

Bluewater District School Board
Consolidated Financial Statements
For the year ended August 31, 2021

Contents

Management Report	2
Independent Auditors' Report	3 - 4
Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Cash Flow	7
Consolidated Statement of Change in Net Debt	8
Notes to Consolidated Financial Statements	9 - 31



Bluewater District School Board

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Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Bluewater District School Board are the responsibility of the 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 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 BDO Canada 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.

Lori Wilder
Director of Education and Secretary

Rob Cummings
Superintendent of Business Services and
Treasurer

November 8, 2021

Independent Auditors' Report

To the Chair and Trustees of the Bluewater District School Board

Opinion

We have audited the consolidated financial statements of the Bluewater District School Board and its controlled entities (the Group), which comprise the consolidated statement of financial position as at August 31, 2021, the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at and for the year ended August 31, 2021 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

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

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

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

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

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



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

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

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
November 8, 2021

Bluewater District School Board Consolidated Statement of Financial Position

August 31	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 24,229,205	\$ 24,885,856
Accounts receivable		
Municipalities	6,302,866	18,227,046
Government of Ontario - Approved Capital (Note 2)	72,621,255	74,798,311
Government of Ontario - Delayed Grant Payments (Note 3)	34,591,835	22,880,073
Other	7,523,357	6,294,621
Assets held for sale (Note 4)	2,038,470	-
Total Financial Assets	147,306,988	147,085,907
Financial Liabilities		
Accounts payable and accrued liabilities	17,444,237	28,301,349
Deferred revenue (Note 7)	29,161,262	25,502,066
Deferred capital contribution (Note 8)	206,094,887	196,765,935
Long-term liabilities (Note 9)	65,311,421	69,804,525
Obligations under capital leases	295,969	365,677
Employee future benefits payable (Note 10)	10,317,774	11,524,146
Total Financial Liabilities	328,625,550	332,263,698
Net Debt	(181,318,562)	(185,177,791)
Contractual obligations (Note 19)		
Non-financial Assets		
Prepaid expenses	407,711	1,678,536
Tangible capital assets (Note 5)	217,553,531	209,087,995
	217,961,242	210,766,531
Accumulated Surplus (Note 11)	\$ 36,642,680	\$ 25,588,740

On behalf of the Board:

_____ Director of Education

_____ Chair of the Board

Bluewater District School Board Consolidated Statement of Operations

For the year ended August 31	Budget	2021	2020
Revenues			
Provincial grants - in-lieu of local taxation	\$ 48,954,900	\$ 52,469,274	\$ 53,098,506
Provincial grants - student focused	160,512,400	157,099,361	144,971,605
Provincial grants - other	520,756	7,459,688	1,972,754
Federal grants and fees	1,782,669	2,306,174	1,732,279
Other revenues - school boards	360,973	338,085	341,726
Other fees and revenues	1,778,000	1,592,236	1,881,943
Interest income	200,000	194,208	285,684
School fundraising	6,000,000	1,257,169	3,575,384
Amortization of deferred capital contributions	12,226,000	12,766,909	11,013,788
	<u>232,335,698</u>	<u>235,483,104</u>	<u>218,873,669</u>
Expenses (Note 15)			
Instruction	166,821,984	168,098,050	153,109,123
Administration	6,813,659	6,362,398	6,438,040
Transportation	15,258,207	14,803,777	14,792,869
Pupil accommodation	33,068,966	32,915,988	30,450,410
School funded activities	6,000,000	1,460,421	3,490,816
Other	788,530	788,530	807,190
	<u>228,751,346</u>	<u>224,429,164</u>	<u>209,088,448</u>
Annual Surplus	<u>3,584,352</u>	<u>11,053,940</u>	<u>9,785,221</u>
Accumulated Surplus, beginning of year	<u>25,588,740</u>	<u>25,588,740</u>	<u>15,803,519</u>
Accumulated Surplus, end of year	<u>\$ 29,173,092</u>	<u>\$ 36,642,680</u>	<u>\$ 25,588,740</u>

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

Bluewater District School Board Consolidated Statement of Cash Flow

For the year ended August 31	2021	2020
Cash provided by (used in)		
Operations		
Annual surplus (deficit)	\$ 11,053,940	\$ 9,785,221
Sources and (uses)		
Non-cash items:		
Amortization and gain/loss on disposal	12,985,950	11,309,977
Amortization of deferred capital contributions	(12,766,909)	(11,013,788)
Decrease (increase) in accounts receivable	1,160,738	(15,475,510)
Increase (decrease) in accounts payable and accrued liabilities	(10,857,112)	14,329,456
Increase (decrease) in deferred revenues	3,659,196	5,096,180
Increase (decrease) in employee benefits payable	(1,206,372)	(847,413)
Increase (decrease) in prepaid expenses	1,270,825	(241,656)
Net increase (decrease) in cash from operations	<u>5,300,256</u>	<u>12,942,467</u>
Capital transactions		
Proceeds on sale of tangible capital assets	11,976	15,192
Cash used to acquire tangible capital assets	(23,501,932)	(19,436,519)
	<u>(23,489,956)</u>	<u>(19,421,327)</u>
Financing transactions		
Debt repaid	(4,493,104)	(4,289,271)
Additions to deferred capital contributions	22,095,861	19,436,519
Increase (decrease) in capital lease obligations	(69,708)	8,263
	<u>17,533,049</u>	<u>15,155,511</u>
Change in cash and cash equivalents	<u>(656,651)</u>	<u>8,676,651</u>
Cash and cash equivalents, beginning of year	<u>24,885,856</u>	<u>16,209,205</u>
Cash and cash equivalents, end of year	<u>\$ 24,229,205</u>	<u>\$ 24,885,856</u>

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

**Bluewater District School Board
Consolidated Statement of Change in Net Debt**

For the year ended August 31	Budget	2021	2020
Annual Surplus (Deficit)	\$ 3,584,352	\$11,053,940	\$ 9,785,221
Tangible Capital Asset Activity			
Acquisition of tangible capital assets	(33,000,966)	(23,501,932)	(19,436,519)
Amortization of tangible capital assets	13,871,176	12,985,950	11,325,169
(Gain) Loss on sale of tangible capital assets	-	-	(15,192)
Proceeds on sale of tangible capital assets	-	11,976	15,192
Transfer to (from) assets held for sale	-	2,038,470	-
	(19,129,790)	(8,465,536)	(8,111,350)
Other Non-Financial Asset Activity			
Acquisition of prepaid expenses	-	(407,711)	(1,678,536)
Use of prepaid expenses	-	1,678,536	1,436,880
	-	1,270,825	(241,656)
(Increase) Decrease in Net Debt	(15,545,438)	3,859,229	1,432,215
Net Debt, beginning of year	(185,177,791)	(185,177,791)	(186,610,006)
Net Debt, end of year	\$ (200,723,229)	\$ (181,318,562)	\$ (185,177,791)

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

Bluewater District School Board

Notes to the Consolidated Financial Statements

August 31, 2021

1. 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 Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of the 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 contribution 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 the 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 requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

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

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards (Note 7).

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

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 Bluewater District School Board ("the Board") and which are controlled by the Board.

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

Consolidated entities:

- Transportation Consortium
- School Generated Funds

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

c) Trust Funds

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

d) Cash and Cash Equivalents

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

e) Deferred Revenue

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

Bluewater District School Board

Notes to the Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies (Continued)

f) Deferred Capital Contributions

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

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

g) Retirement and Other Employee Future Benefits

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

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 2016-17: Elementary Teachers' Federation of Ontario (ETFO), Ontario Secondary School Teachers' Federation (OSSTF), and Ontario Secondary School Teachers' Federation Education Workers (OSSTF-EW). 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, life and dental 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 in 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. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for retired individuals for all groups and continues to have a liability for payment of benefits for those who are on long-term disability and for some who retired under these plans.

Bluewater District School Board

Notes to the Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies (Continued)

g) Retirement and Other Employee Future Benefits (Continued)

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

- i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimates of insurance and health care cost 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 (if applicable) and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method 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 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.

Bluewater District School Board

Notes to the Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies (Continued)

h) Tangible Capital Assets

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

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 in Years
Land improvements	15
Buildings	20-40
Portable structures	20
Furniture and equipment	5-15
Computers	3-5
Vehicles	5-10

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

The useful life for computer hardware was revised from five years to three years based on new information related to the actual life of the assets. As such, additional amortization has occurred for these assets as needed to bring the net book value in line with the new policy. The impact of this change in estimate is \$1,013,782.

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 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 historical assets are not recorded as assets in these consolidated financial statements.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies (Continued)

i) Government Transfers

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

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

j) Investment Income

Investment income is reported as revenue in the period earned.

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

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

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.

l) Use of Estimates

The preparation of 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 disclosures 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 include retirement and other employee future benefits, useful lives of tangible capital assets and accrued liabilities. Actual results may vary from current estimates.

m) Property Tax Revenue

Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

2. Accounts Receivable - Government of Ontario - Approved Capital

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.

	2021	2020
Opening Balance	\$ 74,798,311	\$ 77,548,328
Add funding for current year capital projects:		
Full day Kindergarten	688,402	610,470
School Condition Improvement	4,790,969	5,973,741
Capital priorities	13,788,534	11,909,787
Other projects	1,309,914	255,978
COVID-19 resilience infrastructure stream	2,016,157	-
	22,593,976	18,749,976
Net funding for permanently financed projects:		
Debt payments received - Ontario Financing Authority	(2,999,889)	(2,873,620)
Debt payments received - other debt	(863,743)	(815,743)
	(3,863,632)	(3,689,363)
Net funding for non-permanently financed projects:		
Full day Kindergarten	(610,471)	-
Other projects	(248,808)	(891,610)
Capital priorities	(14,588,749)	(6,775,774)
School condition improvement	(5,459,372)	(10,143,246)
	(20,907,400)	(17,810,630)
Closing Balance	\$ 72,621,255	\$ 74,798,311

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

3. Accounts Receivable - Government of Ontario - Delayed Grant Payments

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2021 is \$34,591,835 (2020 - \$22,880,073).

4. Assets Held for Sale

As of August 31, 2021, \$1,963,363 (2020 - \$-) related to buildings and \$75,107 (2020 - \$-) related to land and land improvements were recorded as assets held for sale.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

5. Tangible Capital Assets

	Balance August 31, 2020	Additions	Disposals	Balance August 31, 2021
Cost				
Land	\$ 3,629,849	\$ 2,063,125	\$ -	\$ 5,692,974
Land improvements	9,766,450	1,238,890	(378,359)	10,626,981
Buildings	296,997,022	30,565,734	(9,466,816)	318,095,940
Portable structures	742,007	-	(107,795)	634,212
Computers	4,817,132	1,514,323	(2,624,599)	3,706,856
Furniture and equipment	4,262,495	415,161	(496,124)	4,181,532
Vehicles	736,343	-	-	736,343
Construction in progress	13,697,692	1,184,332	(13,479,633)	1,402,391
	<u>\$ 334,648,990</u>	<u>\$ 36,981,565</u>	<u>\$ (26,553,326)</u>	<u>\$ 345,077,229</u>
Accumulated Amortization				
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	4,973,847	672,696	(303,252)	5,343,291
Buildings	114,940,577	9,717,796	(7,503,453)	117,154,920
Portable structures	601,104	37,522	(107,795)	530,831
Computers	2,413,980	2,023,497	(2,624,599)	1,812,878
Furniture and equipment	2,100,235	472,150	(496,124)	2,076,261
Vehicles	531,252	74,265	-	605,517
Construction in progress	-	-	-	-
	<u>\$ 125,560,995</u>	<u>\$ 12,997,926</u>	<u>\$ (11,035,223)</u>	<u>\$ 127,523,698</u>
Net Book Value				
Land	\$ 3,629,849			\$ 5,692,974
Land improvements	4,792,603			5,283,690
Buildings	182,056,445			200,941,020
Portable structures	140,903			103,381
Computers	2,403,152			1,893,978
Furniture and equipment	2,162,260			2,105,271
Vehicles	205,091			130,826
Construction in progress	13,697,692			1,402,391
	<u>\$ 209,087,995</u>			<u>\$ 217,553,531</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

5. Tangible Capital Assets (Continued)

	Balance August 31, 2019	Additions	Disposals	Balance August 31, 2020
Cost				
Land	\$ 3,629,849	\$ -	\$ -	\$ 3,629,849
Land improvements	9,106,505	659,945	-	9,766,450
Buildings	291,395,339	5,601,683	-	296,997,022
Portable structures	915,607	-	(173,600)	742,007
Computers	4,645,930	588,625	(417,423)	4,817,132
Furniture and equipment	4,682,061	253,779	(673,345)	4,262,495
Vehicles	690,963	72,976	(27,596)	736,343
Construction in progress	1,438,181	12,259,511	-	13,697,692
	<u>\$ 316,504,435</u>	<u>\$ 19,436,519</u>	<u>\$ (1,291,964)</u>	<u>\$ 334,648,990</u>
Accumulated Amortization				
Land	-	-	-	-
Land improvements	4,331,343	642,504	-	4,973,847
Buildings	105,825,225	9,115,352	-	114,940,577
Portable structures	728,357	46,347	(173,600)	601,104
Computers	1,885,097	946,306	(417,423)	2,413,980
Furniture and equipment	2,277,736	495,844	(673,345)	2,100,235
Vehicles	480,032	78,816	(27,596)	531,252
Construction in progress	-	-	-	-
	<u>\$ 115,527,790</u>	<u>\$ 11,325,169</u>	<u>\$ (1,291,964)</u>	<u>\$ 125,560,995</u>
Net Book Value				
Land	\$ 3,629,849			\$ 3,629,849
Land improvements	4,775,162			4,792,603
Buildings	185,570,114			182,056,445
Portable structures	187,250			140,903
Computers	2,760,833			2,403,152
Furniture and equipment	2,404,325			2,162,260
Vehicles	210,931			205,091
Construction in progress	1,438,181			13,697,692
	<u>\$ 200,976,645</u>			<u>\$ 209,087,995</u>

Assets under construction

Assets under construction having a cost of \$1,402,391 (2020 - \$13,697,692) have not been amortized. Amortization of these assets will commence when the asset is put into service. During the year \$13,479,633 of Construction in Progress from a prior year were transferred to Buildings. This amount has been included in building additions for 2021. Cash additions for 2021 was \$23,501,932.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

6. Bank Borrowings

The Board has lines of credit available to a maximum of \$15 million to address operating requirements.

The bank line of credit is due on demand, bears interest at a negotiated rate related to prime payable monthly and is secured by a borrowing resolution dated December 15, 2020.

7. Deferred Revenue

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

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2021 is comprised of:

	Balance as at August 31 2020	Externally Restricted Revenue	Revenue Recognized in the Period	Transfers (to) deferred capital contributions	Balance as at August 31 2021
Interest on Capital Education Programs	\$ -	\$ 2,789,356	\$(2,789,356)	\$ -	-
- Other (EPO)	422,340	7,111,313	(6,926,995)	-	606,658
Insurance Recovery	84,808	-	-	-	84,808
Special Education	3,669,971	26,433,489	(25,998,185)	-	4,105,275
School Renewal	15,731,252	3,545,081	(67,087)	(2,749,548)	16,459,698
Third party	408,465	684,408	(784,885)	-	307,988
Ministry of Advanced Education	14,081	-	(2,503)	-	11,578
Minor TCA	-	5,150,608	(4,820,223)	(330,385)	-
Indigenous Education Rural and Northern Education Fund	185,342	205,437	(155,122)	-	235,657
Temporary Accommodation	198,522	1,214,103	(652,064)	(629,073)	131,488
PPF-Technology Devices	280,487	246,450	(156,304)	-	370,633
Student achievement	-	646,288	(8,724)	(637,564)	-
Proceeds of Disposition	714,155	1,166,119	(809,841)	(54,065)	1,016,368
Other	3,788,520	2,038,438	-	-	5,826,958
	4,123	349,323	(349,293)	-	4,153
	\$25,502,066	\$51,580,413	\$(43,520,582)	\$(4,400,635)	\$29,161,262

**Bluewater District School Board
Notes to the Consolidated Financial Statements**

August 31, 2021

8. Deferred Capital Contributions

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with regulations 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	<u>2021</u>	<u>2020</u>
Balance, beginning of the year	\$196,765,935	\$188,343,204
Additions to deferred capital contributions	17,695,226	18,447,056
Revenue recognized in the period	(12,766,909)	(11,013,788)
Transfers from (to) deferred revenue	4,400,635	989,463
Balance, end of the year	<u>\$206,094,887</u>	<u>\$196,765,935</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

9. Net Long-Term Liabilities

	<u>2021</u>	<u>2020</u>
Loan, Ontario Financing Authority, 5.23%, repayable \$167,576 semi-annual principal and interest, due April 2035	\$ 3,282,536	\$ 3,439,750
Loan, Ontario Financing Authority, 5.06%, repayable \$212,558 semi-annual principal and interest, due March 2034	3,974,474	4,190,179
Loan, Ontario Financing Authority, 5.38%, repayable \$303,975 semi-annual principal and interest, due May 2034	5,631,867	5,924,720
Loan, Ontario Financing Authority, 3.80%, repayable \$639,823 semi-annual principal and interest, due March 2038	15,811,048	16,471,165
Loan, Ontario Financing Authority, 4.56%, repayable \$463,092 semi-annual principal and interest, due November 2031	7,659,985	8,217,728
Debenture, 5.8%, repayable \$752,355 semi-annual principal and interest, due November 2028	9,046,879	9,985,831
Loan, Ontario Financing Authority, 3.56%, repayable \$172,186 semi-annual principal and interest, due March 2037	4,135,402	4,327,245
Loan, Ontario Financing Authority, 4.83%, repayable \$63,850 semi-annual principal and interest, due March 2036	1,340,280	1,400,994
Loan, Ontario Financing Authority, 4.9%, repayable \$461,770 semi-annual principal and interest, due March 2033	8,199,865	8,703,045
Demand instalment loan, CIBC, 4%, repayable \$23,712 monthly principal and interest	435,851	697,261
Loan, Ontario Financing Authority, 4.04%, repayable \$453,547 semi-annual principal and interest, due October 2028	5,793,234	6,446,607
	<u>\$65,311,421</u>	<u>\$ 69,804,525</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

9. Net Long-Term Liabilities (Continued)

Principal and interest payments relating to net long-term liabilities outstanding of \$65,311,421 as at August 31, 2021 payable over the next five fiscal years and thereafter are as follows:

	Principal	Interest	Total
2022	\$ 4,706,882	\$ 2,959,126	\$ 7,666,008
2023	4,811,746	2,735,703	7,547,449
2024	4,871,597	2,509,868	7,381,465
2025	5,106,283	2,275,122	7,381,405
2026	5,352,570	2,028,896	7,381,466
Thereafter	40,462,343	8,337,053	48,799,396
	<u>\$ 65,311,421</u>	<u>\$ 20,845,768</u>	<u>\$ 86,157,189</u>

10. Retirement and Other Employee Future Benefits

			2021	2020
	Retirement Benefits	Other Employee Future Benefits	Total	Total
Accrued Benefit Obligations at August 31	\$ 8,748,988	\$ 2,489,710	\$ 11,238,698	\$ 12,966,207
Unamortized Actuarial Gains (Losses)	(920,924)	-	(920,924)	(1,442,061)
Employee Future Benefits Liability at August 31	<u>\$ 7,828,064</u>	<u>\$ 2,489,710</u>	<u>\$ 10,317,774</u>	<u>\$ 11,524,146</u>

Retirement and Other Employee Future Benefit Expenses

Current year benefit cost	\$ -	\$ 931,957	\$ 931,957	\$ 758,108
Interest on accrued benefit	136,063	29,663	165,726	259,859
Amortization (gain) loss	331,895	72,201	404,096	351,800
Plan amendment	152,080	-	152,080	-
Employee Future Benefits Expense	<u>\$ 620,038</u>	<u>\$ 1,033,821</u>	<u>\$ 1,653,859</u>	<u>\$ 1,369,767</u>

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

10. Retirement and Other Employee Future Benefits (Continued)

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2021 are based on the actuarial assumptions of future events determined for accounting purposes at August 31, 2021. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2021</u>	<u>2020</u>
Inflation	1.5%	1.5%
Insurance and health care cost escalation	5.00	4.50 - 7.25
Discount on accrued benefit obligations	1.80	1.40

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 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. Employees contribute at rates from 9.0% to 15.8% (2020 - 9.0% to 15.8%) of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2021, the Board contributed \$2,882,113 (2020 - \$2,706,589) 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 financial statements. At December 31, 2020 OMERS reported an actuarial funding deficit of \$3.20 billion (2019 - \$3.40 billion).

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

10. Retirement and Other Employee Future Benefits (Continued)

(iii) Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012. During the year ended August 31, 2021, the Board paid \$2,119,200 in retirement gratuities (2020 - \$1,661,393).

(iv) Retirement Life Insurance and Health Care Benefits

The Board continues to provide 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, will no longer qualify for the board subsidized premiums or contributions.

Other Employee Future Benefits

(i) Workplace Safety & Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety & 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 financial statements. School boards are required to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such provision. During the year ended August 31, 2021, the Board paid \$461,732 in benefits (2020 - \$414,773).

(ii) Sick Leave Benefits

Sick Leave Top-Up Benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$284,429 (2020 - \$98,713).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2021 and is based on the average daily salary and banked sick days of employees as at August 31, 2021.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

11. Accumulated Surplus

Accumulated surplus consists of the following:

	2021	2020
Operating accumulated surplus (deficit)	\$ -	\$ -
Invested in non-depreciable tangible capital assets (Note 5)	5,692,974	3,629,849
Reserves and reserve funds		
set aside for specific purpose by the board (Note 12)	30,833,939	21,696,541
Amounts to be recovered (Note 13)	(2,686,370)	(2,743,039)
School generated funds	2,802,137	3,005,389
	\$ 36,642,680	\$ 25,588,740

12. Reserves and Reserve Funds

	2021	2020
Reserve for working funds	\$ 28,379,245	\$ 19,479,432
Reserve for workers compensation	2,300,000	2,038,915
Reserve for sinking fund interest	71,447	94,947
Reserve for capital improvements - OSCVI Auditorium	83,247	83,247
	\$ 30,833,939	\$ 21,696,541

13. Amounts to be Recovered in Future Years

The amounts to be recovered in future years reported on the Consolidated Statement of Financial Position are comprised of:

	2021	2020
Amounts to be financed in future years		
Employee future benefits liability	\$ 1,629,953	\$ 1,686,622
Interest accrual	1,056,417	1,056,417
	\$ 2,686,370	\$ 2,743,039

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

14. Debt Charges and Capital Loan Interest

	2021	2020
Principal payments on long-term liabilities	\$ 4,493,104	\$ 4,289,271
Interest payments on long-term liabilities	3,113,228	3,319,869
	\$ 7,606,332	\$ 7,609,140

15. Expenses by Object

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

	2021 Budget	2021 Actual	2020 Actual
Expenses			
Salary and wages	\$148,734,787	\$146,733,250	\$137,328,958
Employee benefits	25,057,186	25,550,315	23,767,508
Staff development	745,504	352,092	397,015
Supplies and services	12,333,225	13,854,308	9,701,291
Interest	3,172,902	3,113,810	3,319,869
Rental	14,014	-	-
Fees & Contract services	19,367,817	19,578,512	18,950,632
Other	788,530	788,530	807,190
Amortization of tangible capital assets	12,537,381	12,997,926	11,325,169
School funded activities	6,000,000	1,460,421	3,490,816
	\$228,751,346	\$224,429,164	\$209,088,448

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

16. Ontario School Board Insurance Exchange

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24 million per occurrence.

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

There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the Board.

17. Contributions from First Nation Bands

The Board provides education for certain students from the Chippewas of the Saugeen First Nation and the Chippewas of Nawash Unceded First Nation. During the year the costs associated with this service, which are fully recoverable from the bands, were Chippewas of the Saugeen Band \$1,400,745 (2020 - \$1,462,491) and Chippewas of the Nawash Band \$220,535 (2020 - \$248,880).

18. Trust Funds

Trust funds and their related operations administered by the Board have not been included in the consolidated financial statements. As at August 31, 2021, the Scholarship Trust Fund balance was \$3,017,108 (2020 - \$2,838,136).

19. Contractual Obligations

The Board has commitments with respect to outstanding construction contracts relating to school accommodations as at August 31, 2021, in the amount of approximately \$2,100,000 (2020 - \$14,600,000).

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

20. Repayment of The 55 School Board Trust Funding

On June 1, 2003, the Board received \$10,584,205 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 debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the not permanently financed debt.

As a result of the above agreement, the liability in respect of the not permanently financed debt is no longer reflected in the board's financial position. The amount paid to the trust during the year was \$788,530 (2020 - \$788,530).

21. Segment Information

The major functional classification of activities that the Board operates in is education and the reportable segment is education.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

22. Partnership in Student Transportation Service Consortium of Grey-Bruce

On January 31, 2007, the Bluewater District School Board entered into an agreement with the Conseil Scolaire des ecoles catholiques du Sud-Ouest and the Bruce-Grey Catholic District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the Student Transportation Service Consortium of Grey-Bruce are shared. No partner is in a position to exercise unilateral control. Effective June 30, 2012, the Conseil Scolaire des ecoles catholiques du Sud-Ouest is no longer part of the consortium.

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses.

The following provides condensed financial information.

	2021		2020	
	Total	Board Portion	Total	Board Portion
Operations:				
Revenues	\$ 544,822	\$ 282,450	\$ 528,993	\$ 291,613
Expenses	<u>544,822</u>	<u>282,450</u>	<u>528,993</u>	<u>291,613</u>
Annual Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

23. In-Kind Transfers from Ministry of Government and Consumer Services

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$1,141,447 with expenses based on use of \$1,141,447 for a net impact of \$NIL.

Bluewater District School Board Notes to the Consolidated Financial Statements

August 31, 2021

24. Uncertainty due to COVID-19

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

The Ontario Ministry of Education has provided new funding and authorized the redirection of existing funding towards the costs related to implementing safe reopening measures and procuring personal protective equipment.

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