

Consolidated Financial Statements of

**UPPER GRAND DISTRICT
SCHOOL BOARD**

And Independent Auditors' Report thereon

Year ended August 31, 2020



MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

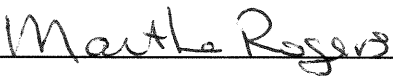
The accompanying consolidated financial statements of the Upper Grand District School Board (the School Board) are the responsibility of the School Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2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


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

The Audit Committee of the School 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 approval by the Board of Trustees of the consolidated financial statements.

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



Martha Rogers, Director of Education
& Secretary-Treasurer



Glen Regier, Superintendent of Finance

November 24, 2020

Upper Grand District School Board

- | | | | | |
|---------------------------------------|---------------|--------------|-------------------|-----------------|
| • Martha MacNeil; Chair | • Mark Bailey | • Jolly Bedi | • Linda Busuttill | • Gail Campbell |
| • Barbara Lustgarten Evoy; Vice-Chair | • Jen Edwards | • Mike Foley | • Robin Ross | • Lynn Topping |



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Upper Grand District School Board

Opinion

We have audited the consolidated financial statements of Upper Grand District School Board (the "School Board"), which comprise:

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

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School Board as at August 31, 2020, and its results of operations and accumulated surplus, changes in net debt and its cash flows for the year then ended in accordance with the basis of accounting described in note 1(a) to the 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

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

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



Emphasis of Matter

Without modifying our opinion, we draw attention to note 1(a) to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

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

- 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 School 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 School 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the School Board's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

November 24, 2020

UPPER GRAND DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2020, with comparative information for 2019

	2020	2019
Financial Assets		
Cash	\$ 52,053,551	\$ 31,637,190
Cash - school activity funds (note 2)	4,672,266	4,527,635
Accounts receivable (note 3)	78,382,290	44,352,873
Accounts receivable - Government of Ontario approved capital (note 4)	116,646,260	121,533,006
Total financial assets	251,754,367	202,050,704
Financial Liabilities		
Accounts payable and accrued liabilities (note 5)	76,679,082	38,069,179
Deferred revenue (note 6)	14,842,155	10,729,400
Deferred capital contributions (note 7)	321,992,736	323,951,307
Retirement and other employee future benefit liabilities (note 8)	7,829,291	7,833,625
Net long-term debt (note 9)	110,845,946	118,657,052
Total financial liabilities	532,189,210	499,240,563
Net debt	(280,434,843)	(297,189,859)
Non-Financial Assets		
Prepaid expenses	1,125,821	5,701,590
Tangible capital assets (note 11)	376,910,610	378,742,084
Total non-financial assets	378,036,431	384,443,674
Contractual obligations and contingent liabilities (note 14)		
Impact due to COVID-19 (note 19)		
Accumulated surplus (note 16)	\$ 97,601,588	\$ 87,253,815

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Chair of the Board

_____ Director of Education and Secretary-Treasurer

UPPER GRAND DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

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

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Government of Ontario grants:			
Grants for Student Needs	\$ 393,891,424	\$ 388,527,901	\$ 395,016,581
Other	2,335,196	4,414,193	5,888,676
Amortization of deferred capital contributions (note 7)	17,710,196	17,435,605	16,580,822
Federal grants and fees	1,146,511	1,142,241	1,183,507
Other fees and revenue	5,853,554	7,773,997	8,911,989
School fundraising and other revenue	11,400,000	6,124,860	11,103,473
Investment income	874,359	1,104,381	1,224,217
Total revenue	433,211,240	426,523,178	439,909,265
Expenses (note 12)			
Instruction	332,443,527	319,600,968	332,731,404
Administration	10,265,919	11,237,346	11,128,138
Transportation	20,176,952	19,910,933	20,115,248
Pupil accommodation	61,626,554	58,394,082	59,492,541
School funded activities	11,400,000	6,049,694	10,796,554
Other	966,270	982,382	1,189,340
Total expenses	436,879,222	416,175,405	435,453,225
Annual surplus (deficit)	(3,667,982)	10,347,773	4,456,040
Accumulated surplus, beginning of year		87,253,815	82,797,775
Accumulated surplus, end of year		\$ 97,601,588	\$ 87,253,815

See accompanying notes to consolidated financial statements.

UPPER GRAND DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

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

	2020	2019
Annual surplus	\$ 10,347,773	\$ 4,456,040
Tangible capital asset activity		
Acquisition of tangible capital assets	(15,894,701)	(17,934,622)
Amortization of tangible capital assets	17,726,175	17,077,685
Total tangible capital asset activity	1,831,474	(856,937)
Other non-financial asset activity		
Acquisition of prepaid expenses	(1,683,728)	(5,670,314)
Use of prepaid expenses	6,259,497	9,705,510
Total other non-financial asset activity	4,575,769	4,035,196
Decrease in net debt	16,755,016	7,634,299
Net debt, beginning of year	(297,189,859)	(304,824,158)
Net debt, end of year	\$ (280,434,843)	\$ (297,189,859)

See accompanying notes to consolidated financial statements.

UPPER GRAND DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

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

	2020	2019
Sources and (uses)		
Operating transactions		
Annual surplus	\$ 10,347,773	\$ 4,456,040
Items not involving cash:		
Amortization of tangible capital assets	17,726,175	17,077,685
Amortization of deferred capital contributions	(17,435,605)	(16,580,822)
Retirement and other employee future benefits liabilities	(4,334)	(590,759)
Changes in non-cash assets and liabilities:		
Accounts receivable	(34,029,417)	(24,257,982)
Accounts payable and accrued liabilities	38,609,903	2,136,519
Deferred revenue - operating	839,425	(1,510,130)
Prepaid expenses	4,575,769	4,035,196
Increase (decrease) in cash from operating transactions	20,629,689	(15,234,253)
Capital transactions		
Cash used to acquire tangible capital assets	(15,894,701)	(17,934,622)
Decrease in cash from capital transactions	(15,894,701)	(17,934,622)
Financing transactions		
Accounts receivable - Government of Ontario approved capital	4,886,746	11,878,574
Additions to deferred capital contributions	15,477,034	16,706,148
Debt repayments and sinking fund contributions	(7,811,106)	(7,642,870)
Deferred revenue – capital	3,273,330	(227,601)
Increase in cash from financing transactions	15,826,004	20,714,251
Increase (decrease) in cash and cash equivalents	20,560,992	(12,454,624)
Cash and cash equivalents, beginning of year	36,164,825	48,619,449
Cash and cash equivalents, end of year	\$ 56,725,817	\$ 36,164,825

The components of cash and cash equivalents are as follows:

	2020	2019
Cash	\$ 52,053,551	\$ 31,637,190
Cash - school activity funds	4,672,266	4,527,635
	\$ 56,725,817	\$ 36,164,825

See accompanying notes to consolidated financial statements.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

1. Significant accounting policies:

The consolidated financial statements for Upper Grand District School Board (the School Board) are prepared by management in accordance with the basis of accounting described below.

(a) Basis of accounting:

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

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

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

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

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

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

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

1. Significant accounting policies (continued):

(b) Reporting entity:

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

Service de Transport de Wellington-Dufferin Student Transportation Services (STWDSTS) is a separately incorporated transportation consortium of five member school boards operating through an agreement, whereby certain costs are shared. As a result, the proportionate amounts of STWDSTS' assets, liabilities, revenues and expenses have been consolidated with the School Board's financial statements.

Interdepartmental and interorganizational transactions and balances between these organizations are eliminated.

(c) Trust funds:

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

(d) 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.

(e) Deferred capital contributions:

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

- (i) government transfers received or receivable for capital purposes
- (ii) other restricted contributions received or receivable for capital purposes
- (iii) property taxation revenues which were historically used to fund capital assets

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

1. Significant accounting policies (continued):

(f) Retirement and other employee future benefits:

The School Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuities, workers' compensation, short-term leave and disability plan and long-term disability benefits. The School Board accrues its obligation for these employee benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and Ontario Secondary School Teachers' Federation (OSSTF) which includes: teachers, Office Clerical and Technical (OCT), Professional Student Service Personnel (PSSP), Educational Assistant (EA), Special Program Assistant (SPA), Designated Early Childhood Educator (DECE) employee groups. The following ELHTs were established in 2017-2018: Canadian Union of Public Employees (CUPE) and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff. Currently ONE-T ELHTs also provide benefits to individuals who retired prior to the school board's participation date into the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. School 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.

The School Board continues to provide health, dental and life insurance benefits for a small group of retired individuals up until they obtain the age of 65. This group of 7 individuals was previously represented by Ontario Principals Council (OPC) and Senior Administration.

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

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

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

1. Significant accounting policies (continued):

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

(iii) The costs of 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. Actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group. The average remaining service period of the active employees covered by the retirement gratuities plan is 4.56 years (2019 - 5.56 years).

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

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

(g) Government transfer payments:

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

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

(h) 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.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

1. Significant accounting policies (continued):

(i) 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:

Asset	Estimated useful life
Land improvements with finite lives	15 years
Buildings	40 years
Other buildings	20 years
Portable structures	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5-15 years
Computer hardware and software	5 years
Vehicles	5-10 years

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

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service 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" in the Consolidated Statement of Financial Position.

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

(j) Long-term debt:

Long-term debt is recorded net of related sinking fund asset balances.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

1. Significant accounting policies (continued):

(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.

The School Board approves its budget annually. The approved operating budget for 2019-2020 is reflected on the Consolidated Statement of Operations and Accumulated Surplus; the budget was approved on June 25, 2019. As the School Board only prepared a budget for the consolidated statement of operations the budget figures in the consolidated statement of change in net debt have not been provided.

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(a) requires management to make estimates and assumptions that affect the reported 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. Significant items subject to such estimates and assumptions, include the carrying value of estimating provisions for accrued liabilities, tangible capital assets and valuation of obligations related to employee future benefits. Actual results could differ from these estimates.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

(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 School Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

(n) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the organization is directly responsible or accepts responsibility for the liability

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

1. Significant accounting policies (continued):

(n) Contaminated sites (continued):

(iv) future economic benefits will be given up, and

(iv) a reasonable estimate of the liability can be made.

2. Cash - school activity funds:

This balance consists of cash held by various organizations that exist at the school level.

3. Accounts receivable:

Accounts receivable consists of the following:

	2020	2019
Government of Canada	\$ 1,810,638	\$ 1,717,216
Government of Ontario	39,047,757	27,656,418
Municipalities	36,297,866	14,189,122
Other school boards	68,671	42,648
Other	1,157,358	747,469
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	\$ 78,382,290	\$ 44,352,873

The Ministry introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2020 is \$39,047,757 (2019 - \$26,366,393).

Due to the response to COVID-19, the Province of Ontario (Province) extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the School Board. This amount for the School Board was \$36,297,866 and has been included in accounts receivable on the statement of financial position. This amount will be recovered fully by the School Board in the following school year.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

4. Accounts receivable - Government of Ontario approved capital:

The Province replaced variable capital funding with a one-time debt support grant in 2009-10. The 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 School Board receives this grant in cash over the remaining term of the existing capital debt instruments. The School Board may also receive yearly capital grants to support capital programs which would be reflected in this accounts receivable.

The School Board has an accounts receivable from the Province of \$116,646,260 (2019 - \$121,533,006) as at August 31, 2020 with respect to capital grants.

5. Accounts payable:

Due to the response to COVID-19, the Province extended the deadlines for municipalities to pay EPT amounts to the School 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 School Board in the 2019-20 Revised Estimates. This amount for the School Board was \$25,933,682. This amount will be recovered by the Province in 2021.

Included in accounts payable and accrued liabilities is an amount payable to the Government of Ontario of \$41,673,118 (2019 - \$4,712,065).

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

6. Deferred revenue:

Revenues received that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement is comprised of:

	Balance as at August 31, 2019	Externally restricted revenue and investment income	Transferred to revenue or deferred capital contributions in the year	Balance as at August 31, 2020
School renewal	\$ –	\$ 6,020,364	\$ 3,452,711	\$ 2,567,653
Proceeds of disposition	6,503,345	–	–	6,503,345
Education Development Charges	496,142	2,594,603	2,271,805	818,940
SEA Formula Based Funding	113,246	1,253,333	723,712	642,867
Student Achievement Envelope	–	2,372,992	1,406,873	966,119
Tuition fees	2,673,311	2,836,612	3,655,412	1,854,511
Other	943,356	4,921,544	4,376,180	1,488,720
	\$ 10,729,400	\$ 19,999,448	\$ 15,886,693	\$ 14,842,155

7. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with 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
Deferred capital contributions, beginning of year	\$ 323,951,307	\$ 323,825,981
Additions to deferred capital contributions	15,477,034	16,706,148
Amortization of deferred capital contributions	(17,435,605)	(16,580,822)
Deferred capital contributions, end of year	\$ 321,992,736	\$ 323,951,307

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

8. Retirement and other employee future benefits:

			2020	2019
	Retirement gratuities	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ –	\$ 1,600,487	\$ 1,600,487	\$ 1,136,580
Interest on accrued benefit obligation	91,231	69,686	160,917	241,159
Actuarial (gain) loss recognized	–	1,482	1,482	(422,580)
Amortization of actuarial (gain) loss	168,621	(77,785)	90,836	68,968
Employee future benefit expenses ¹	\$ 259,852	\$ 1,593,870	\$ 1,853,722	\$ 1,024,127
Total payments made during the year	\$ 835,188	\$ 1,022,868	\$ 1,858,056	\$ 1,614,886

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

			2020	2019
	Retirement gratuities	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations	\$ 4,335,076	\$ 4,035,913	\$ 8,370,989	\$ 8,436,946
Unamortized actuarial loss	(541,698)	–	(541,698)	(603,321)
Accrued employee future benefit liabilities	\$ 3,793,378	\$ 4,035,913	\$ 7,829,291	\$ 7,833,625

The School Board has designated reserves for retirement gratuities. The balance of these reserves totaled \$861,912 at August 31, 2020 (2019 - \$1,088,732).

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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

(a) 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. These actuarial valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the School Board's best estimates of expected rates of:

	2020	2019
Inflation	2.00%	1.50%
Health insurance premium escalation (decreasing by 0.25% per annum to 4.5%)	7.25%	7.50%
Dental insurance premium escalation (decreasing by 0.25% per annum to 3.0%)	4.50%	4.50%
Discount on accrued benefit obligations	1.40%	2.00%

(b) Retirement benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province. 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 School Board's consolidated financial statements.

(ii) Ontario Municipal Employees Retirement System:

All non-teaching employees of the School 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. Employee contribution rates are at rates of up to 14.6% of earnings. The School Board's contributions equal the employees' contributions to the plan.

During the year ended August 31, 2020, the School Board contributed \$5,136,314 (2019 - \$5,147,510) to the plan. As this is a multi-employer pension plan, these contributions are the School Board's pension benefit expenses. No pension liability for this type of plan is included in the School Board's consolidated financial statements.

The OMERS pension plan had a deficit of \$3.4 billion as at December 31, 2019 based on the actuarial valuation of the pension benefit obligation. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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

(b) Retirement benefits (continued):

(iii) Retirement gratuities:

The School Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The School Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the School 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 as at August 31, 2012.

(c) Other employee future benefits:

(i) Retirement life insurance and health care benefits:

The School Board continues to provide a separate life insurance benefits plan, health care and dental benefits for certain retirees.

The premiums are based on the School Board's experience and retirees' premiums may be subsidized by the School Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the School Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, no longer qualify for School Board subsidized premiums or contributions. The accrued benefit obligation for the retirement life insurance and health care benefits is based on the actuarial valuation for accounting purposes as at August 31, 2019.

(ii) Workplace Safety and Insurance Board Obligation:

The School 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 School Board provides salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board. The School 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 School Board's consolidated financial statements.

The total amount of the future benefit obligation with respect to claims at year end, as actuarially determined, is \$3,662,125 (2019 - \$3,067,264). The accrued benefit obligation for the Workplace Safety and Insurance Board Obligations is based on the actuarial valuation for accounting purposes as at August 31, 2020.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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

(c) Other employee future benefits (continued):

(iii) Long-term disability benefits:

The School Board provides long-term disability benefits including partial salary compensation during the period an employee is unable to work or until their normal retirement date. The School Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the School Board's consolidated financial statements. The accrued benefit obligation for the long-term disability benefits is based on the actuarial valuation for accounting purposes as at August 31, 2020.

(iv) Sick leave benefits:

The School Board allows certain employees a maximum of 11 unused sick leave days to 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 accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as at August 31, 2020. This valuation is based on the assumptions about future events.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

9. Net debentures and loans:

Net debentures and loans reported on the Statement of Financial Position are comprised of the following:

	2020	2019
Sinking fund debenture, repayable as specified by Upper Grand District School Board Bylaw (1999)-1, with variable interest, matures December 13, 2024	\$ 28,825,000	\$ 28,825,000
Debenture, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2002)-A2-UG, with interest at 5.9% per annum, matures October 11, 2027	8,390,848	9,257,901
Debenture, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2003)-A2-UG, with interest at 5.8% per annum, matures November 7, 2028	11,069,978	12,053,029
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2006)-1, with interest at 4.56%, matures November 17, 2031	8,079,181	8,603,346
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2009)-1, with interest at 4.90%, matures March 3, 2033	6,421,523	6,775,248
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2009)-2, with interest at 4.83%, matures March 3, 2033	756,888	798,796
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2010)-1, with interest at 5.06%, matures March 13, 2034	3,565,093	3,739,670
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2010)-1, with interest at 5.23%, matures April 13, 2035	10,390,547	10,841,544
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2011)-1, with interest at 4.83%, matures March 11, 2036	6,014,027	6,262,498
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2012)-1, with interest at 3.564%, matures March 9, 2037	5,890,665	6,142,756
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2013)-1, with interest at 3.799%, matures March 19, 2038	3,832,547	3,980,471
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2013)-2, with interest at 4.037%, matures October 30, 2028	8,664,236	9,507,964
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2014)-1, with interest at 4.003%, matures March 11, 2039	7,748,988	8,020,707
Carry forward	\$ 109,649,521	\$ 114,808,930

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

9. Net debentures and loans (continued):

Net debentures and loans reported on the Statement of Financial Position are comprised of the following:

	2020	2019
Carried forward	\$ 109,649,521	\$ 114,808,930
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2015)-1, with interest at 2.993%, matures March 9, 2040	5,833,120	6,046,125
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2016)-1, with interest at 3.242%, matures March 15, 2041	7,397,727	7,643,155
Loan agreement, repayable in annual instalments as specified by Upper Grand District School Board Bylaw (2017)-1, with interest at 3.594%, matures March 14, 2042	6,323,991	6,512,181
	129,204,359	135,010,391
Less sinking fund assets (carrying value)	(18,358,413)	(16,353,339)
	\$ 110,845,946	\$ 118,657,052

Principal, sinking fund and interest payments relating to net debentures and loans of \$110,845,946 (2019 - \$118,657,052) outstanding as at August 31, 2020, are due as follows:

	Principal and Sinking Fund Contributions	Interest	Total
2021	\$ 7,734,936	\$ 6,445,936	\$ 14,180,872
2022	8,028,874	6,151,998	14,180,872
2023	8,337,547	5,843,325	14,180,872
2024	8,661,717	5,519,155	14,180,872
2025	9,002,189	4,184,221	13,186,410
Thereafter	69,080,683	15,881,556	84,962,239
	\$ 110,845,946	\$ 44,026,191	\$ 154,872,137

Included in net debentures and loans are outstanding sinking fund debentures of \$28,825,000 (2019 - \$28,825,000) secured by sinking fund assets with a carrying value of \$18,358,413 (fair market value of \$18,370,954). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures and corporate bonds.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

10. Debt charges:

The expenditure for debt charges includes principal, sinking fund contributions, operating leases and interest payments are as follows:

	2020	2019
Principal payments on long-term liabilities including contributions to sinking funds	\$ 7,455,010	\$ 7,188,407
Payments on operating leases	91,618	97,570
Interest payments on long-term liabilities	6,617,740	6,952,198
	<u>\$ 14,164,368</u>	<u>\$ 14,238,175</u>

Included in debt repayment and sinking fund contributions in the Consolidated Statement of Cash Flows in total of \$7,811,106 (2019 - \$7,642,870) are principal payments on long-term debt of \$7,455,009 (2019 - \$7,188,407) and sinking fund interest revenue of \$356,097 (2019 - \$454,463).

11. Tangible capital assets:

The School Board's tangible capital assets are identified by asset type. The cost of tangible capital assets, their accumulated amortization and net book value are disclosed in the following schedule:

Cost	Balance at August 31, 2019	Additions and transfers	Disposals and transfers	Balance at August 31, 2020
Land	\$ 47,956,731	\$ 82,970	\$ -	\$ 48,039,701
Land improvements	12,143,838	1,189,409	-	13,333,247
Buildings	487,471,528	11,926,090	-	499,397,618
Other buildings	1,567,082	-	-	1,567,082
Portable structures	4,269,344	543,675	-	4,813,019
First-time equipping of schools	5,459,683	-	891,309	4,568,374
Furniture	817,446	43,229	10,000	850,675
Equipment	4,372,519	477,553	430,213	4,419,859
Computer hardware and software	11,176,814	1,369,239	998,690	11,547,363
Vehicles	1,236,240	262,536	-	1,498,776
	<u>\$ 576,471,225</u>	<u>\$ 15,894,701</u>	<u>\$ 2,330,212</u>	<u>\$ 590,035,714</u>

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

11. Tangible capital assets (continued):

Accumulated amortization	Balance at August 31, 2019	Additions and transfers	Disposals	Balance at August 31, 2020
Land improvements	\$ 4,747,074	\$ 847,947	\$ -	\$ 5,595,021
Buildings	177,497,649	13,423,965	-	190,921,614
Other buildings	558,670	75,014	-	633,684
Portable structures	1,754,648	210,004	--	1,964,652
First-time equipping of schools	3,598,729	437,027	891,309	3,144,447
Furniture	378,919	72,878	10,000	441,797
Equipment	2,715,897	383,888	430,213	2,669,572
Computer hardware and software	5,607,797	2,125,508	998,690	6,734,615
Vehicles	869,758	149,944	-	1,019,702
	\$ 197,729,141	\$ 17,726,175	\$ 2,330,212	\$ 213,125,104

Net book value	2020	2019
Land	\$ 48,039,701	\$ 47,956,731
Land improvements	7,738,226	7,396,764
Buildings	308,476,004	309,973,879
Other buildings	933,398	1,008,412
Portable structures	2,848,367	2,514,696
First-time equipping of schools	1,423,927	1,860,954
Furniture	408,878	438,527
Equipment	1,750,287	1,656,622
Computer hardware and software	4,812,748	5,569,017
Vehicles	479,074	366,482
	\$ 376,910,610	\$ 378,742,084

(a) Assets under construction:

Assets under construction having a value of \$212,479 (2019 - \$nil) 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).

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

12. Expenses by object:

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

	2020 Budget	2020 Actual	2019 Actual
Expenses:			
Salary and wages	\$ 295,913,640	\$ 283,774,257	\$ 293,934,685
Employee benefits	45,792,138	47,134,826	47,508,433
Staff development	1,077,851	906,808	1,565,911
Supplies and services	34,877,922	24,755,074	31,694,956
Interest charges on capital	6,725,862	6,617,740	6,952,198
Rental expenses	278,496	331,482	331,269
Fees and contract services	33,143,908	33,773,626	34,995,069
Other	1,084,850	1,155,417	1,393,019
Amortization of tangible capital assets	17,984,555	17,726,175	17,077,685
	<u>\$ 436,879,222</u>	<u>\$ 416,175,405</u>	<u>\$ 435,453,225</u>

13. 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 \$20,000,000 per occurrence.

The premiums over a five year period are based on the reciprocal's and the School Board's actual claims experience. Periodically, the School 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.

14. Contractual obligations and contingent liabilities:

(a) Capital commitments:

The School Board has commitments to construct and renovate various new and existing schools at August 31, 2020 totaling \$1,144,600. The School Board intends to finance these capital expenditures through a combination of educational development charges and long-term financing.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

14. Contractual obligations and contingent liabilities (continued):

(b) Operating leases:

At August 31, 2020, the School Board is committed to the following operating leases:

2021	\$	81,070
2022		38,070
2023		31,585
2024		43
		<hr/>
		\$ 150,768

(c) Pay equity:

The School Board is subject to provincial pay equity legislation for its employees. It is management's opinion that the amount of any potential settlement is not determinable at this time. Consequently, management is not in a position to state that it has adequately provided for any or all potential settlements.

15. Trust funds:

Trust funds administered by the School Board amounting to \$634,390 (2019 - \$636,829) have not been included in the Consolidated Statement of Financial Position and their operations have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

16. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in non-depreciable tangible capital assets	\$ 41,166,160	\$ 38,977,325
Amounts restricted for future use:		
Employee future benefits	(7,829,291)	(7,833,625)
Retirement gratuities	861,912	1,088,732
School renewal	7,160,248	7,160,248
Other	56,242,559	47,861,135
Total accumulated surplus	\$ 97,601,588	\$ 87,253,815
Available for compliance - internally appropriated	\$ 57,350,493	\$ 49,589,968
Unavailable for compliance - externally appropriated	40,251,095	37,663,847
	\$ 97,601,588	\$ 87,253,815

17. Repayment of "The 55 School Board Trust" Funding:

On June 1, 2003, the School Board received \$11,377,073 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 School Board's debt in consideration for the assignment by the School Board to the trust of future provincial grants payable to the School 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 School Board's financial position.

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

18. Service de Transport de Wellington Dufferin Student Transportation Services (STWDSTS):

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

The following provides condensed financial information:

	2020		2019	
	Total	School Board Portion	Total	School Board Portion
Financial Position:				
Financial assets	\$ 1,973,357	\$ 1,544,744	\$ 874,214	\$ 688,263
Financial liabilities	2,037,549	1,594,993	931,079	733,032
Net debt	(64,192)	(50,249)	(56,865)	(44,769)
Accumulated deficit	\$ (64,192)	\$ (50,249)	\$ (56,865)	\$ (44,769)

	2020		2019	
	Total	School Board Portion	Total	School Board Portion
Operations:				
Revenue	\$ 26,458,178	\$ 19,785,426	\$ 26,774,426	\$ 19,689,913
Expenses	26,465,505	19,790,906	26,781,193	19,694,889
Annual deficit	(7,327)	(5,480)	(6,767)	(4,976)
Accumulated deficit, beginning of year	(56,865)	(44,769)	(50,098)	(39,793)
Accumulated deficit, end of year	\$ (64,192)	\$ (50,249)	\$ (56,865)	\$ (44,769)

UPPER GRAND DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

19. Impact due to COVID-19:

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a global pandemic. This resulted in the Province mandating that all school boards close their schools and administrative buildings on March 13, 2020 and moving to an online/learn-from-home education format for the remainder of the 2019-2020 school year based on recommendations from Public Health Ontario. For the 2020-2021 school year the schools reopened to students, effective September 2020, with enhanced public health protocols, or the option to continue with online education and at-home distance learning. The School Board continues to monitor the situation and plan for potential changes during the fiscal 2021 school year and beyond.

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

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

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

Due to the COVID-19 pandemic, there may be changes in the post-retirement benefit claims activity and sick leave usage for the duration of this unprecedented event. The valuation assumptions are developed to reflect expected future long-term retiree claims costs and long-term sick leave usage. Any short-term changes in experience due to the pandemic are not expected to have a significant impact to the valuation and no adjustments have been included in the valuation related to COVID-19. The impact of this pandemic on the post-retirement benefits and sick leave benefit should, however, continue to be monitored as additional information becomes available.

As at August 31, 2020, the School Board did not make adjustments to the financial statements to reflect the possible future impact of COVID-19. Management assessed the impact on the School Board and believes there are no significant financial issues as the School Board has strong working capital available and access to sufficient liquid resources to sustain operations in the coming year. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.