands of dollars)

	2020	2019
	$	$
Financial assets		
Cash and cash equivalents	**14,047**	8,335
Accounts receivable (Note 2)	**4,810**	3,931
Accounts receivable - Government of Ontario (Note 2)	**18,424**	25,241
Accounts receivable - Government of Ontario Delayed Grant (Note 2)	**4,937**	2,610
Investments (Note 3)	**1,633**	1,936
	43,851	42,053
Financial liabilities		
Temporary borrowing (Note 4)	**-**	2,000
Accounts payable and accrued liabilities	**7,729**	7,985
Deferred revenue (Note 5)	**6,787**	5,433
Retirement and other employee future benefits (Note 6)	**5,135**	5,791
Net long-term liabilities (Note 7)	**16,429**	17,191
Deferred capital contributions (Note 8)	**110,404**	105,242
	146,484	143,642
Net debt	**(102,633)**	(101,589)
Non-financial assets		
Prepaid expenses	**927**	909
Tangible capital assets (Note 9)	**122,551**	117,295
	123,478	118,204
Accumulated surplus	**20,845**	16,615

The accompanying notes are an integral part of these consolidated financial statements.

St. Clair Catholic District School Board

Consolidated statement of operations
year ended August 31, 2020
(In thousands of dollars)

	2020 Budget	2020 Actual	2019 Actual
	$	$	$
Revenues			
Provincial grants - Grants for Student Needs	**109,416**	**111,387**	112,137
Provincial grants - other	**98**	**1,737**	1,752
School generated funds	**2,868**	**1,388**	2,931
Federal grants and fees	**164**	**190**	176
Investment income	**100**	**207**	330
Other revenues - School boards	**6**	**6**	12
Other fees and revenues	**706**	**721**	726
Total revenues	**113,358**	**115,636**	118,064
Expenses			
Instruction	**82,528**	**82,573**	85,340
Administration	**4,019**	**4,102**	3,891
Transportation	**6,855**	**7,042**	6,796
Pupil accommodation	**15,460**	**15,706**	15,510
School generated funds	**2,868**	**1,194**	2,867
Other	**398**	**789**	311
Total expenses	**112,128**	**111,406**	114,715
Annual surplus	**1,230**	**4,230**	3,349
Accumulated surplus, beginning of year	**16,615**	**16,615**	13,266
Accumulated surplus, end of year	**17,845**	**20,845**	16,615

The accompanying notes are an integral part of these consolidated financial statements.

St. Clair Catholic District School Board

Consolidated statement of cash flows
year ended August 31, 2020
(In thousands of dollars)

	2020	2019
	$	$
Operating transactions		
Annual surplus	**4,230**	3,349
Sources and (uses):		
Non-cash items:		
Amortization of tangible capital assets	**5,969**	5,754
Write-down of tangible capital assets	**-**	2
Gain on disposition of tangible capital assets	**89**	(6)
Revenue recognized in period for deferred capital contributions	**(5,712)**	(5,514)
Increase in accounts receivable	**(879)**	(32)
(Decrease) Increase in accounts payable and accrued liabilities	**(256)**	2,931
Increase in prepaid expenses	**(18)**	(66)
Increase (Decrease) in deferred revenue - operating	**430**	(608)
Decrease in retirement and other employee future benefits	**(656)**	(420)
	3,197	5,390
Capital transactions		
Acquisition of tangible capital assets	**(11,721)**	(12,661)
Proceeds on disposition of tangible capital assets	**407**	6
	(11,314)	(12,655)
Investing transactions		
Decrease in investments	**303**	42
Financing transactions		
(Decrease) Increase in temporary borrowing	**(2,000)**	2,000
Debt repayment	**(762)**	(727)
Decrease (Increase) in accounts receivable - Government of Ontario	**4,490**	(7,384)
Additions to deferred capital contributions	**10,874**	12,427
Increase in deferred revenues - capital	**924**	1,092
	13,526	7,408
Change in cash and cash equivalents	**5,712**	185
Cash and cash equivalents, beginning of year	**8,335**	8,150
Cash and cash equivalents, end of year	**14,047**	8,335

The accompanying notes are an integral part of these consolidated financial statements.

St. Clair Catholic District School Board
Consolidated statement of change in net debt
year ended August 31, 2020
(In thousands of dollars)

	2020 Budget	2020 Actual	2019 Actual
	$	$	$
Annual surplus	**1,230**	**4,230**	3,349
Tangible capital asset activity			
Acquisition of tangible capital assets	**(10,459)**	**(11,721)**	(12,661)
Amortization of tangible capital assets	**5,648**	**5,969**	5,754
Loss (gain) on disposition of tangible capital assets	**-**	**89**	(6)
Proceeds on disposition of tangible capital assets	**-**	**407**	6
Write-down of tangible capital assets	**-**	**-**	2
	(4,811)	**(5,256)**	(6,905)
Other non-financial asset activity			
Acquisition of prepaid expenses	**-**	**(777)**	(771)
Use of prepaid expenses	**-**	**759**	705
	-	**(18)**	(66)
Decrease in net debt	**(3,581)**	**(1,044)**	(3,622)
Net debt, beginning of year	**(101,589)**	**(101,589)**	(97,967)
Net debt, end of year	**(105,170)**	**(102,633)**	(101,589)

The accompanying notes are an integral part of these consolidated financial statements.

1. Significant accounting policies

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

a) *Basis of accounting*

The consolidated financial statements have been prepared in accordance with the financial reporting provision of the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and the accounting requirements of 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:

(i) 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;

(ii) 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

(iii) 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.

1. Significant accounting policies (continued)

b) 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 and 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 and which are controlled by the Board are reflected in the consolidated financial statements.

Chatham-Kent Lambton Administrative School Services is jointly controlled and the Board accounts for its interest in this entity using proportionate consolidation (refer to Note 11).

Consolidated entities include:

St. Clair District Catholic Education Foundation
School Generated Funds
Chatham-Kent Lambton Administrative School Services

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

c) Trust funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements, as the Board does not control them.

d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand 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.

e) Investments

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the consolidated statement of financial position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year and income producing equities. Long-term investments are recorded at cost, and assessed regularly for permanent impairment.

f) 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.

(In thousands of dollars)

1. Significant accounting policies (continued)

f) Tangible capital assets (continued)

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
Buildings – other	20 years
Portable structures	20 years
First time equipping	10 years
Furniture	10 years
Equipment	5 – 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 – 10 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 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.

g) 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 expenses are incurred or services performed.

h) 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 and workers' compensation.

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 2016-17: OECTA, and CUPE. The following ELHT was established in 2017-18: ONE-T for non-unionized employees including principals and vice principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and 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.

1. Significant accounting policies (continued)

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

(i) The cost of retirement gratuities and other employee future benefits are actuarially determined using management’s best estimate of salary escalation, accumulated sick days at retirement, discount rates and other actuarial assumptions. 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 prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur periodically, such as obligations for workers’ compensation and long term disability, 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.

(ii) 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.

(iii) The costs of insured benefits are the employer’s portion of insurance premiums owed for coverage of employees during the period.

i) 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:

(i) Government transfers received or receivable for capital purpose.

(ii) Other restricted contributions received or receivable for capital purpose.

(iii) Property taxation revenues which were historically used to fund capital assets.

1. Significant accounting policies (continued)

j) Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria 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 and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

k) Property Tax Revenue

Under Canadian Public Sector Accounting Standards, The Province of Ontario records property taxes levied as property tax revenue. As a result, property tax revenue received by the Boards is recorded as part of the Legislative Grant.

l) Investment income

Investment income earned is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds is added to the respective deferred revenue balances.

m) 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.

n) Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting disclosed in Note 1a) 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 financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include assumptions used by actuaries to determine employee future benefit costs (Note 6). Actual results could differ from these estimates.

2. Accounts receivable

a) Accounts Receivable

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. The Municipal tax receivable for the Board increased because of these unreceived amounts. The balance is $6,435 (2019 - $2,183) 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.

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 about 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 $4,549. This amount will be recovered by the Province in 2021 effectively reducing the accounts receivable balance at August 31, 2020.

(In thousands of dollars)

2. Accounts receivable (continued)

b) Accounts Receivable - Government of Ontario

Accounts receivable from the Government of Ontario consist of amounts receivable from the Ministry with respect to capital grants and amounts related to the Ministry cash management strategy.

The Province of Ontario has replaced variable capital funding with a one-time debt support grant in 2009-10. The 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 $18,424 (2019 - $25,241) as at August 31, 2020 with respect to capital grants.

c) Accounts Receivable - Government of Ontario Delayed Grant

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry will delay a portion 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 Board has an account receivable from the Province of Ontario of $4,937 (2019 - $2,610) as at August 31, 2020 with respect to Delayed Grant payments.

3. Investments

Investments are comprised as follows:

		2020		2019
	Cost	**Market value**	Cost	Market value
	$	**$**	$	$
Cash	**61**	**61**	32	32
Guaranteed investment certificates	**-**	**-**	305	311
Government bonds	**131**	**164**	131	159
Equities	**1,441**	**1,631**	1,468	1,592
	1,633	**1,856**	1,936	2,094

Included in investments is a $1,000 (2019 - $1,000) endowment from the Ursuline Religious of the Diocese of London in Ontario. Income earned on the endowment is to be used for scholarships, bursaries and discretionary spending. The deferral of the endowment is included with deferred revenue (Note 5).

4. Temporary borrowing

The Board has credit facilities available to a maximum of $10,000 to address operating requirements. All loans are due on demand and carry an interest rate of prime less 1 percent. As at August 31, 2020, the amount drawn was $nil (2019 - $nil).

(In thousands of dollars)

4. Temporary borrowing (continued)

The Board has demand interim bridge credit available to the maximum of $49,510 (2019 - $49,510) to bridge finance capital project expenditures. All loans are due on demand and are in the form of bankers' acceptance notes. Interest on the operating facilities carry an interest rate of prime lending rate minus 0.75 percent.

As at August 31, 2020, the amount drawn under the bankers' acceptance facility was $nil (2019 - $2,000).

5. Deferred revenue

Revenues received that are restricted for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2020 is comprised of:

	Balance August 31, 2019	Contributions received	Transferred to revenue	Transfers to deferred capital contributions	**Balance August 31, 2020**
	$	$	$	$	**$**
School renewal	2,390	1,522	(39)	(305)	**3,568**
Interest on capital	-	920	(920)	-	**-**
Temporary Accomodation	-	276	(201)	-	**75**
Rural and Northern Education	42	243	(267)	-	**18**
Minor tangible capital assets	-	2,658	(1,513)	(1,145)	**-**
Proceeds of disposition	694	390	-	(694)	**390**
Special education allocation	-	13,943	(13,609)	-	**334**
Special education equipment	883	326	(585)	-	**624**
ABA Traning Funding	-	27	(9)	-	**18**
Library Staff	-	96	(96)	-	**-**
Student Achievement Envelope	95	498	(352)	-	**241**
Indigenous Education	6	142	(95)	-	**53**
Other Legislative Funding	37	-	-	-	**37**
Education Program Other (EPO) funding	44	1,702	(1,676)	-	**70**
Other (Note 3)	1,242	291	(174)	-	**1,359**
	5,433	23,034	(19,536)	(2,144)	**6,787**

(In thousands of dollars)

6. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

	Retirement benefits	Other employee future benefits	Workers' safety insurance benefits	**2020** Total employee future benefits	2019 Total employee future benefits
	$	$	$	$	$
Accrued employee future benefit obligations, end of year	**4,395**	**765**	**740**	**5,900**	6,611
Unamortized actuarial loss	**(702)**	**(63)**	**-**	**(765)**	(820)
Employee future benefits liabilities	**3,693**	**702**	**740**	**5,135**	5,791

Retirement and other employee future benefit expenses

	Retirement benefits	Other employee future benefits	Workers' safety insurance benefits	**2020** Total employee future benefits	2019 Total employee future benefits
	$	$	$	$	$
Current year benefit cost	**-**	**68**	**205**	**273**	321
Benefit data correction	**-**	**-**	**-**	**-**	14
Amortized loss (gain)	**155**	**36**	**-**	**191**	30
Interest on accrued benefit obligation	**92**	**15**	**14**	**121**	182
Employee future benefits expense	**247**	**119**	**219**	**585**	547

Above amounts exclude pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

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, 2020. The economic assumptions used in these valuations are the Board’s best estimates of expected rates of:

	2020	2019
	%	%
Inflation	**1.5**	1.5
Interest	**1.4**	2.0
Health care cost escalation	**7.0 to 4.0**	7.25 to 4.5
Dental care cost escalation	**4.5**	4.5
Wage and salary escalation	**2.0**	2.0

6. Retirement and other employee future benefits (continued)

Retirement benefits (continued)

i) Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teacher's 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 of Ontario. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

ii) Ontario Municipal Employees Retirement System

All 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, and contribution rates are directed by OMERS. The Board does not have direct access to information regarding the deficit calculation of the fund nor its impact on the contribution rates, except as disclosed periodically by OMERS. As of December 31, 2019 the funded ratio for the OMERS plan was 97% (2018 – 96%. During the year ended August 31, 2020, the Board contributed $1,611 (2019 - $1,641) to the plan. As this is a multi-employer pension 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.

iii) 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 up to August 31, 2012.

iv) Retirement life insurance and health care benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums are 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 (excluding employees with personal services contracts) retiring on or after this date, will no longer qualify for board subsidized premiums or contributions.

Other employee future benefits

i) 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. School boards are required to provide salary top-up to a maximum of 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such provision.

(In thousands of dollars)

6. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

ii) Sick leave top-up benefits

Under short term sick leave and disability plan, a maximum of 11 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 $50 (2019 - $70).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2020. This actuarial valuation is based on assumptions about future events and is based on the average daily salary and banked sick days of employees at August 31, 2020.

iii) Long-term disability life insurance and health care benefits

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave to all permanent employees through the ELHT. The employee is responsible for the payment of long term disability insurance premiums and the costs of life insurance, dental and health care benefits is covered by the ELHT.The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in this plan.

7. Net long-term liabilities

Net long-term liabilities reported on the consolidated statement of financial position is comprised of the following:

	2020	2019
	$	$
Promissory note, 4.56%, maturing November 2031	**2,226**	2,370
Promissory note, 4.90%, maturing March 2033	**1,521**	1,605
Promissory note, 5.062%, maturing March 2034	**1,084**	1,137
Promissory note, 5.232%, maturing April 2035	**936**	977
Promissory note, 4.833%, maturing March 2036	**10,662**	11,102
	16,429	17,191

Principal payments relating to net long-term liabilities of $16,429 outstanding as at August 31, 2020 are due as follows:

	Principal	Interest	Total
	$	$	$
2020/21	799	786	1,585
2021/22	838	747	1,585
2022/23	880	705	1,585
2023/24	923	662	1,585
2024/25	968	618	1,586
Thereafter	12,021	3,257	15,278
Net long-term liabilities	16,429	6,775	23,204

On June 1, 2003, the Board received $2,663 from the “55 School Board Trust” for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered with the trust. As a result of the agreement the liability in respect of the not permanently financed (NPF) debt is no longer reflected in the Board’s financial position.

(In thousands of dollars)

7. Net long-term liabilities (continued)

Interest on long-term debt amounted to $812 (2019 - $862).

8. 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	**105,242**	98,329
Additions to deferred capital contributions	**10,874**	12,427
Revenue recognized in the year	**(5,712)**	(5,514)
Balance, end of year	**110,404**	105,242

9. Tangible capital assets

					Cost
	Opening balance	**Additions and transfers**	**Disposals/ writedowns**	**Transfer to assets held for sale**	**Closing balance**
	$	**$**	**$**	**$**	**$**
Land	**7,898**	**-**	**60**	**-**	**7,838**
Land improvements	**5,109**	**375**	**-**	**-**	**5,484**
Buildings - 40 yr	**150,286**	**2,597**	**1,190**	**-**	**151,693**
Buildings - 20 yr	**84**	**-**	**-**	**-**	**84**
Portable structures	**588**	**-**	**-**	**-**	**588**
Equipment	**1,363**	**30**	**54**	**-**	**1,339**
First time equipping	**1,842**	**76**	**117**	**-**	**1,801**
Furniture	**13**	**-**	**-**	**-**	**13**
Computer hardware	**2,193**	**1,162**	**455**	**-**	**2,900**
Computer software	**198**	**13**	**98**	**-**	**113**
Vehicles	**333**	**52**	**56**	**-**	**329**
Construction in progress	**8,685**	**7,329**	**-**	**-**	**16,014**
Pre-acquisition costs	**44**	**87**	**-**	**-**	**131**
Total	**178,636**	**11,721**	**2,030**	**-**	**188,327**

(In thousands of dollars)

9. Tangible capital assets (continued)

	Accumulated amortization				
	Opening balance	Amortization/ adjustments	Disposals/ (write-downs)	Transfers to assets held for sale	Closing balance
	$	$	$	$	$
Land	-	-	-	-	-
Land improvements	1,610	374		-	1,984
Buildings - 40 yr	55,930	4,694	753	-	59,871
Buildings - 20 yr	61	4		-	65
Portable structures	588			-	588
Equipment	753	134	54	-	833
First time equipping	952	183	117	-	1,018
Furniture	4	1		-	5
Computer hardware	1,064	509	455	-	1,118
Computer software	140	40	98	-	82
Vehicles	239	29	56	-	212
Construction in progress	-			-	-
Pre-acquisition costs	-			-	-
Total	61,341	5,968	1,533	-	65,776

	Net book value	
	2020	2019
	$	$
Land	**7,839**	7,898
Land improvements	**3,500**	3,499
Buildings - 40 yr	**91,822**	94,356
Buildings - 20 yr	**19**	23
Portable structures		-
Equipment	**504**	610
First time equipping	**783**	890
Furniture	**8**	9
Computer hardware	**1,783**	1,129
Computer software	**30**	58
Vehicles	**118**	94
Construction in progress	**16,014**	8,685
Pre-acquisition costs	**131**	44
Total	**122,551**	117,295

The write-down of Tangible Capital Assets during the year was $0 (2019 - $2).

Assets under construction having a value of $16,014 (2019 - $8,729) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(In thousands of dollars)

10. Debt charges and capital loans interest

The expenditure for debt charges and capital loans interest includes principal and interest payments as follows:

	2020	2019
	$	$
Principal payments on long-term liabilities including contributions to sinking funds	**762**	727
Interest payments on long-term liabilities	**823**	858
	1,585	1,585

11. Partnership in Chatham-Kent Lambton Administrative School Services (CLASS)

Transportation, community use of school services, supervision of child care services and energy and environmental services for the Board are provided by CLASS which was incorporated on February 22, 2006. On that day the Board formalized an agreement with the Lambton Kent District School Board to provide common administration of student transportation and other services deemed beneficial to the boards in their shared jurisdiction. This agreement was executed in an effort to increase efficiency and cost effectiveness for each of the boards. Under the agreement created at the time CLASS was established, decisions related to the financial and operating activities of CLASS are shared. Neither partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information.

		2020		2019
	Total	**Board portion**	Total	Board portion
	$	$	$	$
Financial position				
Financial assets	**2,622**	**926**	1,280	447
Financial liabilities	**2,622**	**926**	1,280	447
Accumulated surplus	**-**	**-**	-	-
Operations				
Revenues	**20,762**	**7,224**	19,958	6,772
Expenses	**20,762**	**7,224**	19,958	6,772
Annual surplus	**-**	**-**	-	-

(In thousands of dollars)

12. Ontario School Board Insurance Exchange (OSBIE)

The 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 $2,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires December 31, 2021.

13. Contractual obligations and contingent liabilities

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2020 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

The Board is committed to capital expenditures in the amount of $1,784 (2019 - $7,311).

14. Expenses by Ministry of Education classification

The following is a summary of the expenses reported on the consolidated statement of operations by Ministry of Education classification:

	2020 Budget	**2020 Actual**	2019 Actual
	$	**$**	$
Operating expenses			
Salary and wages	**73,375**	**74,133**	75,629
Employee benefits	**12,635**	**12,854**	13,065
Staff development	**737**	**439**	517
Supplies and services	**7,528**	**6,488**	7,284
Interest charges on capital debt	**823**	**812**	862
Rental expense	**174**	**225**	321
Fees and other contract services	**8,051**	**8,469**	8,029
Other	**289**	**727**	385
School generated funds	**2,868**	**1,194**	2,867
Amortization, writedowns and disposal of tangible capital	**5,648**	**6,065**	5,756
	112,128	**111,406**	114,715

15. Impact of COVID 19

On March 11, 2020 the World health Organization declared the outbreak of the Coronavirus (COVID-19), a global pandemic. The pandemic has had a significant impact on the global economy and the education system. On March 12, 2020 the Province of Ontario ordered the closure of all publicly funded schools. This closure was later extended to include the remainder of the 2019/2020 school year and education services were moved to a virtual learning platform.

The Ontario Ministry of Education has provided one-time funding for COVD-19/school re-opening and some existing funding has been redirected towards the costs related to implementing safe re-opening measures. Schools have physically re-opened in September 2020 with remote learning options offered.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and the related financial impact cannot be reasonably estimated.