



**FINANCIAL**

**STATEMENTS**

**2019 - 2020**

## MANAGEMENT REPORT

### Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Keewatin-Patricia District School 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 judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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



**Sherri-Lynne Pharand**  
Director of Education



**Richard Findlay**  
Chief Financial Officer

January 12, 2021



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## Independent Auditor's Report

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### To the Board of Trustees of Keewatin-Patricia District School Board

#### Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group as at and for the year ended August 31, 2020 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

#### Basis for Qualified Opinion

In common with many school boards, the Group derives revenues from school fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Group. Therefore, we were not able to determine whether any adjustments might be necessary to school generated funds revenues, annual surplus, financial assets and accumulated surplus for the year ended August 31, 2020, financial assets as August 31, 2020, and accumulated surplus as at August 31, 2020.

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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Report on the 2019-2020 Audited Financial Statements.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained the Management's Report on the 2019-2020 Audited Financial Statements prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario  
January 12, 2021

August 31, 2020

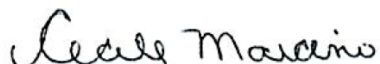
**Consolidated Financial Statements**  
(in thousands of dollars)

**Consolidated Statement of Financial Position**  
**As at August 31**

	<b>2020</b>	<b>2019</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	3,571	5,244
Accounts receivable (Note 2,3)	43,743	51,135
Other	66	135
<b>TOTAL FINANCIAL ASSETS</b>	<b>47,380</b>	<b>56,514</b>
<b>LIABILITIES</b>		
Temporary borrowing (Note 9)	122	8,192
Accounts payable and accrued liabilities (Note 4)	11,669	14,886
Long term debt (Note 8)	21,841	24,178
Deferred revenue (Note 5)	2,427	2,201
Employee benefits payable (Note 7)	3,471	3,847
Deferred capital contributions (Note 6)	104,630	101,300
<b>TOTAL LIABILITIES</b>	<b>144,160</b>	<b>154,604</b>
<b>NET DEBT</b>	<b>(96,780)</b>	<b>(98,090)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	248	63
Tangible capital assets (Note 13)	127,551	124,872
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>127,799</b>	<b>124,935</b>
<b>ACCUMULATED SURPLUS</b> (Note 14)	<b>31,019</b>	<b>26,845</b>

Signed On Behalf Of The Board On January 12, 2021

  
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Signature of Chief Executive Officer

  
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Signature of Chair of the Board

**August 31, 2020**

**Consolidated Financial Statements**  
(in thousands of dollars)

**Consolidated Statement of Operations**  
**For the year ended August 31**

	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>REVENUES</b>			
Provincial grants - Grants for Student Needs	68,545	<b>68,119</b>	68,922
Provincial grants - Other	1,666	<b>3,158</b>	3,398
Local taxation	14,759	<b>13,907</b>	14,564
School generated funds	2,340	<b>1,639</b>	2,359
Federal grants and fees	6,300	<b>7,208</b>	6,994
Investment income	0	<b>33</b>	74
Other revenues - school boards	0	<b>49</b>	190
Other fees and revenues	1,342	<b>1,526</b>	2,206
<b>TOTAL REVENUE</b>	<b>94,952</b>	<b>95,639</b>	<b>98,707</b>
<b>EXPENSES</b>			
Instruction	67,263	<b>64,324</b>	67,688
Administration	4,145	<b>4,523</b>	4,809
Transportation	5,228	<b>4,706</b>	5,107
Pupil accommodation	14,427	<b>15,056</b>	15,438
School generated funds	2,340	<b>1,560</b>	2,550
Other	1,353	<b>1,296</b>	1,477
<b>TOTAL EXPENSES</b>	<b>94,756</b>	<b>91,465</b>	<b>97,069</b>
<b>Annual Surplus</b>	196	<b>4,174</b>	1,638
<b>Accumulated Surplus at beginning of year</b>	27,460	<b>26,845</b>	25,207
<b>Accumulated Surplus at end of year</b>	<b>27,656</b>	<b>31,019</b>	<b>26,845</b>

August 31, 2020

**Consolidated Financial Statements**  
(in thousands of dollars)

**Consolidated Statement of Cash Flows**  
**For the year ended August 31**

	2020	2019
<b>OPERATING TRANSACTIONS</b>		
Annual Surplus	4,174	1,638
<b>Items not involving cash</b>		
Amortization of tangible capital assets	6,514	5,837
Deferred capital contributions revenue	(5,420)	(4,711)
Loss on disposal of tangible capital assets	18	0
<b>Change in non-cash assets and liabilities</b>		
Accounts receivable	(3,175)	(4,352)
Accounts receivable – delayed grant payment	2,418	(12,571)
Other financial assets	69	(70)
Accounts payable and accrued liabilities	(3,217)	5,830
Deferred revenue	(215)	(517)
Employee future benefits payable	(376)	(292)
Prepaid expenses	(185)	(12)
	<u>605</u>	<u>(9,220)</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(9,211)	(26,033)
<b>Cash provided by (applied to) capital transactions</b>	<u>(9,211)</u>	<u>(26,033)</u>
<b>FINANCING TRANSACTIONS</b>		
Temporary borrowing	(8,070)	7,236
Debt repaid	(2,337)	(2,261)
Accounts receivable - Government of Ontario - Approved Capital	8,149	(1,309)
Deferred capital contributions	8,750	24,128
Deferred revenues - capital	441	(1,396)
<b>Cash provided by (applied to) financing transactions</b>	<u>6,933</u>	<u>26,398</u>
<b>Decrease (increase) in Cash and Cash Equivalents</b>	<u>(1,673)</u>	<u>(8,855)</u>
<b>Opening Cash and Cash Equivalents</b>	<u>5,244</u>	<u>14,099</u>
<b>Closing Cash and Cash Equivalents</b>	<u><u>3,571</u></u>	<u><u>5,244</u></u>



August 31, 2020

**Consolidated Financial Statements**  
(in thousands of dollars)

**Consolidated Statement of Change in Net Debt**  
**For the year ended August 31**

	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
Annual Surplus	196	<b>4,174</b>	1,638
<b>TANGIBLE CAPITAL ASSET ACTIVITY</b>			
Acquisition of tangible capital assets	(28,010)	<b>(9,211)</b>	(26,033)
Amortization of tangible capital assets	4,896	<b>6,514</b>	5,837
Proceeds on sale of tangible capital assets	0	<b>18</b>	0
<b>Total tangible capital asset activity</b>	<b>(22,918)</b>	<b>(2,679)</b>	(20,196)
<b>OTHER NON-FINANCIAL ASSET ACTIVITY</b>			
Acquisition of prepaid expenses	0	<b>(245)</b>	(91)
Use of prepaid expenses	0	<b>61</b>	79
<b>Total other non-financial asset activity</b>	<b>0</b>	<b>(185)</b>	(12)
<b>Decrease (increase) in net debt</b>	<b>(22,918)</b>	<b>1,310</b>	(18,570)
<b>Net debt at beginning of year</b>	<b>(98,090)</b>	<b>(98,090)</b>	(79,520)
<b>Net debt at end of year</b>	<b>(121,008)</b>	<b>(96,780)</b>	(98,090)

**August 31, 2020**

**Notes to Consolidated Financial Statements**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

All amounts referenced in these notes and financial statements are in thousands (000's) of Canadian dollars unless otherwise noted.

**a) 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;

**August 31, 2020**

## **Notes to Consolidated Financial Statements**

- 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.

### **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.

Northwestern Ontario Student Services Consortium is accounted for on a proportional consolidated basis, whereby each participating board reports its pro-rata share of the assets, liabilities, revenues and expenses of the consortium that are subject to shared control, combined on a line-by-line basis with similar line items.

Consolidated entities –  
Northwestern Ontario Student Services Consortium  
School Generated Funds

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

### **c) Trust Funds**

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

### **d) Cash and Cash Equivalents**

Cash and cash equivalents comprise 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.

**August 31, 2020**

**Notes to Consolidated Financial Statements**

**e) 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.

**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 assets received or receivable for use in providing services, shall be recognized as deferred capital contribution 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:

- a. Government transfers received or receivable for capital purpose
- b. Other restricted contributions received or receivable for capital purpose
- c. 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, and health care benefits, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Association the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: ETFO, OSSTF, CUPE and a trust for non-unionized employees including principals and vice-principals. The following ELHTs were established in 2017-2018: CUPE and a trust for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to the member employees.

These benefits are 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 some retired individuals.

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

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**Notes to Consolidated Financial Statements**

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.

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

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.

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

**h) 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.

**August 31, 2020**

**Notes to Consolidated Financial Statements**

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

<b>Asset</b>	<b>Estimated Useful Life in Years</b>
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

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

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

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

**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 (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same period as the asset is amortized.

**August 31, 2020**

**Notes to Consolidated Financial Statements**

**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. 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.

**l) Use of Estimates**

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1a requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include allowances for doubtful accounts receivable, useful lives of tangible capital assets and liabilities for retirement and other employee future benefits. Actual results could differ from these estimates.

**m) 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 Legislative Grants.

**August 31, 2020**

**Notes to Consolidated Financial Statements**

**2. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO**

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognized 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 \$19,927 as at August 31, 2020 (2019 - \$28,076) 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, 2020 is \$12,691 (2019 - \$15,109).

**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 \$3,478 (2019 - \$1,808) and has been included in accounts receivable on the statement of financial position. This amount will be recovered fully by the Board in the following school year.

**4. 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 \$3,658 (2019 - \$0). This amount will be recovered by the Province in 2021.



August 31, 2020

Notes to Consolidated Financial Statements

**5. 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.

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

	Balance as at August 31, 2019	Externally restricted revenue and investment income	Transfers to deferred capital contributions	Transfers to revenue	Balance as at August 31, 2020
Proceeds of Disposition	258	0	0	0	258
Minor Tangible Capital Assets	0	1,897	309	1,588	0
School Renewal	1,041	1,789	1	1,439	1,390
Retrofitting school space for child care	84	0	0	0	84
Other - Capital	385	1,208	0	1,116	477
Other - Operating	433	14,906	0	15,121	218
<b>Total Deferred Revenue</b>	<b>2,201</b>	<b>19,800</b>	<b>310</b>	<b>19,264</b>	<b>2,427</b>

**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.

	2020	2019
Balance, beginning of year	101,300	81,883
Additions to deferred capital contributions	8,750	24,128
Revenue recognized in the period	(5,420)	(4,711)
<b>Balance, end of year</b>	<b>104,630</b>	<b>101,300</b>

August 31, 2020

Notes to Consolidated Financial Statements

**7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS**

Retirement and Other Employee Future Benefit Liabilities	2020		2019	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued Employee Future Benefit Obligations (ABO) at August 31	3,241	617	3,858	4,228
Unamortized Actuarial Gains (Losses) at August 31	(387)	0	(387)	(381)
<b>Employee Future Benefits Liability at August 31</b>	<b>2,854</b>	<b>617</b>	<b>3,471</b>	<b>3,847</b>

Retirement and Other Employee Future Benefit Expenses	2020		2019	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Amortized (gain) loss	76	(31)	45	34
Current Year Benefit Cost	0	175	175	205
Interest Accrued	67	11	78	120
<b>Employee Future Benefits Expenses<sup>1</sup></b>	<b>143</b>	<b>155</b>	<b>298</b>	<b>359</b>

<sup>1</sup> Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

**August 31, 2020**

**Notes to Consolidated Financial Statements**

**Actuarial Assumptions**

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2012 for frozen retirement gratuities and grandfathered subsidized post-retirement benefits and as at August 31, 2019 for sick leave carry-over benefits (date actuarial probabilities were determined) 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:

	<b>2020</b>	<b>2019</b>
	%	%
Inflation	1.50	1.50
Wage and salary escalation	1.40	2.00
WSIB discount rate	1.40	2.00
Insurance, health and dental care cost escalation	1.5 – 7.0	3.0 – 7.25
Discount on accrued benefit obligations	1.40	2.00

**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.

(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 \$1,412 (2019 - \$1,518) 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.

The OMERS pension plan has approximately 500,000 members and approximately 1,000 employers. At December 31, 2019, the estimated accrued pension obligation for all members (including survivors) of the Plan was \$106,443 million (2018 - \$99,058 million). The resulting funding surplus was \$1,531 million at December 31, 2019 (2018 - \$(2,709)

**August 31, 2020**

**Notes to Consolidated Financial Statements**

million deficit). The actuary does not attribute portions of the unfunded liability to individual employers. The Board contributions equal the employee contributions to the plan.

(iii) Retirement Gratuities

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

(iv) Retirement Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to a certain employee group after retirement until the members reach 65 years of age. 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. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

**Other Employee Future Benefits**

(i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such provision.

(ii) Long-Term Disability

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

(iii) 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 2020 are \$60 (2019 - \$59).

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**Notes to Consolidated Financial Statements**

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2020 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2020.

**8. LONG TERM DEBT**

Debenture debt and capital loans reported on the Consolidated Statement of Financial Position comprises of the following:

<b>Capital Loans</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>2020</b>	<b>2019</b>
TD Canada Trust				
Loan #7 - monthly payments of \$146	6/30/23	3.000%	4,753	6,334
Ontario Financing Authority				
Loan #1 - semi-annual payment of \$142	11/17/31	4.560%	2,511	2,674
Loan #2 - semi-annual payments of \$64	3/03/33	4.900%	1,197	1,263
Loan #3 - semi-annual payments of \$37	3/13/34	5.062%	722	757
Loan #4 - semi-annual payments of \$30	3/09/37	3.564%	761	794
Loan #5 - semi-annual payments of \$462	3/19/38	3.799%	11,897	12,356
<b>Balance as at August 31</b>			<b>21,841</b>	<b>24,178</b>

Principal and interest payments relating to net debenture debt and capital loans outstanding as at August 31, 2020 are due as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	2,418	801	3,219
2022	2,500	719	3,219
2023	2,296	634	2,930
2024	890	578	1,468
2025	927	541	1,468
Thereafter	12,810	3,247	16,057
<b>Total</b>	<b>21,841</b>	<b>6,520</b>	<b>28,361</b>

**9. TEMPORARY BORROWING**

The Board has an operating line of credit with a Canadian financial institution. The maximum drawing is \$12 million to address operating requirements. Interest is payable on the operating line at prime less 0.75% on loans and 0.25% on bankers' acceptances. At year end, nothing was drawn on the operating line. The Board also had an interim construction facility consisting of bankers' acceptances to a maximum of \$8,067 which

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**Notes to Consolidated Financial Statements**

was due no later than June 2020 and cannot be redrawn. At year-end, \$0 (2019 - \$8,067) was drawn on this facility. Interest was payable at prime less 0.75% on loans and 0.40% on bankers' acceptances under the construction facility. The Board has temporary borrowing of \$122 (2019 - \$125) for credit cards as at August 31, 2020.

**10. DEBT CHARGES AND CAPITAL LOANS INTEREST**

	<b>2020</b>	<b>2019</b>
Principal payments on long-term liabilities	2,337	2,262
Interest payments on long-term liabilities	882	957
	<b>3,219</b>	<b>3,219</b>

**11. EXPENSES BY OBJECT**

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

	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>Expenses:</b>			
Salary and wages	60,276	57,331	59,970
Employee benefits	10,251	9,946	10,270
Staff development	373	359	447
Supplies and services	9,244	8,015	10,940
Interest charges on capital	868	872	948
Rental expenses	187	258	181
Fees and contract services	7,816	6,812	7,551
Other	846	1,358	925
Amortization of tangible capital assets	4,895	6,514	5,837
	<b>94,756</b>	<b>91,465</b>	<b>97,069</b>

**12. BOARD PERFORMS DUTIES OF A MUNICIPAL COUNCIL**

The Board performs the duties of levying and collecting taxes, conducting elections of members, etc. in territory without municipal organization. The outlay by the Board in 2020 in respect of performing duties of municipal council is reported by area in a separate statement.

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**Notes to Consolidated Financial Statements**

Since January 1, 2009, the City of Thunder Bay collects the taxes in territory without municipal organization on behalf of the Board.

Certain costs are recoverable through a levy on all rateable property in the area and other approved costs are recoverable through an offset to the local taxation revenue.

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Notes to Consolidated Financial Statements

### 13. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Balance September 1, 2019	Additions and Transfers	Disposals	Balance August 31, 2020	Balance September 1, 2019	Amortization	Disposals, Write-offs, Adjustments	Balance August 31, 2020	Balance August 31, 2020	Balance August 31, 2019
Land	2,272	0	0	2,272	0	0	0	0	2,272	2,272
Land Improvements	6,629	13	0	6,642	2,368	438	0	2,806	3,836	4,261
Buildings	170,949	8,889	0	179,838	54,593	5,537	0	60,130	119,708	116,356
Furniture and Equipment	3,700	239	0	3,939	2,304	419	0	2,723	1,216	1,396
Vehicles	805	70	(109)	766	614	62	(91)	585	181	191
Leasehold improvements	575	0	0	575	179	58	0	237	338	396
Construction in Progress	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>184,930</b>	<b>9,211</b>	<b>(109)</b>	<b>194,032</b>	<b>60,058</b>	<b>6,514</b>	<b>(91)</b>	<b>66,481</b>	<b>127,551</b>	<b>124,872</b>

#### a) Assets under construction

Assets under construction having a value of \$0 (2019 - \$0) have not been amortized. Amortization of these assets will commence when the asset is put into service.

#### b) Write-down of Tangible Capital Assets

The write-down of tangible capital assets during the year was \$nil (2019 - \$nil).

#### c) Asset inventories for resale (assets permanently removed from service)

The Board has not identified properties that qualify as “assets permanently removed from service”.



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**Notes to Consolidated Financial Statements**

**14. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2020	2019
<b>Surplus</b>		
Operating accumulated surplus	9,609	5,765
Amounts internally designated for future use	18,908	19,451
Employee future benefits	(811)	(1,600)
School Generated Funds	1,249	1,170
Other	2,064	2,059
<b>Accumulated Surplus</b>	<b>31,019</b>	<b>26,845</b>

**15. TRUST FUNDS**

Trust funds administered by the Board amounting to \$307 (2019 - \$309) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

**16. 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 \$24,000 per occurrence.

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

**17. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES**

The Board has a contractual obligation through the Northwestern Ontario Student Services Consortium for transportation services with various providers to July 31, 2019. The Consortium has elected to invoke the mutual agreement clause to extend the transportation contract to July 2021. The value of the contract and portion attributable to the Board fluctuates year to year based on ridership and the routes added or subtracted. For 2020 - 2021, the contracts are valued at \$7,172 of which \$4,948 is estimated to be attributed to the Board.

Various proceedings and claims have been filed against the Board. The Board reviews the validity of these claims and proceedings and management believes any settlement would be adequately covered by its insurance policies and would not have a material effect on the consolidated financial position or future consolidated results of operations of the Board. Accordingly, no provision has been made in these consolidated financial statements for any

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**Notes to Consolidated Financial Statements**

liability that may result. Any losses arising from these actions will be recorded in the year that the related litigation is settled.

At year end, the following contracts are in place:

<b>Project</b>	<b>Contract Description</b>	<b>Estimated Cost</b>	<b>Percent Complete</b>
Beaver Brae SS	Capital Renovation	6,270 + net HST	91%
Beaver Brae SS	Capital Renovation	210 + net HST	36%
Beaver Brae SS	Client / Architect Agreement	765 + net HST	90%
Dryden High School	Co-generation Boiler Plant	952 + net HST	89%
Ear Falls PS	Capital Renovation	6,569 + net HST	97%
Ear Falls PS	Client / Architect Agreement	719 + net HST	97%
Evergreen PS	Client / Architect Agreement	160 + net HST	57%
Evergreen PS	Capital Renovation	1,192 + net HST	8%
Golden Learning Centre	Mechanical Upgrades	1,370+ net HST	15%
Keewatin PS	Client / Architect Agreement	108 + net HST	40%
Lillian Berg PS	Water Infrastructure	273 + net HST	95%
New Prospect	Roofing Replacement	935 + net HST	69%
Red Lake DHS	HVAC Retrofit	2,987 + net HST	12%
Sioux Mountain PS	Roofing replacement	1,226 + net HST	96%
System	Tunable LED lighting Phase IV	618 + net HST	99%
System	Tunable LED lighting Phase III	744 + net HST	90%
System	Facility LED lighting retrofit	1,534 + net HST	0%

**18. SEGMENTED INFORMATION**

The Keewatin-Patricia District School Board is a government institution that provides primarily education services. No additional disclosure on a segmented basis was considered necessary as the Board considers all the services and activities they provide to be encompassed in the segment of education.

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Notes to Consolidated Financial Statements

**19. PARTNERSHIP IN NORTHWESTERN ONTARIO STUDENT SERVICES CONSORTIUM**

Effective the first day of the 2010-11 school year, the Board entered into an agreement with Kenora Catholic District School Board and The Northwest Catholic District School Board and Conseil Scolaire de District Catholique des Aurores Boreales 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 Northwestern Ontario Student Services Consortium 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 following provides condensed financial information.

	<b>2020</b>		<b>2019</b>	
	<b>Total</b>	<b>Board Portion</b>	<b>Total</b>	<b>Board Portion</b>
<b>Financial Position:</b>				
Financial Assets	19	12	18	11
Liabilities	19	12	18	11
<b>Accumulated Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operations:</b>				
Revenues	6,306	4,328	6,584	4,597
Expenses	6,306	4,328	6,584	4,597
<b>Annual Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## Notes to Consolidated Financial Statements

### 20. REPAYMENT OF “55 SCHOOL BOARD TRUST” FUNDING

On June 1, 2003, the Board received \$9,353 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.

### 21. IMPACT OF COVID-19

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

The Ontario Ministry of Education has provided new funding and authorized the redirection of existing funding towards the costs related to implementing safe reopening measures and procuring personal protective equipment. As at the audit report date, the Board has incurred costs of \$1,021 related to these initiatives.

Schools have physically re-opened in September 2020 but at reduced capacity due to virtual learning options offered.

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