

Consolidated Financial Statements of

**SUDBURY CATHOLIC DISTRICT
SCHOOL BOARD**

And Independent Auditors' Report thereon

Year ended August 31, 2020

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

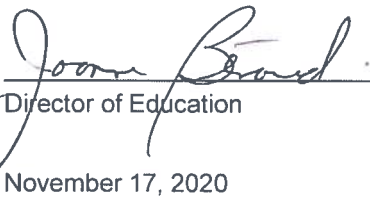
The accompanying consolidated financial statements of the Sudbury Catholic District School Board are the responsibility of Board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation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

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

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

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

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



Director of Education
November 17, 2020



Superintendent of Business



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Sudbury Catholic District School Board

Qualified Opinion

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

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

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

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school generated funds revenue referred to in the following paragraph, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements.

Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools.

Therefore, we were not able to determine whether adjustments might be necessary to:

- the financial assets reported in the consolidated statements of financial position as at August 31, 2020 and August 31, 2019
- the school generated funds revenues and annual surplus (deficit) reported in the consolidated statements of operations and accumulated surplus for the years ended August 31, 2020 and August 31, 2019



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- the accumulated surplus, at the beginning and end of the year, reported in the consolidated statements of financial position and consolidated statements of operations and accumulated surplus for the years ended August 31, 2020 and August 31, 2019
- the annual surplus reported in the consolidated statements of cash flows for the years ended August 31, 2020 and August 31, 2019

Our opinion on the financial statements for the year ended August 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.

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

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

Emphasis of Matter - Financial Reporting Framework

Without modifying our opinion, we draw attention to note 1 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 a basis of accounting described in the notes 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our qualified 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 qualified 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 a qualified opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity'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.



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- 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.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

November 17, 2020

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

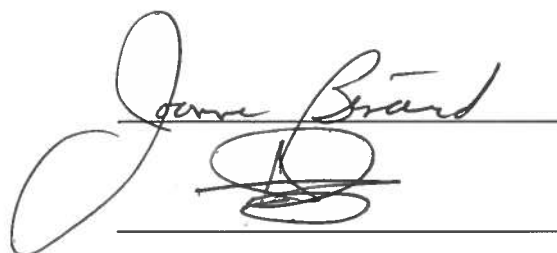
Consolidated Statement of Financial Position

As at August 31, 2020, with comparative information for 2019

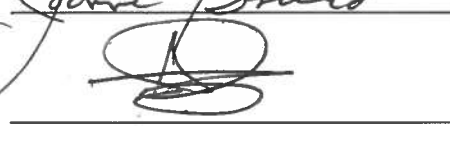
	2020	2019
Financial assets		
Cash and cash equivalents	\$ 4,573,706	\$ 1,890,174
Accounts receivable (note 2)	12,009,776	5,775,563
Accounts receivable - Approved Capital Funding (note 3)	29,066,572	31,189,342
Total financial assets	45,650,054	38,855,079
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	10,879,138	5,902,166
Net long-term liabilities (note 9)	26,765,395	28,085,431
Deferred revenue (note 6)	4,184,727	4,313,012
Deferred capital contributions (note 7)	84,605,145	83,959,683
Retirement and other employee future benefits (note 8)	1,636,899	2,142,543
Total financial liabilities	128,071,304	124,402,835
Net debt	(82,421,250)	(85,547,756)
Non-financial assets		
Prepaid expenses	1,997,232	2,008,149
Tangible capital assets (note 11)	90,815,948	90,177,873
Total non-financial assets	92,813,180	92,186,022
Commitments (note 14)		
Contingent liabilities (note 15)		
Effects of COVID-19 (note 19)		
Accumulated surplus (note 12)	\$ 10,391,930	\$ 6,638,266

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:



Director of Education



Chair of the Board

SUDBURY CATHOLIC 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:			
Provincial legislative grant	\$ 11,410,090	\$ 11,137,060	\$ 11,489,862
Government of Ontario grants:			
- Grants for Student Needs	73,229,111	72,568,708	70,565,249
- Other	2,059,550	1,958,536	2,458,149
- Ontario Youth Apprenticeship Program	-	81,922	85,405
- Amortization of deferred capital contributions	5,617,925	5,540,113	5,361,737
Federal grants and fees	578,660	596,911	565,542
Other revenue - school boards	-	844,399	318,221
Other fees and revenue	1,373,199	1,621,937	1,394,941
Investment income	80,108	25,166	80,108
School generated funds	2,848,784	1,550,461	2,848,784
Total revenue	97,197,427	95,925,213	95,167,998
Expenses (note 10):			
Instruction	68,443,991	66,854,008	68,616,965
Administration	4,688,987	4,511,283	4,603,318
Transportation	6,286,107	5,862,546	5,971,688
Pupil accommodation	13,816,182	13,407,386	13,579,601
School funded activities	2,727,792	1,361,420	2,727,792
Other	492,200	174,906	618,837
Total expenses	96,455,259	92,171,549	96,118,201
Annual surplus (deficit)	742,168	3,753,664	(950,203)
Accumulated surplus, beginning of year	6,638,266	6,638,266	7,588,469
Accumulated surplus, end of year	\$ 7,380,434	\$ 10,391,930	\$ 6,638,266

See accompanying notes to the consolidated financial statements.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

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

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (deficit)	\$ 742,168	\$ 3,753,664	\$ (950,203)
Tangible capital assets:			
Acquisition of tangible capital assets	(9,820,631)	(6,185,945)	(5,459,650)
Amortization of tangible capital assets	5,617,925	5,547,870	5,369,121
	(4,202,706)	(638,075)	(90,529)
Prepaid expenses:			
Use of prepaid expenses	10,917	10,917	(723,400)
	10,917	10,917	(723,400)
Decrease (increase) in net debt	(3,449,621)	3,126,506	(1,764,132)
Net debt, beginning of year	(85,547,756)	(85,547,756)	(83,783,624)
Net debt, end of year	\$ (88,997,377)	\$ (82,421,250)	\$ (85,547,756)

See accompanying notes to consolidated financial statements.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

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

	2020	2019
Operating transactions:		
Annual surplus (deficit)	\$ 3,753,664	\$ (950,203)
Items not involving cash:		
Amortization of tangible capital assets	5,547,870	5,369,121
Amortization of deferred capital contributions	(5,540,113)	(5,361,737)
	3,761,421	(942,819)
Change in non-cash assets and liabilities:		
Increase in accounts receivable	(6,234,213)	(1,391,567)
Increase (decrease) in accounts payable and accrued liabilities	4,976,972	(4,135,432)
Decrease in deferred revenue	(128,285)	(427,320)
Decrease in employee future benefits	(505,644)	(356,566)
Decrease (increase) in prepaid expenses	10,917	(723,400)
Cash provided by (used for) operating transactions	1,881,168	(7,977,104)
Capital transactions:		
Cash used to acquire tangible capital assets	(6,185,945)	(5,459,650)
Cash applied to capital transactions	(6,185,945)	(5,459,650)
Financing transactions:		
Long-term debt repaid	(1,320,036)	(1,262,326)
Increase in accounts receivable - Approved Capital Funding	2,122,770	1,002,914
Additions to deferred capital contributions	6,185,575	5,460,023
Cash provided by financing transactions	6,988,309	5,200,611
Increase (decrease) in cash	2,683,532	(8,236,143)
Cash and cash equivalents, beginning of year	1,890,174	10,126,317
Cash and cash equivalents, end of year	\$ 4,573,706	\$ 1,890,174

See accompanying notes to consolidated financial statements.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

The Sudbury Catholic District School Board is an English Catholic school board formed in January of 1999 from the English Language sections of four separate school boards. The School Board, which covers Greater Sudbury and the southern Sudbury District in Ontario, has one adult learning, four secondary and thirteen elementary schools under its jurisdiction.

1. Significant accounting policies:

The consolidated financial statements of the Sudbury Catholic District School Board (the "Board") have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(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 Government of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

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

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

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

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus 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, including:

- i) School generated funds: the assets, liabilities, revenues, expenses that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.
- ii) Sudbury Student Services Consortium/Consorteum de Services Aux Elèves de Sudbury ("SSSC") is accounted for using the consolidation method of accounting and reporting, whereby the Board's pro-rated share of net assets, revenues and expenses are combined in the statements.

Interdepartmental and inter-organizational transactions are eliminated in these consolidated financial statements.

(c) Trust funds:

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

(d) Cash and cash equivalents:

Cash and cash equivalents consist 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.

(e) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for 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 of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

1. Significant accounting policies (continued):

(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, retirement gratuity, workers' 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 associations, Employee Life and Health Trusts (ELHTs) were established in 2016-17 for the OECTA employee group. ELHTs for the following employee groups were established in 2017-18: CUPE and non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals after a 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.

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

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

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method 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, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") 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.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

1. Significant accounting policies (continued):

(h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

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. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical records were not available, other methods were used to estimate the cost 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, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements with finite lives	15 years
Buildings	40 years
First time equipping	10 years
Furniture and equipment	5 - 15 years
Vehicles	5 - 10 years
Computer hardware and software	5 years

Amortization is taken at 50% of the above rates in the year of acquisition.

Assets under construction and assets that related 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.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

ii) Prepaid expenses:

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(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 in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

(j) Investment income:

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as proceeds of disposition, special education, transition, distance schools and school renewal 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. The budget figures are unaudited.

The Board approves its budget annually. The approved operating budget for 2019-2020 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on December 17, 2019.

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

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

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

1. Significant accounting policies (continued):

(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.

2. Accounts receivable:

	2020	2019
Government of Canada	\$ 2,002,933	\$ 1,324,895
Government of Ontario	5,172,513	2,843,627
Municipalities	3,936,449	1,383,918
Other	897,881	223,123
	<u>\$ 12,009,776</u>	<u>\$ 5,775,563</u>

Due 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 \$2,852,523 and has been included in the accounts receivable balance from Municipalities at August 31, 2020. This amount has been fully recovered by the Board subsequent to year-end.

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 \$3,808,315 (2019 - \$844,430).

3. Accounts receivable – Approved Capital Funding:

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

The Board has an account receivable from the Province of Ontario of \$29,066,572 (2019 - \$31,189,342) as at August 31, 2020 with respect to capital grants.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

4. Accounts payable and accrued liabilities:

	2020	2019
Trade payables and accrued liabilities	\$ 9,387,821	\$ 4,588,368
Payroll related	1,491,317	1,313,798
	<u>\$ 10,879,138</u>	<u>\$ 5,902,166</u>

Due to the impacts of 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 25% of the annual EPT as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$2,852,523 and has been included in the accounts payable and accrued liabilities at August 31, 2020. This amount will be recovered by the Province in 2021.

5. Temporary borrowing:

The Board has an operating line of credit available to a maximum of \$4,000,000 to address operating requirements. This line of credit bears interest at the bank's prime lending rate, is unsecured and is due on demand.

The Board has an authorized revolving term credit available to a maximum of \$8,500,000 to bridge ongoing capital expenditures. This credit facility bears interest at the bank's prime lending rate less 0.75% and is unsecured.

As at August 31, 2020, the amount drawn from the operating line of credit was \$Nil (2019 - \$Nil). The amount drawn from the revolving term credit was \$Nil (2019 - \$Nil).

The Board has various letters of credit outstanding totaling \$261,230 (2019 - \$261,230).

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

6. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes, legislation, regulation or agreement.

Deferred revenue is comprised of:

	Balance at August 31, 2019	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance at August 31, 2020
Amounts restricted by legislation, regulation or agreement:					
Internal audit	\$ 757,153	463,099	(492,072)	–	728,180
Proceeds of disposition	1,041,411	49,772	–	(765,260)	325,923
Special education	828,772	12,163,289	(11,559,748)	–	1,432,313
School renewal	521,387	4,828,669	(3,085,411)	(1,712,995)	551,650
Other	1,164,289	3,575,154	(3,592,782)	–	1,146,661
Total	\$ 4,313,012	21,079,983	(18,730,013)	(2,478,255)	4,184,727

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
Balance, beginning of year	\$ 83,959,683	\$ 83,861,397
Additions to deferred capital contributions	6,185,575	5,460,023
Revenue recognized during the year	(5,540,113)	(5,361,737)
Balance, end of year	\$ 84,605,145	\$ 83,959,683

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

8. Employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, worker's compensation and long-term disability benefits.

a) 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 Government 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 \$1,280,630 (2019 - \$1,237,817) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement gratuities:

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

(iv) Retirement life insurance, dental and health care benefits:

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date do not qualify for board subsidized premiums or contributions.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

8. Employee future benefits (continued):

b) Other employee future benefits:

(i) Workplace Safety and Insurance Board Obligations:

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

(ii) Long-term disability benefits:

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date to employees who are not yet members of an ELHT. 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.

(iii) Sick leave top-up benefits:

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$91,163 (2019 - \$76,114).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2020. This actuarial valuation is based on assumptions about future events determined as at August 31, 2020 and is based on the average daily salary and banked sick days of employees as at August 31, 2020.

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2020. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2020	2019
	%	%
Inflation	1.5	1.5
Discount on accrued benefit obligations	1.4	2.0
Discount on accrued benefit obligations - WSIB	1.4	2.0

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

8. Employee future benefits (continued):

Assumed health care cost trend rates:

	2020	2019
Health care cost escalation	7.00% for 2020/21 reducing by ¼% in each year to an ultimate rate of 4.5%	7.25% for 2019/20 reducing by ¼% in each year to an ultimate rate of 4.5%
Dental care cost escalation	Increase by a flat rate of 4.5%	Increase by a flat rate of 4.5%
Insurance and health care cost escalation - WSIB	4.0%	4.0%

Information with respect to the Board's retirement and other employee future benefit liability is as follows:

Accrued benefit obligation	2020		2019	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	\$471,813	1,266,562	1,738,375	2,255,035
Unamortized actuarial losses	–	(101,476)	(101,476)	(112,492)
	\$ 471,813	1,165,086	1,636,899	2,142,543

Employee future benefit expenses	2020		2019	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ –	109,563	109,563	36,831
Interest on accrued benefit obligation	17,269	21,134	38,403	63,218
Benefit payments	(418,704)	(262,771)	(681,475)	(808,309)
Amortization of actuarial losses	8,057	19,808	27,865	351,394
Employee future benefits expenses ¹	\$ (393,378)	(112,266)	(505,644)	(356,866)

¹ Excluding pension contributions to multi-employer pension plans, described in note 8(b).

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

9. Net long-term liabilities:

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

	2020	2019
Debentures – amortizing, payable in semi-annual instalments of \$1,260,805 including interest at rates ranging from 3.56% to 5.80%, final installment due between November 2028 and March 2038	\$ 26,765,395	28,085,431

Payments relating to the net long-term liabilities outstanding as at August 31, 2020 are due as follows:

	Principal	Interest	Total
2020-2021	\$ 1,380,528	1,134,698	2,515,226
2021-2022	1,443,884	1,071,636	2,515,520
2022-2023	1,510,244	1,005,583	2,515,827
2023-2024	1,579,756	936,391	2,516,147
2024-2025	1,652,574	863,908	2,516,482
Thereafter	19,198,409	4,677,532	23,875,941
	\$ 26,765,395	9,689,748	36,455,143

10. Expenses by object:

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

	2020 Budget	2020 Actual	2019 Actual
Current expenses:			
Salary and wages	\$ 61,393,968	60,366,780	60,978,054
Employee benefits	10,181,863	9,535,346	10,006,272
Staff development	563,289	274,363	475,068
Supplies and services	5,115,297	4,529,270	5,050,443
Interest	1,199,909	1,186,647	1,245,199
Rentals	70,000	69,279	56,128
Fees and contract services	9,473,406	9,071,594	9,318,415
Other	111,810	193,265	720,209
Transfer to other boards	–	34,705	171,500
Amortization of tangible capital assets	5,617,925	5,547,870	5,369,121
School funded activities	2,727,792	1,362,430	2,727,792
	\$ 96,455,259	92,171,549	96,118,201

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

11. Tangible capital assets:

Cost	Balance at August 31, 2019	Additions	Disposals, Write-offs Transfers and Adjustments	Balance at August 31, 2020
Land	\$ 5,535,522	-	-	\$ 5,535,522
Land improvements	2,469,483	811,787	-	3,281,270
Buildings	127,661,887	4,871,951	-	132,533,838
First-time equipping	1,096,573	20,574	-	1,117,147
Furniture and equipment	576,687	29,802	(118,528)	487,961
Vehicles	88,668	-	-	88,668
Computer hardware	1,408,675	210,036	(391,622)	1,227,089
Computer software	766,663	241,795	(538,580)	469,878
Total	\$ 139,604,158	\$ 6,185,945	\$ (1,048,730)	\$ 144,741,373

Cost	Balance at August 31, 2019	Amortization Expense	Disposals, Write-offs Transfers and Adjustments	Balance at August 31, 2020
Land	\$ -	-	-	-
Land improvements	810,934	191,807	-	1,002,741
Buildings	46,219,209	4,923,494	-	51,142,703
First-time equipping	563,608	110,700	-	674,308
Furniture and equipment	328,866	50,407	(118,528)	260,745
Vehicles	88,668	-	-	88,668
Computer hardware	778,358	224,415	(391,622)	611,151
Computer software	636,642	47,047	(538,580)	145,109
Total	\$ 49,426,285	\$ 5,547,870	\$ (1,048,730)	\$ 53,925,425

	Net book value, August 31, 2019	Net book value, August 31, 2020
Land	\$ 5,535,522	5,535,522
Land improvements	1,658,549	2,278,529
Buildings	81,442,678	81,391,135
First-time equipping	532,965	442,839
Furniture and equipment	247,821	227,216
Vehicles	-	-
Computer hardware	630,317	615,938
Computer software	130,021	324,769
Total	\$ 90,177,873	\$ 90,815,948

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

12. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Available for compliance – unappropriated		
Total operating accumulated surplus	\$ 5,180,414	\$ 2,166,988
Unavailable for compliance – externally appropriated		
Employee future benefits	(1,637,720)	(2,188,919)
Accrued interest	(349,628)	(349,628)
School generated funds	1,663,342	1,474,303
Revenues recognized for land	5,535,522	5,535,522
	5,211,516	4,471,278
Total accumulated surplus	\$ 10,391,930	\$ 6,638,266

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 \$27 million per occurrence.

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

14. Commitments:

The Board has entered into contracts for various projects. As at August 31, 2020, there was approximately \$400,000 (2019 - \$2,000,000) of work remaining to be completed.

15. Contingent liabilities:

The Board is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

16. Debt charges:

The expenditure for debt charges includes principal and interest payments as follows:

	2020	2019
Principal payments on long-term debt	\$ 1,320,036	\$ 1,262,326
Interest payment on long-term debt	1,201,575	1,259,285
	<u>\$ 2,521,611</u>	<u>\$ 2,521,611</u>

17. Transportation consortium:

The Board is a member of the Sudbury Student Services Consortium / Consortium de services aux élèves de Sudbury ("SSSC"). The SSSC provides student transportation services to students of the four local boards. The SSSC is a separate legal entity.

In the year, the Board incurred expenses totaling \$5,755,099 (2019 - \$5,644,318) for student transportation services provided by the SSSC. These amounts are included in transportation expenditure on the consolidated statement of operations and accumulated surplus.

At year-end, the Board has a receivable of \$333,004 (2019 - \$16,714) owed from SSSC.

At year-end, the Board pre-paid fees for September 2020 for \$640,895 (2019 - \$627,159) to SSSC.

18. Trust Funds:

Trust funds administered by the Board amounting to \$91,616 (2019 - \$161,773) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

19. Effects of COVID-19:

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

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

The Board is actively monitoring cash flow forecasts and budget. As detailed in note 2 and 4, to mitigate the financial impact of the deferral on the education property tax to school boards, the Ministry of Education adjusted its cash flow schedule to help offset the deferral through an increased School Board Operating Grant in June 2020.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2020

19. Effects of COVID-19 (continued):

Subsequent to year-end, the Board received in personal protective equipment (PPE) and cleaning supplies from the Ministry of Education 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.

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

20. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.