

Grand Erie District School Board
Consolidated Financial Statements
August 31, 2021



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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

JoAnna Roberto, Director of Education

Rafal Wyszynski, Superintendent of
Business & Treasurer

Brantford, Ontario
November 08, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Grand Erie District School Board

Opinion

We have audited the consolidated financial statements of Grand Erie District School Board (the Board), which comprise the consolidated statement of financial position as at August 31, 2021, and the consolidated statements of operations, changes in net debt, and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2021, and the results of its operations and its cash flow for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

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

Emphasis of Matter

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

Other Matter

We draw our attention to Note 17 of the financial statements, which describes the effects of the novel coronavirus (COVID-19) on the Board. 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 and fair presentation of the consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit, in accordance with Canadian Generally Accepted Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

November 8, 2021
Simcoe, Ontario

Millard, Rouse & Rosebrugh LLP

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

Grand Erie District School Board
Consolidated Statement of Financial Position
As at August 31, 2021

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 14,117,328	\$ 11,052,304
Accounts receivable (Note 2)	25,869,657	35,393,810
Accounts receivable - Government of Ontario (Note 3)	88,266,131	86,199,076
	\$128,253,116	\$132,645,190
Financial liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 30,161,457	\$ 40,133,250
Deferred revenue (Note 5)	10,586,398	7,635,218
Deferred capital contributions (Note 6)	210,207,909	198,739,986
Long-term debt (Note 7)	70,701,011	75,009,457
Retirement and other employee future benefits (Note 8)	22,383,437	24,575,408
	344,040,212	346,093,319
Net debt	(215,787,096)	(213,448,129)
Non-financial assets		
Prepaid expenses	619,639	2,769,735
Inventories of supplies	442,443	190,000
Tangible capital assets (Note 9)	225,682,299	215,804,389
	226,744,381	218,764,124
Accumulated surplus (Note 11)	\$ 10,957,285	\$ 5,315,995

ON BEHALF OF THE BOARD

_____ Chair of the Board

_____ Vice-Chair of the Board

See accompanying notes



Grand Erie District School Board
Consolidated Statement of Operations
Year ended August 31, 2021

	Budget 2021	2021	2020
REVENUE			
Provincial grants - grants for student needs	\$ 319,714,053	\$ 318,354,197	\$ 307,749,204
Provincial grants - other	5,339,546	16,480,811	4,504,404
Federal grants and fees	6,766,331	6,735,214	6,884,045
Other revenue - school boards	210,000	289,052	220,202
Other fees and revenue	1,632,280	1,864,098	1,969,992
School fundraising	4,720,280	1,320,490	3,881,746
	338,382,490	345,043,862	325,209,593
Expenses (Note 12)			
Instruction	257,913,553	258,213,792	247,767,743
Administration	8,138,599	8,572,996	8,321,409
Transportation	14,590,366	12,948,172	12,297,225
Pupil accommodation	46,074,441	45,816,842	44,716,546
Other	3,489,782	12,307,679	2,050,512
School funded activities	4,720,280	1,543,091	3,828,718
	334,927,021	339,402,572	318,982,153
ANNUAL SURPLUS	3,455,469	5,641,290	6,227,440
Surplus (Deficit) - beginning of year	4,249,703	5,315,995	(911,445)
SURPLUS - END OF YEAR	\$ 7,705,172	\$ 10,957,285	\$ 5,315,995

See accompanying notes



Grand Erie District School Board

Consolidated Statement of Cash Flow

Year ended August 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 5,641,290	\$ 6,227,440
Items not affecting cash:		
Amortization of tangible capital assets	17,403,552	16,909,229
Revenue recognized from deferred capital contributions	(16,759,007)	(16,206,254)
	6,285,835	6,930,415
Sources (uses):		
Accounts receivable	9,524,153	(20,458,889)
Accounts payable and accrued liabilities	(9,971,791)	21,948,320
Deferred revenue - operating	1,679,947	1,416,730
Retirement and other employee future benefits	(2,191,972)	(405,601)
Prepaid expenses	2,150,096	(1,142,945)
Inventory	(252,443)	60,000
	937,990	1,417,615
Cash flow from operating activities	7,223,825	8,348,030
INVESTING ACTIVITY		
Cash used to acquire tangible capital assets	(27,281,462)	(18,271,772)
FINANCING ACTIVITIES		
Accounts receivable - Government of Ontario	(2,067,055)	1,400,544
Decrease in temporary borrowing	-	(2,225,252)
Increase in deferred revenue - capital	1,271,233	1,465,881
Additions to deferred capital contributions	28,226,930	19,842,976
Debt repayments	(4,308,447)	(4,128,921)
Cash flow from financing activities	23,122,661	16,355,228
Net change in cash and cash equivalents during the year	3,065,024	6,431,486
Cash and cash equivalents - beginning of year	11,052,304	4,620,818
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 14,117,328	\$ 11,052,304

See accompanying notes

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Grand Erie District School Board
Consolidated Statement of Change in Net Debt
Year ended August 31, 2021

	Budget 2021	2021	2020
ANNUAL SURPLUS	\$ 3,455,469	\$ 5,641,290	\$ 6,227,440
Tangible capital asset activity			
Acquisition of tangible capital assets	(25,062,768)	(27,281,462)	(18,271,772)
Amortization of tangible capital assets	18,406,425	17,403,552	16,909,229
	(6,656,343)	(9,877,910)	(1,362,543)
Other non-financial asset activity			
Acquisition of supplies inventories	-	(1,141,896)	-
Consumption of supplies inventories	-	889,453	60,000
Acquisition of prepaid expenses	-	(591,356)	(2,871,164)
Use of prepaid expenses	-	2,741,452	1,728,219
	-	1,897,653	(1,082,945)
(Increase) Decrease in net debt	(3,200,874)	(2,338,967)	3,781,952
Net debt - beginning of year	(213,448,129)	(213,448,129)	(217,230,081)
NET DEBT - END OF YEAR	\$ (216,649,003)	\$ (215,787,096)	\$ (213,448,129)

See accompanying notes



Grand Erie District School Board

Notes to Consolidated Financial Statements

Year ended August 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of accounting

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

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

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

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian Public Sector Accounting Standards, which require that;

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

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

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

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

Reporting entity

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

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

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

Cash and cash equivalents

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

Deferred revenue

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

Deferred capital contributions

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

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

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement and other employee future benefits

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

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

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

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

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

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

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

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

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

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Trust funds

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

Government transfers

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

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

Investment income

Investment income is reported as revenue in the period earned.

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

Property tax revenue

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

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

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

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

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

Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Furniture and equipment	5-15 years
Computer hardware	3 years
Computer software	5 years
Capital leased assets	10 years
Vehicles	5 years

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

The useful life for computer hardware was revised from five years to three years based on new information related to the actual life of the assets. As such, additional amortization has occurred for these assets as needed to bring the net book value in line with this new policy. The impact of this change in estimate is \$824,407.

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

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

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with the basis of accounting described earlier in this note requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The most significant estimates in these financial statements include the useful life of tangible capital assets and the determination of retirement and other employee future benefits.

2. ACCOUNTS RECEIVABLE

	2021	2020
Municipalities	\$ 7,801,179	\$ 25,481,241
Province of Ontario	6,622,977	954,986
Government of Canada	10,572,286	8,015,701
Other school boards	352,015	513,126
Other	521,200	428,756
	\$ 25,869,657	\$ 35,393,810

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$15,639,949 and has been included in the 2019-20 accounts receivable on the statement of financial position. This amount was recovered fully by the Board in the 2020-21 school year.



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

3. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

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

The Board has an account receivable from the Province of Ontario of \$88,266,131 as at August 31, 2021, (2020 - \$86,199,076) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2021 is \$1,440,974 (2020 - \$1,440,974).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade	\$ 29,175,603	\$ 17,865,991
Teachers wage deferral plan payable	505,135	707,627
Province of Ontario	480,719	21,559,632
	\$ 30,161,457	\$ 40,133,250

Due to the response to Covid-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to approximately 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. The amount for the Board was \$19,519,534 and has been included in the 2019-20 accounts payable. This amount was recovered by the Province during the 2020-21 year.



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

5. DEFERRED REVENUE

Revenues received and that have been set aside for specific purposes by legislation, regulation, or agreement are included in deferred revenue. Deferred revenue for specific purposes by legislation, regulation, or agreement as at August 31, 2021, is comprised of:

	Balance as at August 31, 2020	Revenue received and interest earned	Revenue recognized in the period	Transfer to deferred capital contributions	Balance as at August 31, 2021
Provincial - operating	\$ 1,704,404	\$ 53,585,162	\$ (51,806,549)	\$ -	\$ 3,483,017
Third party - operating	127,752	383,755	(482,421)	-	29,086
Provincial - capital	4,362,088	18,008,031	(13,274,281)	(3,195,325)	5,900,513
Third party - capital	1,440,974	152,590	-	(419,782)	1,173,782
	\$ 7,635,218	\$ 72,129,538	\$ (65,563,251)	\$ (3,615,107)	\$ 10,586,398

6. 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.

	2021	2020
Balance - beginning of year	\$198,739,986	\$195,103,264
Additions	28,226,930	19,842,976
Revenue recognized	(16,759,007)	(16,206,254)
Balance - end of year	\$210,207,909	\$198,739,986



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

7. LONG-TERM DEBT

	2021	2020
Demand loan payable to Royal Bank of Canada, bearing interest at 3.31%, repayable in blended monthly principal and interest payments of \$22,073, due January 10, 2025.	\$ 837,520	\$ 1,070,460
Demand loan payable to Royal Bank of Canada, bearing interest at 3.18%, repayable in blended monthly principal and interest payments of \$22,042, due July 8, 2025.	972,997	1,202,703
Demand loan payable to Royal Bank of Canada, bearing interest at 3.39%, repayable in blended monthly principal and interest payment of \$22,390, due December 23, 2025.	1,081,578	1,309,504
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.76%, repayable in blended semi-annual principal and interest payments of \$529,236, due November 15, 2029.	7,328,350	8,013,288
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.56%, repayable in blended semi-annual principal and interest payments of \$399,470, due November 15, 2031.	6,607,617	7,088,733
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.9%, repayable in blended semi-annual principal and interest payments of \$331,482, due March 3, 2033.	5,886,279	6,247,486
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 5.23%, repayable in blended semi-annual principal and interest payments of \$659,390, due April 13, 2035.	12,916,316	13,534,930
Ontario Finance Authority Debenture for Good Places to Learn expenditures, bearing interest at 4.83%, repayable in blended semi-annual principal and interest payments of \$129,343, due March 11, 2036.	2,715,083	2,838,075
Ontario Finance Authority Debenture for Good Places to Learn, Prohibitive to Repair and Capital Priorities expenditures, bearing interest at 3.799%, repayable in blended semi-annual principal and interest payments of \$1,290,173, due March 19, 2038.	31,882,254	33,213,351

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

7. LONG-TERM DEBT (continued)

	2021	2020
Ontario Finance Authority Debenture for Good Places to Learn, Prohibitive to Repair and Capital Priorities expenditures, bearing interest at 4.003% repayable in blended semi-annual principal and interest payments of \$18,692, due March 11, 2039.	473,017	490,927
	\$ 70,701,011	\$ 75,009,457

Principal repayment terms are approximately:

2022	\$ 4,502,000
2023	4,698,000
2024	4,880,000
2025	4,908,000
2026	4,569,000
Thereafter	47,144,011
	\$ 70,701,011



Grand Erie District School Board
Notes to Consolidated Financial Statements
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8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and other employee future benefit liabilities:

	2021	2020
Accrued employee future benefit obligations		
Retirement gratuity plan	\$ 15,439,877	\$ 17,271,429
Retirement life insurance and health care benefits	1,479,472	1,515,887
Workplace Safety and Insurance Board obligations	5,126,020	5,587,992
Sick leave top-up benefits	338,068	200,100
Total employee future benefit liability at August 31	22,383,437	24,575,408

Retirement and other employee future benefit expenses:

Current year benefit cost		
Sick leave top-up benefits	338,068	200,100
Workplace Safety and Insurance Board obligations	204,676	2,062,466
	542,744	2,262,566
Interest on accrued benefit obligation		
Retirement gratuity plan	242,535	371,162
Retirement life insurance and health care benefits	20,679	28,607
Workplace Safety and Insurance Board obligations	74,477	100,915
	337,691	500,684
Plan amendment		
Retirement life insurance and health care benefits	83,684	-
Recognition of unamortized actuarial (gain) loss		
Retirement gratuity plan	212,370	123,598
Retirement life insurance and health care benefits	(63,038)	99,909
Sick leave top-up benefits	111,964	(39,759)
	261,296	183,748
Total employee future benefit expenses	\$ 1,225,415	\$ 2,946,998

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2021 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2019, and based on updated average daily salary and banked sick days as at August 31, 2021. 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:

	2021	2020
	%	%
Inflation		
Retirement gratuity plan	1.5	1.5
Retirement life insurance and health care benefits	5	1.5
Workplace Safety and Insurance Board obligations	2	2
Wage and salary escalation		
Retirement gratuity plan	0	0
Insurance and health care cost escalation		
Health costs	7	7.25
Dental costs	4.5	3.75
Workplace Safety and Insurance Board obligations	4	4
Discount on accrued benefit obligations		
Retirement gratuity plan	1.8	1.4
Retirement life insurance and health care benefits	1.8	1.4

Retirement benefits

Ontario Teachers' Pension Plan

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

Ontario Municipal Employees Retirement System

Qualifying non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2021, the Board contributed \$4,147,179 (2020 - \$3,983,224) to the plan. These contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

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Notes to Consolidated Financial Statements
Year ended August 31, 2021

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

Retirement gratuities

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

Life insurance benefits

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

Health care and dental benefits

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

Other employee future benefits

Workplace Safety and Insurance Board obligations

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

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Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

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

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

Sick leave top-up benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$338,068 (2020 – \$200,100).

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, 2021 and was based on the most recent one full year of Board carry-over sick leave experience (2020-21) since the start of Covid.

9. TANGIBLE CAPITAL ASSETS

COST	2020	Additions	Disposals & Transfers	2021
Land	\$ 4,131,147	\$ -	\$ (677,835)	\$ 4,808,982
Land improvements	19,993,243	2,500,709	-	22,493,952
Buildings	356,151,874	22,115,656	677,835	377,589,695
Portable structures	4,818,792	403,096	1,961,500	3,260,388
Furniture and equipment	4,872,195	727,156	945,874	4,653,477
Computer hardware	6,044,536	1,440,841	4,730,640	2,754,737
Pre-acquisition costs	-	9,443	-	9,443
Capital leased assets	534,779	-	-	534,779
Vehicles	822,908	84,561	-	907,469
	\$397,369,474	\$ 27,281,462	\$ 7,638,014	\$417,012,922



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

9. TANGIBLE CAPITAL ASSETS (continued)

AMORTIZATION	2020	Amortization	Disposals	2021
Land improvements	\$ 7,076,372	\$ 1,568,271	\$ -	\$ 8,644,643
Buildings	163,647,004	12,990,923	-	176,637,927
Portable structures	3,057,560	203,112	1,961,500	1,299,172
Furniture and equipment	2,811,730	467,370	945,874	2,333,226
Computer hardware	3,815,017	2,079,755	4,730,640	1,164,132
Capital leased assets	534,779	-	-	534,779
Vehicles	622,623	94,121	-	716,744
	\$181,565,085	\$ 17,403,552	\$ 7,638,014	\$191,330,623

NET BOOK VALUE	2021	2020
Land	\$ 4,808,982	\$ 4,131,147
Land improvements	13,849,309	12,916,871
Buildings	200,951,768	192,504,870
Portable structures	1,961,216	1,761,232
Furniture and equipment	2,320,251	2,060,465
Computer hardware	1,590,605	2,229,519
Pre-acquisition costs	9,443	-
Vehicles	190,725	200,285
	\$225,682,299	\$215,804,389

10. DEBT CHARGES AND CAPITAL LOAN INTEREST

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

	2021	2020
Principal payments on long-term debt	\$ 4,308,447	\$ 4,128,921
Interest payments on long-term debt	3,205,193	3,384,719
	\$ 7,513,640	\$ 7,513,640



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

11. ACCUMULATED SURPLUS

Accumulated surplus (deficit) consists of the following:

	2021	2020
Surplus (deficit):		
Invested in non-depreciable tangible capital assets	\$ 4,808,982	\$ 4,131,147
Employee future benefits	(3,342,125)	(5,813,557)
School generated funds	3,492,071	3,714,672
Accumulated surplus	5,998,357	3,283,733
	\$ 10,957,285	\$ 5,315,995

12. EXPENSES BY OBJECT

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

	2021 Budget	2021 Actual	2020 Actual
Salary and wages	\$225,629,288	\$226,587,661	\$219,325,116
Employee benefits	35,678,668	37,622,149	37,033,228
Staff development	920,207	826,623	514,812
Supplies and services	27,195,383	20,625,519	22,478,382
Interest charges on capital	3,297,696	3,205,193	3,384,719
Rental expenses	117,000	86,621	114,066
Fees and contract services	21,750,671	21,519,896	18,515,393
Amortization and loss on disposal of tangible capital assets and assets held for sale	18,406,425	17,403,552	16,909,229
Transfer to other boards	-	66,985	-
Other	531,589	644,090	707,208
Provision for contingencies	1,400,094	10,814,283	-
	\$334,927,021	\$339,402,572	\$318,982,153

13. TRUST FUNDS

Trust funds administered by the Board amounting to \$1,318,823 (2020 - \$1,218,035) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

14. EDUCATIONAL SERVICES TRANSFERS

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

	2021	2020
Indigenous Services Canada (Six Nations)		
Educational services - secondary	\$ 4,427,620	\$ 4,797,929
Educational services - reciprocal education agreement	53,940	-
Special services agreement - educational counsellor/native advisor	470,084	476,900
Special services agreement - high cost special secondary	700,000	600,000
Other	228,039	164,648
	5,879,683	6,039,477
The Mississaugas of the Credit First Nations		
Educational services - secondary	451,621	548,409
Special services agreements	6,562	41,344
	458,183	589,753
Jordan's Principle		
Educational services	57,622	-
Marten Falls		
Educational services - secondary	6,884	-
Total	\$ 6,402,372	\$ 6,629,230

15. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

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



Grand Erie District School Board
Notes to Consolidated Financial Statements
Year ended August 31, 2021

16. CONTRACTUAL OBLIGATIONS

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

2022	\$ 4,678,000
2023	4,100,000
2024	3,498,000
2025	3,340,000
2026	3,871,000

\$ 19,487,000

The Board had \$611,625 in letters of credit outstanding with the bank as at August 31, 2021 (2020 - \$611,625), which were required for security on some of the construction projects.

17. EXTRAORDINARY EVENT

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national, and global economies.

As at date of issuance of the consolidated financial statements, the Board is aware of changes in its operations as a result of the COVID-19 crisis.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Board's operations as at the date of these financial statements.

18. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

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



Grand Erie District School Board
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19. IN-KIND TRANSFERS FROM THE MINISTRY OF GOVERNMENT AND CONSUMER SERVICES

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$889,453 with expenses based on use of \$889,453 for a net impact of \$NIL.

20. PARTNERSHIP IN TRANSPORTATION CONSORTIUM

	2021		2020	
	Total	Board portion	Total	Board portion
Financial position:				
Financial assets	\$ 269,346	\$ 269,346	\$ 178,129	\$ 178,129
Liabilities	(269,346)	(269,346)	(178,129)	(178,129)
Accumulated surplus (deficit)				
	-	-	-	-
Operations:				
Revenues	19,268,092	13,099,278	17,351,583	11,989,654
Expenses	(19,268,092)	(13,099,278)	(17,351,583)	(11,989,654)
Annual surplus (deficit)				
	\$ -	\$ -	\$ -	\$ -

Transportation consortium

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

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



Grand Erie District School Board
Notes to Consolidated Financial Statements
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21. CONTINGENT LIABILITY

The Board has been named as the defendant in certain legal actions, in which damages have been sought. Not all legal actions may be covered by insurance and any losses arising from these actions are recorded in the year that the related litigation is settled or when any likely amounts are measurable. Where the outcomes of actions are not determinable as at August 31, 2021, no provision has been made in the consolidated financial statements.

There is one specific claim outstanding as at August 31, 2021 where an amount has been accrued in these financial statements. The accrued amount is based upon information available to management as at the audit report date. The nature of this claim deals with a legal settlement issue. As this claim is currently being litigated, any further disclosure of the nature of the claim, as well as disclosure of the extent of the contingent liability, could have an adverse affect on the outcome, and as such, no further disclosure is provided herein. It is anticipated that this matter will be resolved in fiscal 2022. Any difference from the final amount settled and the amount accrued in these financial statements, with respect to this claim, will be recorded in the year the claim is settled.

