

Consolidated Financial Statements of

**ALGONQUIN AND LAKESHORE
CATHOLIC DISTRICT SCHOOL
BOARD**

Year ended August 31, 2020

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

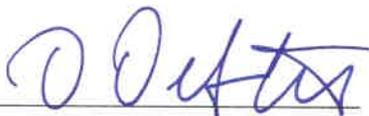
The accompanying consolidated financial statements of the Algonquin and Lakeshore Catholic District School Board are the responsibility of Board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, 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 KPMG 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.



Director of Education



Superintendent of Finance and
Business Services

November 24, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Algonquin and Lakeshore Catholic District School Board

Opinion

We have audited the consolidated financial statements of Algonquin and Lakeshore Catholic District School Board (the Entity), which comprise:

- the consolidated statement of financial position as at August 31, 2020
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended 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.

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 “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

We draw attention to note 1 to the financial statements which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.



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

Management is responsible for the preparation and fair presentation of the financial statements 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

November 24, 2020

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2020, with comparative information for 2019

	2020	2019
Financial assets:		
Cash	\$ 17,348,794	\$ 10,416,200
Accounts receivable:		
Municipalities (note 3)	7,697,256	2,595,080
Province of Ontario – approved capital (note 4)	29,099,346	32,155,589
Province of Ontario – delayed grant payment (note 4)	7,482,875	5,036,178
Province of Ontario – other	258,265	653,781
Other accounts receivable	2,205,250	3,794,543
Total financial assets	64,091,786	54,651,371
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	16,575,551	7,404,953
Net long-term liabilities (note 9)	24,918,142	26,227,627
Deferred revenue (note 6)	7,206,751	7,004,942
Employee benefits payable (note 8)	6,284,205	6,541,792
Deferred capital contributions (note 7)	117,881,507	117,879,916
Total financial liabilities	172,866,156	165,059,230
Net debt	(108,774,370)	(110,407,859)
Non-financial assets:		
Tangible capital assets (note 18)	127,345,005	124,830,292
Commitments (notes 12 and 13)		
Contingent liabilities (notes 14 and 15)		
Accumulated surplus (note 10)	\$ 18,570,635	\$ 14,422,433

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

On behalf of the Board:

 Chair

 Director of Education

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2020, with comparative information for 2019

	2020 Budget	2020	2019
Revenues:			
Provincial grants:			
Student focused funding	\$ 145,860,839	\$ 144,588,784	\$ 146,759,083
Other	731,480	2,052,737	3,506,089
Federal grants and fees	369,785	453,615	436,188
Other - school boards	69,000	69,815	76,350
Investment income	67,383	128,706	152,911
Other	547,746	2,650,998	1,356,875
School fundraising	4,352,930	3,066,731	4,045,042
Amortization of deferred capital contributions	7,584,497	8,172,129	7,765,446
	<u>159,583,660</u>	<u>161,183,515</u>	<u>164,097,984</u>
Expenses (note 11):			
Instruction	117,441,663	115,068,000	118,741,179
Administration	5,386,126	5,541,421	5,873,721
Transportation (note 17)	12,028,000	10,978,822	11,238,158
Pupil accommodation	20,117,774	21,395,840	21,279,321
Other	116,347	1,215,774	131,171
School funded activities	4,352,930	2,835,456	3,898,443
	<u>159,442,840</u>	<u>157,035,313</u>	<u>161,161,993</u>
Annual surplus	140,820	4,148,202	2,935,991
Accumulated surplus, beginning of year	14,422,433	14,422,433	11,486,442
Accumulated surplus, end of year (note 10)	<u>\$ 14,563,253</u>	<u>\$ 18,570,635</u>	<u>\$ 14,422,433</u>

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

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 4,148,202	\$ 2,935,991
Acquisition of tangible capital assets	(10,747,074)	(10,440,411)
Amortization of tangible capital assets	8,232,361	7,825,680
Gain on disposal of tangible capital assets	–	(4,097)
Proceeds on disposal of tangible capital assets	–	4,097
	(2,514,713)	(2,614,731)
Change in net debt	1,633,489	321,260
Net debt, beginning of year	(110,407,859)	(110,729,119)
Net debt, end of year	\$ (108,774,370)	\$ (110,407,859)

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

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Operating transactions:		
Annual surplus	\$ 4,148,202	\$ 2,935,991
Non-cash items including:		
Amortization of tangible capital assets	8,232,361	7,825,680
Gain on disposal of tangible capital assets	-	(4,097)
Amortization of deferred capital contributions	(8,172,129)	(7,765,446)
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable - municipalities	(5,102,176)	96,198
Increase in accounts receivable - Province of Ontario - delayed grant payment	(2,446,697)	(5,036,178)
Decrease in accounts receivable - Province of Ontario - other	395,516	1,038,791
Decrease in other accounts receivable	1,589,293	100,138
Increase (decrease) in accounts payable and accrued liabilities	9,170,598	(1,636,837)
Increase (decrease) in deferred revenue	201,809	(1,836,072)
Decrease in employee benefits payable	(257,587)	(1,207,974)
Cash provided by (used in) operating transactions	7,759,190	(5,489,806)
Capital transactions:		
Cash used to acquire tangible capital assets	(10,747,074)	(10,440,411)
Proceeds on disposal of tangible capital assets	-	4,097
Cash applied to capital transactions	(10,747,074)	(10,436,314)
Financing transactions:		
Net long-term liabilities repayment	(1,309,485)	(1,255,712)
Decrease in accounts receivable - Province of Ontario - approved capital	3,056,243	1,682,024
Additions to deferred capital contributions	8,173,720	9,514,582
Cash provided by financing transactions	9,920,478	9,940,894
Increase (decrease) in cash	6,932,594	(5,985,226)
Cash, beginning of year	10,416,200	16,401,426
Cash, end of year	\$ 17,348,794	\$ 10,416,200

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

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

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:

These 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 consolidated 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 amortization, 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.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

As a result, revenue recognized in the consolidated statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(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.

(c) 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.

(d) 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.

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

Asset	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5 to 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 to 10 years

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

Assets under construction and assets that relate to pre-acquisition and pre-construction 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 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. Other assets permanently removed from service cease to be amortized and the carrying value is written down to the residual 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.

(e) Deferred revenue:

Certain amounts are received pursuant to legislation, regulation or agreement that 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 are performed.

(f) 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 capital 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 which were historically used to fund capital assets.

(g) 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, health care benefits, dental benefits, retirement gratuity, and worker's compensation. The Board accrues its obligation for these employee benefits.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

(g) 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 Trust (ELHT) was established in 2016-17: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-18: Canadian Union of Public Employees (CUPE) Education Workers' Benefits Trust (EWBT) and Ontario Non-Union Education Trust (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) and other school board staff. Currently, ONE-T ELHT also provides 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 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 by the following: OECTA and CUPE.

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

- (i) 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 costs 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 accumulated 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.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

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

(i) (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, 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 (OMERS), 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.

(h) Accumulated surplus - available for compliance, internally appropriated:

Certain amounts, as approved by the Board Trustees, are set aside as internally appropriated funds for future operating and capital purposes. Transfers to and/or from internally appropriated funds are an adjustment to the respective fund when approved.

(i) 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 over the same periods as the asset is amortized.

(j) 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.

(k) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

(k) Budget figures (continued):

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.

The Board approves its budget annually. The approved operating budget for 2019-2020 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budget was approved on June 24, 2019.

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(a) requires management to make estimates and assumptions that affect the reported amount 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. Significant estimates include assumptions used in performing actuarial valuations of employee benefits payable.

(m) Property tax revenue:

Under Canadian 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 Legislative Grants.

2. Temporary borrowing:

The Board has lines of credit available to the maximum amount of \$34,316,920 (2019 - \$34,316,920) to address operating requirements and to bridge capital expenditures.

Interest on the operating facilities is at the bank's prime lending rate, while banker's acceptance facilities range from 0.75% to 0.95%. All loans are unsecured, due on demand and are in the form of banker's acceptance notes and bank overdrafts.

The lines of credit are undrawn as at August 31, 2020 (2019 - undrawn).

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

3. Accounts receivable - Municipalities:

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 \$4,922,913 (2019 - \$Nil) and has been included in accounts receivable on the Consolidated Statement of Financial Position. This amount will be recovered fully by the Board in the following school year.

4. Accounts receivable - Government of Ontario:

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-2010. 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 \$29,099,346 (2019 - \$32,155,589) with respect to capital grants.

The Ministry of Education (the "Ministry") 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 Board has an accounts receivable from the Province of Ontario of \$7,482,875 (2019 - \$5,036,178) with respect to delayed grant payments.

5. Accounts payable - Government of Ontario:

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 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 \$5,385,458 and is included in accounts payable and accrued liabilities on the Consolidated Statement of Financial Position (2019 - Nil). This amount will be recovered by the Province in fiscal 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 and reported on the Consolidated Statement of Financial Position.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

6. Deferred revenue (continued):

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

	Balance as at August 31, 2019	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2020
Education development charges	\$ 1,312,649	\$ 215,647	\$ (1,528,296)	\$ –	\$ –
Proceeds of disposition	2,052,851	30,587	–	–	2,083,438
Improved access for special education	44,503	663	–	–	45,166
School renewal	1,146,587	2,195,192	(750,626)	(330,879)	2,260,274
Retrofitting school space for childcare	347,933	–	–	–	347,933
Restricted grant revenue	2,100,419	20,949,600	(20,580,079)	–	2,469,940
Total deferred revenue	\$ 7,004,942	\$ 23,391,689	\$(22,859,001)	\$ (330,879)	\$ 7,206,751

(a) Education development charges:

Education development charges (EDC's) are used to fund the acquisition of school sites, and site related costs to accommodate growth-related pupil places. EDC's are collected by the Corporation of the City of Kingston on behalf of the Board.

(b) Proceeds of disposition:

The proceeds of disposition deferred revenue is composed of proceeds generated from the sale of schools. The Board intends to use this amount to fund future capital costs related to Board facilities.

(c) Improved access for special education:

The Province has provided specific funds to be used for improved access for special.

(d) School renewal:

The Province provides specific funding to address the costs of repairing and renovating schools.

(e) Retrofitting school space for childcare:

Amounts received for future capital investments to repurpose existing childcare spaces or space not required for instructional purposes in schools to serve children aged 0 to 3.8 years.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

6. Deferred revenue (continued):

(f) Restricted grant revenue:

Other deferred revenue includes many specific program amounts, both capital and operating, from the Ministry of Education.

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 Ontario Regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the useful life of the asset acquired.

	2020	2019
Balance, beginning of year	\$ 117,879,916	\$ 116,130,780
Additions to deferred capital contributions	8,173,720	9,514,582
Revenue recognized in the period	(8,172,129)	(7,765,446)
Balance, end of year	\$ 117,881,507	\$ 117,879,916

8. 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, retirement gratuity, service awards, worker's compensation and long-term disability benefits. The most recent valuation of the employee future benefits was completed as at August 31, 2019.

(a) Retirement benefits:

(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. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

8. Retirement and other employee future benefits (continued):

(a) Retirement benefits (continued):

(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. During the year ended August 31, 2020, the Board contributed \$2,228,565 (2019 - \$2,216,184) 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) Post-employment life insurance and health care benefits:

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the member reaches 65 years of age. 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.

(iv) Retirement gratuities and benefits:

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 gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service up to August 31, 2012.

The Board has a liability related to these retirement gratuities and benefits. At August 31, 2020, the Board's accrued benefit liability relating to retirement gratuities and benefits is \$3,987,364 (2019 - \$4,678,344).

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

8. Retirement and other employee future benefits (continued):

(b) 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 a salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

(ii) Accumulated sick leave:

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 recovered in the consolidated financial statements are \$5,159 (2019 - \$1,966 recovered).

For accounting purposes, 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, 2020.

(iii) Vacation pay:

The amount of unused vacation days accrued as of August 31, 2020 is \$1,132,751 (2019 - \$1,030,108). Vacation pay is included in accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

8. Retirement and other employee future benefits (continued):

(b) Other employee future benefits (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on actuarial assumptions about future events determined for accounting purposes as at August 31, 2020 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
	%	%
Health care cost escalation ¹	7.25	7.50
Dental cost escalation	4.50	4.50
Discount on accrued benefit obligations	1.40	2.00
Inflation rate	1.50	1.50

¹ Health care escalation of 7.25% for 2019-20, and decreasing by ¼% per annum to 4.50%.

	2020			2019	
	Retirement gratuity benefits	Other post- retirement benefit expenses	Carry-over sick leave benefits	Total retirement and post- retirement benefits	Total retirement and post- retirement benefits
Accrued benefit liability September 1	\$ 4,678,344	\$ 464,223	\$ 55,874	\$ 5,198,441	\$ 6,688,616
Current year benefit cost	–	76,621	61,033	137,654	86,719
Change due to data correction	–	–	–	–	(57,091)
Net amortization of actuarial losses (gains)	163,344	41,423	(1,637)	203,130	93,995
Interest on accrued benefit obligation	96,696	10,673	–	107,369	179,550
Benefit payments	(951,020)	(57,266)	(54,237)	(1,062,523)	(1,793,348)
Accrued benefit liability August 31	3,987,364	535,674	61,033	4,584,071	5,198,441
Net employee future benefit expenses (recovery)	\$ (690,980)	\$ 71,451	\$ 5,159	\$ (614,370)	\$ (1,490,175)

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

8. Retirement and other employee future benefits (continued):

(b) Other employee future benefits (continued):

Retirement and other employee future benefit liabilities are comprised of:

	2020	2019
Retirement gratuity benefits	\$ 3,987,364	\$ 4,678,344
Post-retirement benefits	535,674	464,223
Carry-over sick leave benefit	61,033	55,874
	4,584,071	5,198,441
Workplace safety and insurance	1,700,134	1,343,351
	\$ 6,284,205	\$ 6,541,792

	2020	2019
Accrued employee future benefit obligations at August 31	\$ 6,887,232	\$ 7,233,513
Unamortized actuarial losses at August 31	(603,027)	(691,721)
Employee future benefits liability at August 31	\$ 6,284,205	\$ 6,541,792

9. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position consist of the following:

	2020	2019
Debentures	\$ 24,918,142	\$ 26,227,627

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

9. Net long-term liabilities (continued):

Principal and interest payments relating to net long-term liabilities of \$24,918,142 (2019 - \$26,227,627) outstanding as at August 31, 2020 are due as follows:

	Principal	Interest	Total
2020-2021	\$ 1,365,626	\$ 995,651	\$ 2,361,277
2021-2022	1,424,239	937,038	2,361,277
2022-2023	1,485,435	875,841	2,361,276
2023-2024	1,549,331	811,946	2,361,277
2024-2025	1,616,049	745,228	2,361,277
Thereafter	17,477,462	3,880,150	21,357,612
	<u>\$ 24,918,142</u>	<u>\$ 8,245,854</u>	<u>\$ 33,163,996</u>

The respective interest rates on the debentures range from 3.0% to 5.2% and the respective maturity dates on the debentures range from 2030 to 2040.

Interest on long-term debt amounted to \$1,041,288 (2019 - \$1,095,497).

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

10. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Available for compliance - unappropriated:		
Operating accumulated surplus	\$ 649,220	\$ 624,957
Available for compliance - internally appropriated:		
School renewal	1,285,860	1,285,860
Other purposes - operating:		
School expenses	706,349	367,252
Technology	2,553,144	2,553,144
Workplace Safety Insurance Board	800,000	800,000
Declining enrolment	1,014,995	1,014,995
Program and service enhancements	1,100,000	1,100,000
Other purposes - capital:		
Committed - capital projects	1,873,767	1,934,000
Construction and renovation - furniture, equipment and technology	1,200,000	-
	<u>11,183,335</u>	<u>9,680,208</u>
Unavailable for compliance:		
Employee future benefits	(717,967)	(717,967)
Interest to be accrued	(220,273)	(230,777)
School generated funds	1,780,868	1,549,593
Revenue recognized for land	6,544,672	4,141,376
	<u>7,387,300</u>	<u>4,742,225</u>
	<u>\$ 18,570,635</u>	<u>\$ 14,422,433</u>

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

11. Expenses by object:

The following is a summary of the expenses reported on the Consolidated Statement of Operations and Accumulated Surplus by object:

	2020 Budget	2020 Actual	2019 Actual
Expenses:			
Salary and wages	\$ 102,474,958	\$ 101,244,109	\$ 102,992,483
Employee benefits	18,127,045	18,431,463	17,970,924
Staff development	605,690	465,825	953,218
Supplies and services	9,383,881	8,345,382	10,216,412
Interest on long-term debt	1,051,439	1,041,288	1,095,497
Rental expenses	515,720	587,265	543,214
Fees and contract services	15,076,350	14,486,313	15,304,015
Amortization, write-downs and loss on disposal	7,644,730	8,232,361	7,825,680
Other	210,097	1,365,851	362,107
	\$ 155,089,910	\$ 154,199,857	\$ 157,263,550
School activities	\$ 4,352,930	\$ 2,835,456	\$ 3,898,443
Total expenses	\$ 159,442,840	\$ 157,035,313	\$ 161,161,993

12. Lease commitments:

The Board is committed under certain operating lease agreements to minimum lease payments as follows:

2020-2021	\$ 539,166
2021-2022	503,571
2022-2023	480,042
2023-2024	228,720
2024-2025	10,399
	\$ 1,761,898

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

13. Commitments:

(a) Repayment of "55 School Board Trust" Funding:

On June 1, 2003, the Board received \$10,286,245 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. An amount of \$116,347 (2019 - \$116,347) funded by the province is reflected on the Consolidated Statement of Operations and Accumulated Surplus.

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.

(b) Wide area network:

The Board has entered into an arrangement for wide area network access. The agreement expires in November 2023 and annual charges are \$282,090.

(c) Kingston West school construction:

The Board has been approved for the construction of a new elementary school in Kingston, Ontario. The Ministry of Education has approved a total budget of \$14,364,417 and has agreed to fund this amount. The Board has entered into an architectural services contract for \$1,256,746. As at August 31, 2020, \$1,053,364 (2019 - \$663,117) has been spent on this project. The new school is anticipated to be opened in January 2022.

(d) St. Joseph Catholic Elementary School:

The Board has been approved for the construction of a renovation and addition to the existing St. Joseph Catholic Elementary School in Belleville, Ontario. The Ministry of Education has approved a total budget of \$9,952,503 and has agreed to fund this amount. The Board has entered into an architectural services contract for \$1,130,000. As at August 31, 2020, \$845,994 (2019 - \$398,733) has been spent on this project. The renovations and addition are anticipated to be completed in January 2022.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

14. 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.

The ultimate premiums over a five-year period are based on the reciprocals 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.

15. Contingent liabilities:

(a) Litigation:

The Board is involved with pending litigation and claims which arose in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

(b) Letters of credit:

The Board has provided security in the form of letters of credit, on behalf of various parties. As of the year end date, the total balances outstanding were \$1,451,106 (2019 - \$1,448,106).

16. Trust funds:

(a) As at August 31, 2020, the Board was the trustee for \$403,442 (2019 - \$545,348) held for employee's self-funded leave plans. These amounts are not included in the consolidated financial statements.

(b) As at August 31, 2020, the Board held certain trust and donated funds amounting to \$741,806 (2019 - \$696,311). These amounts are not included in the consolidated financial statements.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

17. Related entities:

Tri-Board Student Transportation Services:

The Board has a one-third economic interest in Tri-Board Student Transportation Services ("Tri-Board"). Tri-Board's principal activity is to provide student transportation for three school boards including, Algonquin and Lakeshore Catholic District School Board. Related party transactions with Tri-Board Student Transportation Services during the year, not separately disclosed in the consolidated financial statements, include the following:

- (a) The Board purchased student transportation services totalling \$10,943,597 (2019 - \$11,208,927).

Tri-Board's assets, liabilities, revenue, expenses and accumulated surplus for the year ended August 31, are as follows:

	2020	2019
Financial assets	\$ 3,196,619	\$ 1,699,194
Financial liabilities	(3,352,817)	(1,879,972)
Net debt	(156,198)	(180,778)
Non-financial assets	219,169	238,010
Accumulated surplus	\$ 62,971	\$ 57,232

	2020	2019
Revenue	\$ 39,665,738	\$ 40,691,195
Expenses	39,660,000	40,613,752
Annual surplus	\$ 5,738	\$ 77,443

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

18. Tangible capital assets:

Amortization is calculated on a straight-line basis over the estimated useful life of the tangible capital assets as follows:

Cost	Balance at August 31, 2019	Additions	Disposals, write-downs and adjustments	Balance at August 31, 2020
Land	\$ 5,016,377	\$ 2,573,352	\$ –	\$ 7,589,729
Land improvements	5,164,014	903,044	–	6,067,058
Buildings	173,046,404	4,130,092	–	177,176,496
Portable structures	5,394,584	199,908	304,600	5,289,892
First-time equipping of schools	561,825	–	40,297	521,528
Furniture	1,029,329	148,082	–	1,177,411
Equipment	905,911	59,211	35,823	929,299
Computer hardware	5,613,064	891,890	1,172,789	5,332,165
Computer software	1,097,235	718,588	–	1,815,823
Vehicles	288,452	–	–	288,452
Pre-acquisition costs	1,061,850	1,122,907	–	2,184,757
Total	\$ 199,179,045	\$ 10,747,074	\$ 1,553,509	\$ 208,372,610

Accumulated amortization	Balance at August 31, 2019	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2020
Land improvements	\$ 1,429,859	\$ 363,640	\$ –	\$ 1,793,499
Buildings	66,307,906	5,945,595	–	72,253,501
Portable structures	2,270,805	269,379	(304,600)	2,235,584
First-time equipping of schools	353,428	43,078	(40,297)	356,209
Furniture	253,078	108,450	–	361,528
Equipment	502,950	84,716	(35,823)	551,843
Computer hardware	2,749,404	1,101,032	(1,172,789)	2,677,647
Computer software	310,826	293,199	–	604,025
Vehicles	170,497	23,272	–	193,769
Total	\$ 74,348,753	\$ 8,232,361	\$ (1,553,509)	\$ 81,027,605

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

18. Tangible capital assets (continued):

	Net book value August 31, 2019	Net book value August 31, 2020
Land	\$ 5,016,377	\$ 7,589,729
Land improvements	3,734,155	4,273,559
Buildings	106,738,498	104,922,995
Portable structures	3,123,779	3,054,308
First-time equipping of schools	208,397	165,319
Furniture	776,251	815,883
Equipment	402,961	377,456
Computer hardware	2,863,660	2,654,518
Computer software	786,409	1,211,798
Vehicles	117,955	94,683
Pre-acquisition costs	1,061,850	2,184,757
Total	\$ 124,830,292	\$ 127,345,005

(a) Assets under construction and pre-acquisition costs:

Assets under construction and pre-acquisition costs having a total value of \$2,184,757 (2019 - \$1,061,850) have not been amortized. Amortization of these assets will commence when the asset is put into service.

19. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

20. Impact of COVID-19:

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") a global pandemic. This resulted in the Province mandating that all Boards close their schools and administrative buildings on March 13, 2020 and move to an online/learn-from-home education format for the remainder of the 2019-2020 school year based on recommendations from Public Health Ontario.

ALGONQUIN AND LAKESHORE CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

20. Impact of COVID-19 (continued):

The 2020-2021 school year saw schools reopen to students, effective September 2020, with enhanced public health protocols and the option to continue with remote at-home learning. The Board continues to monitor the situation and plan for potential changes during the fiscal 2021 school year and beyond.

As a result of the pandemic, the Board may experience increased risk exposure in several areas. This includes an increased risk exposure on accounts receivable where the risk of default on contractual obligations may increase.

The Board is actively monitoring cash flow forecasts and budget. As detailed in notes 3 and 5, to mitigate the financial impact of the deferral on the education property tax to school boards, the Ministry of Education adjusted its cash flow schedule to help offset the deferral through an increased cash payment in June 2020.

During the year and subsequent to year-end, the Board received personal protective equipment (PPE) from the Ministry of Education for all teachers and other school board staff. The cost recovery model of PPE received from the Ministry has not yet been formally communicated to school boards.

As at August 31, 2020, the Board did not have significant adjustments to reflect the possible future impact of COVID-19. Management has 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.