

Consolidated Financial Statements of

And Independent Auditors' Report thereon

Year ended August 31, 2021



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We also:

x



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- x Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group 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.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
November 16, 2021

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2021, with comparative information for 2020

| | Budget | 2021 Actual | 2020 Actual |
|--|----------------------|----------------------|----------------------|
| Revenues: | | | |
| Municipal grants | \$ 73,512,402 | \$ 68,154,569 | \$ 73,496,411 |
| Provincial grants - Grants for students needs | 383,871,513 | 383,120,823 | 371,087,114 |
| Provincial grants - Other | 8,279,214 | 15,028,923 | 7,091,496 |
| Ministry of Government and Consumer Services (note 13) | - | 1,706,552 | - |
| Ministry of Labour, Training and Skills Development - Ontario Youth Apprenticeship Program | 234,000 | 231,790 | 186,323 |
| Federal grants and fees | - | 2,571,488 | 260,180 |
| Other fees and revenues | 4,272,133 | 3,780,620 | 6,911,896 |
| Investment income | 500,000 | 498,465 | 1,008,677 |
| School fundraising and other activities | 10,000,000 | 1,384,324 | 5,993,458 |
| | <u>480,669,262</u> | <u>476,477,554</u> | <u>466,035,555</u> |
| Expenses: | | | |
| Instruction | 363,013,203 | 368,797,471 | 343,480,912 |
| Administration | 11,105,881 | 10,907,728 | 10,459,694 |
| Transportation | 14,342,299 | 13,619,640 | 13,412,446 |
| Pupil accommodation | 68,005,285 | 65,577,119 | 63,909,867 |
| Other | 10,071,902 | 6,649,096 | 6,866,805 |
| School funded activities | 10,000,000 | 1,826,676 | 5,730,566 |
| | <u>476,538,570</u> | <u>467,377,730</u> | <u>443,860,290</u> |
| Annual surplus | 4,130,692 | 9,099,824 | 22,175,265 |
| Accumulated surplus, beginning of year | 38,799,890 | 38,799,890 | 16,624,625 |
| Accumulated surplus, end of year | <u>\$ 42,930,582</u> | <u>\$ 47,899,714</u> | <u>\$ 38,799,890</u> |

See accompanying notes to consolidated financial statements.

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Consolidated Statement of Net Debt

Year ended August 31, 2021, with comparative information for 2020

| | 2021 | 2020 |
|---|------------------|------------------|
| Annual surplus | \$ 9,099,824 | \$ 22,175,265 |
| Acquisition of tangible capital assets | (60,032,748) | (37,005,547) |
| Amortization of tangible capital assets | 25,893,755 | 21,841,805 |
| Gain on sale of capital assets | (4,476) | (2,043) |
| Proceeds on sale of capital assets | 4,476 | 2,043 |
| Transfer of assets held for sale | - | 1,697,700 |
| Write-down of tangible capital assets | - | 1,300,291 |
| | (25,039,169) | 10,009,514 |
| Acquisition of inventories of supplies | (656,578) | (480,984) |
| Acquisition of prepaid expenses | (937,613) | (114,187) |
| Consumption of inventories of supplies | 480,178 | 1,336 |
| Use of prepaid expenses | 170,675 | 2,204,676 |
| Change in net debt | (25,982,507) | 11,620,355 |
| Net debt, beginning of year | (417,234,213) | (428,854,568) |
| Net debt, end of year | \$ (443,216,720) | \$ (417,234,213) |

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

(f) Retirement and other employee future benefits (continued):

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 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and the Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees Education Workers' Benefits Trust (CUPE EWBT) and 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 staff), and other school board staff. Currently ONE-T ELHTs also provide benefits to individuals who retired prior to the school board's participation date in 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 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 for certain groups and for some retirees who are retired under these plans.

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

(g) 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 and construction in progress, are amortized on a straight line basis over their estimated useful lives as follows:

| Assets | Estimated Useful Life in Years |
|-------------------------------------|--------------------------------|
| Land improvements with finite lives | 15 |
| Buildings and building improvements | 40 |
| Portable structures | 20 |
| First-time equipping of schools | 10 |
| Furniture and equipment | 5 - 15 |
| Computer hardware | 3 |
| Computer software | 1 - 5 |
| Vehicles | 5 - 10 |

The Board reviews its estimate of the remaining service life of tangible capital assets due to significant betterments and additions during the year. These changes, if any, are applied prospectively. The change in the basis of amortization during the year has had the effect of decreasing amortization expense by \$276,909 (2020 - \$nil).

Assets under construction and assets that relate to pre-acqTj0.0a. su (n J0.0003 Tc 0.00027 Tw -390

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

(g) Tangible capital assets (continued):

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated 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.

(h) 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 (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.

(i) 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.

(j) 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.

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

(k) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described 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 consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include the carrying value of tangible capital assets and employee future benefits. Actual results could differ from these estimates.

(l) 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 the Provincial Legislative Grants.

Cash and short-term investments include the following:

| | 2021 | 2020 |
|---------------------------------|----------------------|----------------------|
| Non-restricted funds | \$ 46,338,644 | \$ 71,421,695 |
| Held in trust: | | |
| Four/five deferred salary plans | 3,336,536 | 2,924,116 |
| School funds | 4,901,274 | 5,403,120 |
| Other | - | 109,613 |
| | <u>\$ 54,576,454</u> | <u>\$ 79,858,544</u> |

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

Accounts receivable from the Government of Ontario consist of:

| | 2021 | 2020 |
|--------------------------------------|----------------|----------------|
| Capital ⁽¹⁾ | \$ 163,880,447 | \$ 159,520,983 |
| Delayed grant payment ⁽²⁾ | 24,079,315 | 20,824,891 |
| Other operating ⁽³⁾ | | |

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

Amounts held in trust consist of:

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Bequests for scholarships and bursaries | \$ 2,079,534 | \$ 2,041,655 |
| Employee four/five plans | 3,336,536 | 2,924,116 |
| | <u>\$ 5,416,070</u> | <u>\$ 4,965,771</u> |

Net long-term debt reported on the Consolidated Statement of Financial Position consists of:

| | 2021 | 2020 |
|---|--------------|--------------|
| Debenture Bylaw #A2003-001 due October 20, 2023, bearing interest at 6.33% per annum. Blended payments of \$253,216 due semi-annually | \$ 1,154,211 | \$ 1,567,842 |
| Debenture Bylaw #B2003-002 due October 20, 2028, bearing interest at 6.42% per annum. Blended payments of \$92,987 due semi-annually | 1,093,402 | 1,203,834 |
| Debenture Bylaw #130100 due May 1, 2026, bearing interest at 5.41% per annum. Blended payments of \$122,412 due monthly | 6,140,419 | 7,244,518 |
| Debenture Bylaw #6 due November 15, 2031, bearing interest at 4.56% per annum. Blended payments of \$678,717 due semi-annually | 11,226,630 | 12,044,069 |
| Debenture Bylaw #7 due July 3, 2032, bearing interest at 5.398% per annum. Blended payments of \$332,485 due semi-annually | 5,462,156 | 5,817,815 |
| Debenture Bylaw #8 due March 3, 2033, bearing interest at 4.9% per annum. Blended payments of \$717,054 due semi-annually | 12,733,048 | 13,514,405 |
| Debenture Bylaw #11 due November 15, 2030, bearing interest at 5.21% per annum. Blended payments of \$447,710 due semi-annually | 6,645,243 | 7,173,708 |
| Debenture Bylaw #12 due March 13, 2034, bearing interest at 5.062% per annum. Blended payments of \$689,939 due semi-annually | 12,900,687 | 13,600,841 |
| Debenture Bylaw #15 due May 15, 2034, bearing interest at 5.384% per annum. Blended payments of \$1,363,757 due semi-annually | 25,266,863 | 26,580,722 |
| Debenture Bylaw #16 due April 13, 2035, bearing interest at 5.232% per annum. Blended payments of \$231,038 due semi-annually | 4,525,643 | 4,742,395 |

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

| | 2021 | 2020 |
|--|------|------|
|--|------|------|

Debenture Bylaw #17 due March 11, 2036, bearing interest at 4.833% per annum. Blended payments of \$56,278 due semi-annually

Debenture Bylaw #18 due November 15, 2036, bearing interest at 3.97% per annum. Blended payments of \$374,246 due semi-annually

Debenture Bylaw #19 due March 9, 2037, bearing interest at 3.564% per annum. Blended payments of \$449,733 due semi-annually

Debenture Bylaw #20 due March 19, 2038, bearing interest at 3.799% per annum. Blended payments of \$394,992 due semi-annually

Debenture Bylaw #22 due March 11, 2039, bearing interest at 4.003% per annum. Blended payments of \$6,557 due semi-annually

Debenture Bylaw #26 due March 9, 2040, bearing interest at 2.993% per annum. Blended payments of \$274,485 due semi-annually

Debenture Bylaw #25 due March 9, 2035, bearing interest at 3.564% per annum. Blended payments of \$56,278 due semi-annually

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Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

Revenues received that have been set aside 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, 2021 consists of:

| | Balance as at August 31, 2020 | Externally restricted additions (dispositions) | Transferred to DCC | Revenue recognized in the period | Balance as at August 31, 2021 |
|-------------------------------|-------------------------------|--|----------------------|----------------------------------|-------------------------------|
| Proceeds of Disposition | \$ - | \$ 1,513,286 | \$ - | \$ - | \$ 1,513,286 |
| Assets held for Sale | 2,243,695 | (1,608,695) | - | - | 635,000 |
| Education development charges | 336,934 | 1,302,957 | - | 204 | 1,639,687 |
| Restricted grants | 15,788,959 | 100,917,969 | 13,986,483 | 86,599,587 | 16,120,858 |
| | \$18,369,588 | \$ 102,125,517 | \$ 13,986,483 | \$ 86,599,791 | \$ 19,908,831 |

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

| | Balance as at August 31, 2019 | Externally restricted additions | Transferred to DCC | Revenue recognized in the period | Balance as at August 31, 2020 |
|-------------------------------|-------------------------------|---------------------------------|---------------------|----------------------------------|-------------------------------|
| Proceeds of Disposition | \$ 1,047,902 | \$ - | \$ 1,047,902 | \$ - | \$ - |
| Assets held for Sale | 635,000 | 1,608,695 | - | - | 2,243,695 |
| Education development charges | 43,481 | 1,228,351 | - | 934,898 | 336,934 |
| Restricted grants | 12,040,666 | 92,195,678 | 5,287,010 | 83,160,375 | 15,788,959 |
| | \$13,767,049 | \$95,032,724 | \$ 6,334,912 | \$ 84,095,273 | \$ 18,369,588 |

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

(b) 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.

(c) 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 \$693,116 (2020 - \$183,882).

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 is based on the average daily salary and banked sick days of employees as at August 31, 2021.

(d) 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 employees who are not yet members of an ELHT. The Board is responsible for the payment of life insurance premiums and the costs of dental and health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(e) Workplace Safety and Insurance Board (WSIB) obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act (the 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 the 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 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

Other benefits

(i) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of 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 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's contributions equal the employee contributions to the plan. During the year ended August 31, 2021, the Board contributed \$5,896,410 (2020 - \$5,571,500) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for these arrangements is included in the Board's consolidated financial statements.

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

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.

| | 2021 | 2020 |
|---|----------------|----------------|
| Balance, beginning of year | \$ 414,598,856 | \$ 407,485,580 |
| Additions to deferred capital contributions | 59,203,995 | 30,837,476 |
| Revenue recognized in the period | (24,920,966) | (22,115,505) |
| Transfers to deferred revenue | - | (1,608,695) |
| Balance, end of year | \$ 448,881,885 | \$ 414,598,856 |

GREATER ESSEX COUNTY DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

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Notes to Consolidated Financial Statements

Year ended August 31, 2021

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

| | 2021 Budget | 2021 Actual | 2020 Actual |
|-------------------|----------------|----------------|----------------|
| Current expenses: | | | |
| Salary and wages | \$ 322,257,987 | \$ 327,384,562 | \$ 308,234,339 |
| Employee benefits | 54,289,340 | 52,222,631 | 52,102,140 |

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Notes to Consolidated Financial Statements

Year ended August 31, 2021

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets it controls, the liabilities that it has incurred, and its pro-rata share of revenue and expenses.

The following provides condensed financial information:

| | 2021 | | 2020 | |
|--------------------------------------|------------|------------------|------------|------------------|
| | Total | Board Portion | Total | Board Portion |
| Financial Position: | | | | |
| Financial assets | \$ 266,789 | \$ 2,476 | \$ 712,558 | \$ 104,917 |
| Financial liabilities | 266,789 | 209,429 | 712,558 | 647,939 |
| Accumulated (deficit) surplus | | | | |
| | - | (206,953) | - | (543,022) |
| Operations: | | | | |
| Revenues | 26,592,866 | 14,145,899 | 25,622,889 | 13,721,302 |
| Expenses | 26,592,866 | 14,145,899 | 25,622,889 | 13,721,302 |
| Annual surplus | \$ - | \$ - | \$ - | \$ - |

On June 1, 2003, the Board received \$1,779,682 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.

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2021

In March 2020, the World Health Organization declared the outbreak of coronavirus (“COVID-19”) a global pandemic. This resulted in the Province mandating that all school boards close their schools and administrative buildings on March 13, 2020 and moving to online/learn-from-home education format for the remainder of the 2019-2020 school year based on recommendations from Public Health Ontario. For the 2020-2021 school year the schools reopened to students, effective September 2020, with enhanced public health protocols, or the option to continue with online education and at-home distance learning. The Board continues to monitor the situation and plan for potential changes during the fiscal 2022 school year and beyond.

As a result of the pandemic, the Board may experience increased risk exposure in several areas.

During the year, as detailed in note 13, the School Board received personal protective equipment (PPE) and cleaning supplies from the Ministry of Government and Consumer Services for all staff.

As at August 31, 2021, the Board did not have significant adjustments to reflect the possible future impact of COVID-19. Management assessed the impact on the Board and believes there are no significant financial issues as the Board has strong working capital available and access to sufficient liquid resources to sustain operations in the coming year. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Certain reclassifications have been made to the prior year’s financial statements to conform to the presentation used in the current year’s financial statements. The changes have no impact on current or prior year’s accumulated surplus.