

Consolidated Financial Statements of

**DISTRICT SCHOOL BOARD
OF NIAGARA**

And Independent Auditors' Report Thereon

Year ended August 31, 2021



**I Matter
At DSBN**

DISTRICT SCHOOL BOARD OF NIAGARA

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the District School Board of Niagara 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 judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and 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.

Warren Hoshizaki
Director of Education & Secretary

Stacy Veld
Superintendent of Business Services & Treasurer

November 23, 2021



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St. Catharines ON L2R 7G1
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the District School Board of Niagara

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

- the consolidated statement of financial position as at August 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2021, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 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 – Financial Reporting Framework

We draw attention to Note 1 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.



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As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements 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, 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' Responsibility for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- 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 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada
November 23, 2021

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Financial Position

As at August 31, 2021, with comparative information for 2020

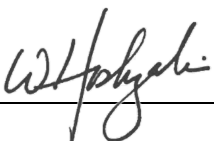
	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 47,267,809	\$ 50,711,152
Accounts receivable (note 2)	18,601,290	48,037,176
Accounts receivable – Government of Ontario (note 3)	148,346,665	125,367,028
Investments (note 4)	22,217,146	29,874,735
Assets held for sale (note 5)	803,971	1,551,904
Total financial assets	237,236,881	255,541,995
Financial Liabilities		
Temporary borrowing (note 6)	4,485,965	3,094,760
Accounts payable and accrued liabilities (note 7)	54,369,209	74,636,835
Deferred revenue (note 8)	35,688,350	45,127,721
Deferred capital contributions (note 9)	358,517,129	353,805,752
Net long-term liabilities (note 10)	82,413,881	86,884,037
Employee future benefits (note 11)	12,399,648	12,163,700
Total financial liabilities	547,874,182	575,712,805
Net debt	(310,637,301)	(320,170,810)
Non-Financial Assets		
Prepaid expenses	616,811	1,489,013
Inventory (note 22)	444,580	-
Tangible capital assets (note 12)	412,783,913	399,786,874
Total non-financial assets	413,845,304	401,275,887
Commitments (note 18)		
Subsequent event (note 23)		
Accumulated surplus (note 13)	\$ 103,208,003	\$ 81,105,077

See accompanying notes to consolidated financial statements.

On behalf of the Board



Chair



Director of Education

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2021, with comparative information for 2020

	Original Budget	2021	2020
Revenue:			
Provincial legislative grants	\$ 448,402,349	\$ 446,153,913	\$ 423,474,546
Provincial grants – other	3,903,820	16,293,287	4,172,266
Government of Canada	96,200	16,590	97,397
Investment income	1,250,000	1,096,339	1,711,556
Other	2,898,191	22,515,698	6,679,372
School fundraising and other revenue	8,503,667	1,756,252	7,034,670
Amortization of deferred capital contributions	30,799,515	31,961,784	27,902,929
Total revenue	495,853,742	519,793,863	471,072,736
Expenses:			
Instruction	378,686,244	385,133,248	353,074,582
Administration	13,157,687	11,682,042	12,479,349
Transportation	20,454,215	20,824,455	19,537,089
School operation and maintenance	43,204,816	42,595,151	39,169,103
Pupil accommodation	33,635,834	32,864,464	30,139,094
Other	2,612,780	2,056,036	733,671
School funded activities	8,503,667	2,535,541	6,865,841
Total expenses (note 16)	500,255,243	497,690,937	461,998,729
Annual surplus (deficit)	(4,401,501)	22,102,926	9,074,007
Accumulated surplus, beginning of year	77,849,271	81,105,077	72,031,070
Accumulated surplus, end of year (note 13)	\$ 73,447,770	\$ 103,208,003	\$ 81,105,077

See accompanying notes to consolidated financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Change in Net Debt

Year ended August 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ 22,102,926	\$ 9,074,007
Tangible capital assets activity:		
Acquisition of tangible capital assets	(45,908,072)	(32,808,380)
Amortization of tangible capital assets	32,911,033	28,811,989
Gain on sale of tangible capital assets	(3,500)	-
Proceeds on sale of tangible capital assets	3,500	-
Transfer to asset held for sale	-	-
Write-downs of tangible capital assets	-	-
Other non-financial asset activity:		
Acquisition of supplies inventories	(1,800,615)	-
Acquisition of prepaid expenses	(480,464)	(1,489,013)
Consumption of supplies inventories	1,356,035	-
Use of prepaid expenses	1,352,666	384,763
Change in net debt	9,533,509	3,973,366
Net debt, beginning of year	(320,170,810)	(324,144,176)
Net debt, end of year	\$ (310,637,301)	\$ (320,170,810)

See accompanying notes to consolidated financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Consolidated Statement of Cash Flows

Year ended August 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 22,102,926	\$ 9,074,007
Items not involving cash:		
Amortization and write-off of tangible capital assets	32,911,033	28,811,989
Gain on sale of capital assets and assets held for sale	(3,234,686)	-
Change in employee future benefits and other liabilities	235,948	395,505
Amortization of deferred capital contributions	(31,961,784)	(27,902,929)
	20,053,437	10,378,572
Change in non-cash assets and liabilities:		
Accounts receivable	29,435,886	(28,851,037)
Accounts payable and accrued liabilities	(20,267,626)	39,506,645
Deferred revenue	(9,439,371)	5,834,346
Prepaid expenses	872,202	(1,104,250)
Inventory	(444,580)	-
Net change in cash from operating activities	20,209,948	25,764,276
Capital activities:		
Proceeds on sale of capital assets and assets held for sale	3,982,619	-
Cash used to acquire tangible capital assets	(45,908,072)	(32,808,380)
Net change in cash from capital activities	(41,925,453)	(32,808,380)
Investing activities:		
Investments	7,657,589	7,169,835
Net change in cash from investing activities	7,657,589	7,169,835
Financing activities:		
Temporary borrowing	1,391,205	(2,977,413)
Long-term debt repaid	(4,470,156)	(4,276,207)
Accounts receivable – Government of Ontario	(22,979,637)	(432,093)
Deferred capital contributions	36,673,161	21,144,463
Net change in cash from financing activities	10,614,573	13,458,750
Net change in cash	(3,443,343)	13,584,481
Cash and cash equivalents, beginning of year	50,711,152	37,126,671
Cash and cash equivalents, end of year	\$ 47,267,809	\$ 50,711,152

See accompanying notes to consolidated financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

1. Significant accounting policies:

The consolidated financial statements of the District School Board of Niagara (the "Board") are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the Board are as follows:

a. Basis of accounting:

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

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

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

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

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended 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 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:

School Generated Funds

Proportionately consolidated entities:

Niagara Student Transportation Services

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 these funds are not controlled by the Board.

d. Cash and cash equivalents:

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

e. Investments:

Temporary investments consist of marketable securities which are liquid temporary investments with maturities between three months and one year at the date of acquisition and are carried on the Consolidated Statement of Financial Position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost less an allowance for impairment. These investments are assessed regularly for permanent impairment.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

1. Significant accounting policies (continued):

f. 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, except land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	15 years
Buildings	40 years
Portable structures	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5-15 years
Computer hardware	3 years
Computer software	5 years
Vehicles	5-10 years

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

The useful life for computer hardware was revised from five years to three years based on new information related to the actual life of the assets. As such, additional amortization has occurred for these assets as needed to bring the net book value in line with this new policy. The impact of this change in estimates is \$2,219,813.

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 are classified as assets held for sale and recognized as a financial asset only when the Board has committed to selling the asset, the asset is in a condition to be sold, the asset is publicly seen to be for sale, there is an active market for the asset and there is a plan in place to sell the asset. It must be anticipated that the sale will take place within one year of the date of the consolidated financial statements.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

1. Significant accounting policies (continued):

f. Tangible capital assets (continued):

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

Donated or contributed assets are capitalized and recorded at their estimated fair value upon acquisition and recognized in deferred capital contributions and amortized to revenue over the estimated useful life.

g. 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 expenses are incurred or services performed.

h. 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 when the asset has been acquired. 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

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

1. Significant accounting policies (continued):

i. Retirement and other employee future benefits:

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: ETFO and OSSTF. The following ELHTs were established in 2017-2018: CUPE, EWBT and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals prior to the Board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board no longer administers 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 as well as Stabilization Adjustment.

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

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

1. Significant accounting policies (continued):

i. 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 estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. For certain employee groups, the cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days, and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest over the periods of service provided by employees, such as retirement gratuities and 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 Employee 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.

j. Investment income:

Investment income is reported as revenue in the period earned.

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

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

1. Significant accounting policies (continued):

k. School fundraising and other revenue:

School fundraising and other revenue are reported as revenue in the period earned.

l. 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 included in deferred capital contributions as described in note 1h.

m. 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 on July 21, 2020, 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.

n. Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1a requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in net expenses in the periods in which they become known. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities. Actual results could differ from these current estimates.

o. Property tax revenue:

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the consolidated 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.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

2. Accounts receivable – Municipalities:

Due to the response to COVID-19, the Province of Ontario extended the deadlines in 2020 for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$nil (2020 - \$28,459,536) and has been included in accounts receivable on the consolidated statement of financial position. The previous amount was recovered fully by the Board in the current school year.

3. Accounts receivable – Government of Ontario:

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that 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 \$104,152,840 as at August 31, 2021 (2020 - \$95,397,625) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2021 is \$44,193,825 (2020 - \$29,969,403).

4. Investments:

Investments are comprised of:

	2021		2020	
	Cost	Market	Cost	Market
Long-term investments				
Guaranteed Investment Certificates	\$ 22,217,146	\$ 22,217,146	\$ 29,874,735	\$ 29,874,735
Total investments	\$ 22,217,146	\$ 22,217,146	\$ 29,874,735	\$ 29,874,735

5. Assets held for sale:

As at August 31, 2021, \$803,971 (2020 - \$1,551,904) related to buildings and \$nil (2020 - \$nil) related to land were recorded as assets held for sale. During the year, net proceeds of \$3,979,119 (2020 - \$nil) were received on the sale of properties included in assets held for sale. The carrying value of the assets comprising this property was \$747,933 (2020 - \$nil), resulting in a gain of \$3,231,186 (2020 - \$nil). Proceeds were deferred for future capital assets purchases according to Ontario Regulation 193/10.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

6. Temporary borrowing:

Temporary borrowing reported on the consolidated statement of financial position bear interest at banker's acceptance plus 75 basis points with maximum term of 90 days. Temporary borrowing comprises the following:

	2021	2020
BA note, due September 1, 2021	\$ 1,647,085	\$ -
BA note, due November 8, 2021	1,222,048	-
BA note, due November 8, 2021	1,046,648	-
BA note, due November 8, 2021	570,184	-
BA note, due September 3, 2020	-	267,672
BA note, due October 19, 2020	-	568,442
BA note, due October 30, 2020	-	1,132,813
BA note, due November 12, 2020	-	1,125,833
Balance, end of year	\$ 4,485,965	\$ 3,094,760

7. Accounts payable – Government of Ontario:

Due to the response to COVID-19, the Province of Ontario extended the deadlines in 2020 for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$nil (2020 – \$28,459,536). This amount was recovered by the Province in 2021.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

8. 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 (restated)	Externally Restricted Revenue	Revenue recognized in the period	Transfers to deterred capital contributions (note 9)	Balance as at August 31, 2021
Legislative grants – capital	\$ 13,939,329	\$ 24,370,790	\$ 12,881,342	\$ 6,982,616	\$ 18,446,161
Other provincial grants	-	1,411,159	-	1,411,159	-
Proceeds of disposition	25,812,566	5,313,536	18,518,139	1,119,792	11,488,171
Legislative grants - operating	2,330,003	60,436,603	59,617,166	-	3,149,440
Other	3,045,823	2,258,727	2,699,972	-	2,604,578
Total deferred revenue	\$ 45,127,721	\$ 93,790,815	\$ 93,716,619	\$ 9,513,567	\$ 35,688,350

9. Deferred capital contributions:

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

	2021	2020
Balance, beginning of year	\$ 353,805,752	\$ 360,564,218
Additions to deferred capital contributions	27,159,594	12,697,307
Transfer from deferred revenue (note 8)	9,513,567	8,447,156
Amortization of deferred capital contributions	(31,961,784)	(27,902,929)
Balance, end of year	\$ 358,517,129	\$ 353,805,752

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

10. Net long-term liabilities:

Net long-term liabilities reported on the consolidated statement of financial position comprises the following:

	2021	2020
Debenture, bearing interest at the rate of 5.062% due March 13, 2034	\$ 12,360,856	\$ 13,031,711
Debenture, bearing interest at the rate of 4.90% due March 3, 2033	8,171,386	8,672,818
Debenture, bearing interest at the rate of 4.56% due November 15, 2031	15,453,287	16,578,479
Debenture, bearing interest at the rate of 5.054% due November 15, 2028	2,093,021	2,317,314
Debenture, bearing interest at the rate of 5.232% due April 13, 2035	6,790,775	7,116,014
Debenture, bearing interest at the rate of 4.833% due March 11, 2036	3,863,243	4,038,246
Debenture, bearing interest at the rate of 3.564% due March 9, 2037	13,341,242	13,960,148
Debenture, bearing interest at the rate of 3.799% due March 19, 2038	15,201,490	15,836,157
Debenture, bearing interest at the rate of 4.003% due March 19, 2039	5,138,581	5,333,150
Balance, end of year	\$ 82,413,881	\$ 86,884,037

Principal and interest payments relating to net long-term liabilities of \$82,413,881 outstanding as at August 31, 2021 are due as follows:

	Principal	Interest	Total
2022	\$ 4,673,048	\$ 3,561,413	\$ 8,234,461
2023	4,885,302	3,350,510	8,235,812
2024	5,107,356	3,129,872	8,237,228
2025	5,339,668	2,899,042	8,238,710
2026	5,582,720	2,657,542	8,240,262
Thereafter	56,825,787	12,377,641	69,203,428
	\$ 82,413,881	\$ 27,976,020	\$ 110,389,901

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

11. Employee future benefits:

Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	2021 Total employee future benefits	2020 Total employee future benefits
Accrued benefit obligation	\$ 5,261,578	\$ 7,242,008	\$ 12,503,586	\$ 12,527,218
Unamortized actuarial loss	(103,938)	-	(103,938)	(363,518)
Balance, end of year	\$ 5,157,640	\$ 7,242,008	\$ 12,399,648	\$ 12,163,700

Retirement and other employee future benefit expenses	Retirement benefits	Other employee future benefits	2021 Total employee future benefits	2020 Total employee future benefits
Current year benefit costs	\$ 11,630	\$ 3,217,674	\$ 3,229,304	\$ 2,059,066
Interest on accrued benefit obligation	84,305	84,255	168,560	236,936
Recognized actuarial loss	150,106	308,431	458,537	91,977
Employee future benefits expenses	\$ 246,041	\$ 3,610,360	\$ 3,856,401	\$ 2,387,979
Benefit payments	\$ (1,493,360)	\$ (2,127,093)	\$ (3,620,453)	\$ (1,993,244)

Included in expenses is \$458,537 (2020 – \$92,747) for amortization of the unamortized actuarial loss. The unamortized actuarial gain/loss is amortized over the expected average remaining service life of 2.50 years (2020 – 3.55 years). The actuarial gain (loss) for the year was \$198,957 (2020 - \$(92,747)).

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

11. Employee future benefits (continued):

Retirement benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are the 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 and support staff employees of the Board are eligible to be members of the Ontario Municipal Employees' Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2021, the Board contributed \$5,643,135 (2020 - \$5,492,095) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

The OMERS pension plan had a deficit of \$3.2 billion as at December 31, 2021 (2020 - \$3.4 billion) based on the actuarial valuation of the pension benefit obligation. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

(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 up to August 31, 2012.

(iv) Retirement life insurance and health care benefits:

The Board provides life insurance, dental and health care benefits to a certain employee group after retirement. 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.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

11. Employee future benefits (continued):

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. Plan changes made in 2012 requires school boards 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 previously negotiated collective agreement included such provision.

(ii) Long-term disability:

The Board provides certain benefits to employees who were on long-term disability at the time of transition to the ELHT. As a result, salary compensation and benefits for these employees remain the responsibility of the Board. These costs are fully insured and not included in the defined benefit plan.

(iii) Sick leave top-up benefits:

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$883,315 (2020 – \$237,365).

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.

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

	2021	2020
Inflation	1.50%	1.50%
Wage and salary escalation	nil	nil
Insurance and health care cost escalation	7.00% decreasing by ¼% each year to 4.50%	7.25% decreasing by ¼% each year to 4.50%
Dental cost escalation	4.50%	4.50%
Discount on accrued benefit obligations	1.80%	1.40%

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

12. Tangible capital assets:

Cost	Balance at August 31, 2020	Additions	Disposals, write-offs and adjustments	Transfer to assets held for sale	Balance at August 31, 2021
Land	\$ 30,222,365	\$ 8,638,325	\$ -	\$ -	\$ 38,860,690
Land improvements	30,528,286	1,341,632	54,652	-	31,924,570
Buildings	663,757,618	13,212,972	5,538,044	-	682,508,634
Portable structures	6,721,481	1,341,407	(154,600)	-	7,908,288
First-time equipping of schools	5,382,336	167,082	(407,082)	-	5,142,336
Furniture	1,251,290	31,765	(109,305)	-	1,173,750
Equipment	5,696,505	276,918	(300,746)	-	5,672,677
Computer hardware	11,335,507	3,517,008	(3,479,484)	-	11,373,031
Computer software	894,911	480,576	(30,198)	-	1,345,289
Vehicles	2,288,550	319,903	(39,380)	-	2,569,073
Assets under construction	7,087,297	16,580,484	(5,746,004)	-	17,921,777
Total	\$ 765,166,146	\$ 45,908,072	\$ (4,674,103)	\$ -	\$ 806,400,115

Accumulated Amortization	Balance at August 31, 2020	Amortization	Disposals, write-offs and adjustments	Transfer to assets held for sale	Balance at August 31, 2021
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	7,870,826	1,948,306	(153,308)	-	9,665,824
Buildings	341,584,617	24,175,112	-	-	365,759,729
Portable structures	2,458,151	386,216	(154,600)	-	2,689,767
First-time equipping of schools	3,278,032	526,238	(407,082)	-	3,397,188
Furniture	530,031	121,250	(109,305)	-	541,976
Equipment	3,419,519	731,492	(300,746)	-	3,850,265
Computer hardware	3,877,359	4,623,475	(3,479,484)	-	5,021,350
Computer software	345,365	224,019	(30,198)	-	539,186
Vehicles	2,015,372	174,925	(39,380)	-	2,150,917
Assets under construction	-	-	-	-	-
Total	\$ 365,379,272	\$ 32,911,033	\$ (4,674,103)	\$ -	\$ 393,616,202

	Net Book Value August 31, 2020	Net Book Value August 31, 2021
Land	\$ 30,222,365	\$ 38,860,690
Land improvements	22,657,460	22,258,746
Buildings	322,173,001	316,748,905
Portable structures	4,263,330	5,218,521
First-time equipping of schools	2,104,304	1,745,148
Furniture	721,259	631,774
Equipment	2,276,986	1,822,412
Computer hardware	7,458,148	6,351,681
Computer software	549,546	806,103
Vehicles	273,178	418,156
Assets under construction	7,087,297	17,921,777
Total	\$ 399,786,874	\$ 412,783,913

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

12. Tangible capital assets (continued):

Assets under construction:

Assets under construction having a value of \$17,921,777 (2020 – \$7,087,297) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$nil (2020 - \$nil).

Contributed tangible capital assets:

The Board received no contributed tangible capital assets in 2021 or 2020.

Works of arts and historical treasures:

The Board has works of arts and historical treasures including fine arts and archival collections that are preserved by the Board but are not recorded as tangible capital assets.

13. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Internally appropriated	\$ 59,817,007	\$ 55,511,485
Externally appropriated:		
Interest to be accrued	(1,061,683)	(1,120,238)
School generated funds	5,591,989	6,371,279
Revenues recognized for land	38,860,690	20,342,551
Balance, end of year	\$ 103,208,003	\$ 81,105,077

14. Debt charges:

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

	2021	2020
Principal payments on long-term liabilities	\$ 4,470,156	\$ 4,276,207
Interest payments on long-term liabilities	3,788,263	3,982,212
	\$ 8,258,419	\$ 8,258,419

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

15. Partnership in Niagara Student Transportation Services:

On March 6, 2007, the Board entered into an agreement with Niagara Catholic District School Board to provide common administration of student transportation services. On March 9, 2007, Niagara Student Transportation Services (“NSTS”) was incorporated under the Corporations Act of Ontario. Each Board participates in the shared costs associated with this service for the transportation of their respective students through NSTS.

This entity is proportionately consolidated in the Board’s consolidated financial statements whereby the Board’s pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board’s consolidated financial statements. The Board’s pro-rata share for 2021 is 66.1% (2020 – 65.2%). Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information:

	2021		2020	
	Total	Board portion	Total	Board portion
Financial Position:				
Financial assets	\$ 112,128	\$ 74,117	\$ 224,661	\$ 146,479
Financial liabilities	(117,874)	(77,915)	(224,661)	(146,479)
Non-financial assets	5,746	3,798	-	-
Accumulated surplus	\$ -	\$ -	\$ -	\$ -
Operations:				
Revenues	\$ 29,439,566	\$ 19,459,553	\$ 29,033,973	\$ 18,930,150
Expenses	29,439,566	19,459,553	29,033,973	18,930,150
Annual surplus	\$ -	\$ -	\$ -	\$ -

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

16. Expenses by object:

The following is a summary of the reported on the consolidated statement of operations and accumulated surplus by object:

	2021 Budget	2021 Actual	2020 Actual
Current expenses:			
Salary and wages	\$ 338,937,770	\$ 344,352,136	\$ 317,536,245
Employee benefits	56,857,390	57,248,429	52,878,671
Staff development	1,781,403	902,307	1,454,952
Supplies and services	38,007,837	29,981,666	29,731,167
Interest	4,264,655	3,841,309	4,266,672
Rental expenses	70,320	146,103	75,626
Fees and contract services	25,938,825	26,076,636	26,262,509
Other	2,790,925	2,231,318	980,898
Amortization	31,606,118	32,911,033	28,811,989
	\$ 500,255,243	\$ 497,690,937	\$ 461,998,729

17. Ontario School Board Insurance Exchange (OSBIE):

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.

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.

18. Commitments:

The Board is committed to pay \$60,762,163 for capital expenditures.

19. Trust funds:

Trust funds administered by the Board amounting to \$3,293,312 (2020 - \$2,000,807) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

DISTRICT SCHOOL BOARD OF NIAGARA

Notes to Consolidated Financial Statements

Year ended August 31, 2021

20. Repayment of the “55 School Board Trust” funding:

On June 1, 2003, the Board received \$9,176,721 from the 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the 55 School Board Trust repaid the Board’s debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board’s financial position.

21. Litigation and claims:

The Board is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Board believes it has valid defenses. In Administration’s judgment, no material exposure exists on the eventual settlement of such litigation, and accordingly, no provision has been made in the accompanying consolidated financial statements.

22. In-Kind Transfers from the Ministry of Government and Consumer Services:

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board’s records. The in-kind revenue recorded for these transfers is \$1,356,035 with expenses based on use of \$1,356,035. The Board has recorded \$444,580 in inventory and deferred revenue on the consolidated statement of financial position.

23. Subsequent event:

Subsequent to year-end, land and building classified as held for sale with a carrying value of \$803,971 were sold for net proceeds of \$10,196,374 resulting in a gain of \$9,392,403.