

Hastings and Prince Edward
District School Board
Consolidated Financial Statements
For the year ended August 31, 2021

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

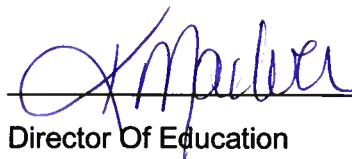
The accompanying consolidated financial statements of the Hastings and Prince Edward District School Board are the responsibility of the Board's management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in Note 1(a) to the consolidated financial statements.

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

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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Director Of Education



Superintendent of Business Services

November 22, 2021



Independent Auditor's Report

To the Board of Trustees of the
Hastings and Prince Edward District School Board

Opinion

We have audited the consolidated financial statements of Hastings and Prince Edward District School Board and its controlled entities (the Board), which comprise the consolidated statement of financial position as at August 31, 2021, and the consolidated statements of operations, consolidated changes in net debt and consolidated 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 Board 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(a) 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 Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1(a) 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 and fair presentation of the consolidated financial statements in accordance with the basis of accounting described in Note 1(a) 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 Board's ability to continue as a going concern and disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to either liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of 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 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board 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


Peterborough, Ontario
November 22, 2021

Hastings and Prince Edward District School Board


Consolidated Statement of Financial Position

August 31	2021	2020
	(in thousands of dollars)	
Financial Assets		
Cash and cash equivalents	\$ 5,728	\$ 14,580
Accounts receivable		
Government of Ontario (Note 2)	59,610	50,508
Municipalities	4,325	14,657
Other	4,754	4,114
	74,417	83,859
Financial Liabilities		
Temporary borrowing (Note 3)	3,222	2,423
Accounts payable		
Government of Ontario	2,885	16,506
Trade payables and accrued liabilities	16,409	15,263
Net long-term debt (Note 4)	27,967	29,569
Deferred capital contributions (Note 6)	189,870	174,516
Deferred revenue (Note 7)	12,543	12,338
Employee future benefits liability (Note 8)	12,788	13,295
	265,684	263,910
Net Debt	(191,267)	(180,051)
Commitments (Note 15)		
Impact of COVID-19 (Note 18)		
Non-Financial Assets		
Prepaid expenses	7,802	8,666
Tangible capital assets (Note 12)	193,082	177,923
	200,884	186,589
Accumulated Surplus (Note 13)	\$ 9,617	\$ 6,538

Signed on behalf of the Board



 Director of Education



 Chair of the Board

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

Hastings and Prince Edward District School Board

Consolidated Statement of Operations

For the year ended August 31	Budget 2021	Actual 2021	Actual 2020
	(in thousands of dollars)		
Revenues			
Provincial legislative grants	\$ 204,301	\$ 202,413	\$ 193,646
Provincial grants - other	668	8,899	1,556
School generated funds	3,884	814	2,158
Federal grants and fees	1,895	1,933	1,581
Investment income	170	57	202
Other revenues - School Boards	-	10	10
Other fees and revenues	1,769	2,486	2,853
	212,687	216,612	202,006
Expenses (Note 10)			
Instruction	156,329	162,074	148,354
Administration	6,889	7,425	6,469
Transportation	15,313	14,749	13,943
Pupil accommodation	28,254	27,207	25,934
School generated funds	3,884	1,149	2,198
Other	-	929	-
	210,669	213,533	196,898
Annual surplus	2,018	3,079	5,108
Accumulated surplus, beginning of year	3,396	6,538	1,430
Accumulated surplus, end of year	\$ 5,414	\$ 9,617	\$ 6,538

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

Hastings and Prince Edward District School Board

Consolidated Statement of Cash Flow

For the year ended August 31	2021	2020
	(in thousands of dollars)	
Operations		
Annual surplus	\$ 3,079	\$ 5,108
Sources and (uses)		
Changes in non-cash items:		
Amortization of tangible capital assets, gain (loss) on disposal and transfers of assets held for sale	8,609	8,870
Deferred gain on disposal of restricted assets	-	(800)
Amortization of deferred capital contributions	(8,311)	(8,602)
	3,377	4,576
Change in non-cash working capital balances		
Accounts receivable	4,561	(18,507)
Accounts payable and accrued liabilities	(12,475)	19,511
Deferred revenues - operating	(49)	262
Employee future benefits liability	(507)	(637)
Prepaid expenses	863	(1,538)
	(4,230)	3,667
Net increase (decrease) in cash from operations	(4,230)	3,667
Capital Transactions		
Proceeds on sale of tangible capital assets	-	1,079
Cash used to acquire tangible capital assets	(23,768)	(14,164)
	(23,768)	(13,085)
Financing		
Change in temporary borrowing	799	572
Government of Ontario - approved capital receivable	(3,971)	(1,554)
Additions to deferred capital contributions	23,665	13,814
Debt repayments	(1,602)	(1,529)
Deferred revenues - capital	255	3,377
	19,146	14,680
Increase in cash and equivalents during the year	(8,852)	5,262
Cash and equivalents, beginning of year	14,580	9,318
Cash and equivalents, end of year	\$ 5,728	\$ 14,580

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

Hastings and Prince Edward District School Board

Consolidated Statement of Changes in Net Debt

For the year ended August 31	Budget 2021	Actual 2021	Actual 2020
	(in thousands of dollars)		
Annual Surplus	\$ 2,018	\$ 3,079	\$ 5,108
Tangible Capital Asset Activity			
Acquisition of tangible capital assets	(27,401)	(23,768)	(14,164)
Amortization of tangible capital assets	9,820	8,609	8,346
Proceeds on sale of tangible capital assets	-	-	1,079
Gains on sale allocated to deferred revenue	-	-	(800)
Write-downs of tangible capital assets	-	-	524
	(17,581)	(15,159)	(5,015)
Other Non-Financial Asset Activity			
Change in prepaid expenses	-	864	(1,538)
Change in net debt	(15,563)	(11,216)	(1,445)
Net debt, beginning of year	(182,780)	(180,051)	(178,606)
Net debt, end of year	\$ (198,343)	\$ (191,267)	\$ (180,051)

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

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies

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

(a) Basis of Accounting

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

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

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

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- 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.

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies (continued)

(b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances 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, expenses and fund balances 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 include:

Tri-Board Student Transportation Services Inc. (Note 16)
School Generated Funds

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

(c) Related Party

The Hastings and Prince Edward Learning Foundation is the registered charitable foundation established by the Hastings and Prince Edward District School Board to enhance public education by raising money for services and initiatives that could not otherwise be offered by the Board. The operations of the Foundation are not consolidated but are disclosed in Note 14 to these consolidated financial statements.

(d) 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. The balances of these funds are disclosed in Note 11 to these consolidated financial statements.

(e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments.

(f) 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.

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies (continued)

(g) 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

(h) Retirement and other employee future benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: ETFO & 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 up to a school 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. Once employees transition to the ELHT, the Board is no longer responsible to provide certain benefits to the above mentioned groups. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

The Board continues to have a liability for payment of benefits for those who are on long-term disability and for some retirees who are retired under these plans.

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies (continued)

(h) 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 & 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 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 & 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 insurance benefit obligations that arise from specific events that occur from time to time, such as obligations for workers compensation and, 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.

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies (continued)

(i) Tangible Capital Assets

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

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 with finite lives	15
Buildings and building improvements	40
Furniture	10
Equipment	5-15
Computer hardware	3
Computer software	5
Vehicles	5-10

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 \$534,250.

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

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

1. Significant Accounting Policies (continued)

(j) 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.

(k) 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.

(l) 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.

(m) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 (a) above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include the determination of the liability for post-retirement benefits and the estimated useful life of tangible capital assets. Actual results could differ from these estimates.

(n) 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.

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

(tabular amounts in thousands of dollars)

2. Accounts Receivable - Government of Ontario

Included in this balance is the Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Hastings and Prince Edward District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The 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 \$47,162,673 as at August 31, 2021 (2020 - \$40,550,803) with respect to capital grants.

In addition, 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 at August 31, 2021 is \$12,446,670 (2020 - \$9,957,172).

3. Temporary Borrowing

	2021	2020
Banker Acceptance financing agreements	\$ 3,222	\$ 2,423

The Board has a demand operating line of credit available to the maximum of \$10,000,000 to address operating requirements. At year-end the overdraft amount totalled \$Nil (2020 - \$Nil). Interest on the operating line of credit is at the bank's prime lending rate.

At year-end, the Board has four outstanding Banker's Acceptance agreements available to the maximum of \$46,080,838. These loans provide short-term financing to partially pay for capital expenditures for certain schools and for additions/renovations under the School Conditions and Improvements programs, as well as the Capital Priorities Grant programs. At August 31, 2021, the total amount drawn under Banker's Acceptance facilities was \$3,222,000 (2020 - \$2,423,400). Interest on the Banker's Acceptance facilities are based on Banker's Acceptance rate plus 75 basis points.

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

(tabular amounts in thousands of dollars)

4. Net Long-Term Debt

Net long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2021	2020
Ontario Financing Authority loan payable, 4.56% per annum, repayable \$438,422 semi-annually principal and interest, due November 2031	7,252	7,780
Ontario Financing Authority loan payable, 4.90% per annum, repayable in semi-annual blended payments of \$379,275, maturing March 2033	6,735	7,148
Ontario Financing Authority loan payable, 5.062% per annum, repayable in semi-annual blended payments of \$244,898, maturing March 2034	4,579	4,828
Ontario Financing Authority loan payable, 5.232% per annum, repayable in semi-annual blended payments of \$223,609, maturing April 2035	4,380	4,590
Ontario Financing Authority loan payable, 4.833% per annum, repayable in semi-annual blended payments of \$21,787, maturing March 2036	457	478
Ontario Financing Authority loan payable, 3.799% per annum, repayable in semi-annual blended payments of \$123,385, maturing March 2038	3,061	3,189
Ontario Financing Authority loan payable, 2.993% per annum, repayable in semi-annual blended payments of \$19,065, maturing March 2040	546	567
Ontario Financing Authority loan payable, 3.242% per annum, repayable in semi-annual blended payments of \$14,737, maturing March 2041	429	444
Ontario Financing Authority loan payable, 3.594% per annum, repayable in semi-annual blended payments of \$18,131, maturing March 2042	528	545
	\$ 27,967	\$ 29,569

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

(tabular amounts in thousands of dollars)

4. Net Long-Term Debt (continued)

Payments relating to net long-term debt outstanding as at August 31, 2021 are due as follows:

	Principal	Interest	Total
2022	\$ 1,678	\$ 1,290	\$ 2,968
2023	1,758	1,210	2,968
2024	1,842	1,126	2,968
2025	1,930	1,038	2,968
2026	2,022	946	2,968
Thereafter	18,737	3,958	22,695
	<u>\$ 27,967</u>	<u>\$ 9,568</u>	<u>\$ 37,535</u>

5. Debt Charges and Capital Loan Interest

	2021	2020
Principal payments on long-term liabilities	\$ 1,601	\$ 1,528
Interest payments on long-term liabilities	1,341	1,418
	<u>\$ 2,942</u>	<u>\$ 2,946</u>

6. Deferred Capital Contributions

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

	2021	2020
Opening balance	\$ 174,516	\$ 169,303
Additions to deferred capital contributions	23,665	14,094
Revenue recognized in the year	(8,311)	(8,602)
Transfers (to) deferred revenue	-	(279)
	<u>\$ 189,870</u>	<u>\$ 174,516</u>

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

(tabular amounts in thousands of dollars)

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 and Investment Income	Revenue Recognized in the Period	Transferred to DCC	Balance as at August 31 2021
Capital					
School renewal	\$ 6,203	\$ 3,508	\$ 2,495	\$ 855	\$ 6,361
Minor tangible capital assets	-	4,751	3,061	1,690	-
Interest on capital	-	1,469	1,366	103	-
Rural and Northern Education Fund	-	637	637	-	-
Experiential Learning Envelope	-	356	356	-	-
Temporary Accomodation	-	246	150	-	96
Retrofitting school space	217	-	-	-	217
Proceeds of disposition	4,066	-	-	-	4,066
School generated funds	-	209	-	209	-
	<u>10,486</u>	<u>11,176</u>	<u>8,065</u>	<u>2,857</u>	<u>10,740</u>
Operating					
Special education	-	23,637	23,637	-	-
Other provincial grants	828	1,227	1,343	-	712
Other third party	198	82	198	-	82
SEA formula based funding	336	527	687	-	176
Tuition - international student	490	503	160	-	833
	<u>1,852</u>	<u>25,976</u>	<u>26,025</u>	<u>-</u>	<u>1,803</u>
	<u>\$ 12,338</u>	<u>\$ 37,152</u>	<u>\$ 34,090</u>	<u>\$ 2,857</u>	<u>\$ 12,543</u>

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

(tabular amounts in thousands of dollars)

8. Retirement and Other Employee Future Benefits

Liabilities

	2021			2020		
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits	
Accrued benefit obligation	\$ 11,922	\$ 184	\$ 1,844	\$ 13,950	\$ 14,933	
Unamortized actuarial (gains) losses	1,162	-	-	1,162	1,638	
Employee future benefits liability	\$ 10,760	\$ 184	\$ 1,844	\$ 12,788	\$ 13,295	

Change in Employee Future Benefit Liability

	2021			2020		
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits	
Current year benefit cost	\$ -	\$ 184	\$ 614	\$ 798	\$ 815	
Interest on accrued benefit obligation	176	-	25	201	293	
Benefit payments ¹	(1,135)	(173)	(500)	(1,808)	(1,887)	
Amortization of actuarial (gains)/losses	205	101	(10)	296	140	
Net change	\$ (754)	\$ 112	\$ 129	\$ (513)	\$ (639)	

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

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

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(tabular amounts in thousands of dollars)

8. 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 actuarial assumptions of future events determined for accounting purposes as at August 31, 2019 and based upon updated average daily salary and banked sick days as at August 31, 2021. These valuations take into account the plan changes 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	- %	- %
Insurance and health care cost escalation	7.00 %	7.25 %
Dental cost escalation	4.50 %	4.50 %
Discount rate	1.40 %	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 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. Each year an independent actuary determines the funding status of the plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the plan was conducted at December 31, 2020. The results of this valuation disclosed an actuarial deficit of \$3.397 billion as at that date. During the year ended August 31, 2021, the Board contributed \$2,710,052 (2020 - \$2,607,938) 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.

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

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(tabular amounts in thousands of dollars)

8. 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 the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

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

(ii) Long-Term Disability Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to all employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(iii) Sick Leave Top-Up Benefits

A maximum of eleven unused sick 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 financial statements are \$184,130 (2020 - \$71,095)

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.

Hastings and Prince Edward District School Board

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(tabular amounts in thousands of dollars)

9. Ontario School Board Insurance Exchange (OSBIE)

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence.

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

10. Expenditures by Object

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

	Budget 2021	Actual 2021	Actual 2020
Current expenses			
Salary and wages	\$ 140,817	\$ 145,183	\$ 134,808
Employee benefits	22,332	24,093	21,705
Staff development	634	521	396
Supplies and services	13,083	14,078	10,824
Interest	1,345	1,341	1,418
Rental expenses	163	166	155
Fees and contract services	18,406	17,270	16,352
Other	185	1,124	172
Amortization and write down of tangible capital assets	9,820	8,609	8,870
School funded activities	3,884	1,148	2,198
	<u>\$ 210,669</u>	<u>\$ 213,533</u>	<u>\$ 196,898</u>

11. Trust Funds

Trust funds administered by the Board amounting to \$1,483,353 (2020 - \$1,533,766) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

(tabular amounts in thousands of dollars)

12. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	Net Book Value
	Opening	Additions	Disposals	Closing	Opening	Additions	Disposals	Closing	2021	2020
Land	\$ 1,397	\$ -	\$ -	\$ 1,397	\$ -	\$ -	\$ -	\$ -	\$ 1,397	\$ 1,397
Land improvements	8,362	1,270	(1,050)	8,582	3,622	494	(1,050)	3,066	5,516	4,740
Buildings	250,021	20,745	-	270,766	84,678	6,479	-	91,157	179,609	165,343
Assets Permanently Removed from Service	10,466	-	-	10,466	8,415	-	-	8,415	2,051	2,051
Construction in progress	1,642	-	-	1,642	-	-	-	-	1,642	1,642
Furniture	1,880	14	(40)	1,854	1,317	187	(40)	1,464	390	563
Equipment	1,279	83	(459)	903	749	119	(459)	409	494	530
Computer hardware	2,617	1,373	(520)	3,470	1,179	1,243	(520)	1,902	1,568	1,438
Computer software	255	192	(65)	382	204	43	(65)	182	200	51
Vehicles	331	91	-	422	163	44	-	207	215	168
	\$ 278,250	\$ 23,768	\$ (2,134)	\$ 299,884	\$ 100,327	\$ 8,609	\$ (2,134)	\$ 106,802	\$ 193,082	\$ 177,923

a) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$Nil (2020 - \$524,486).

b) Assets permanently removed from service

The Board has identified 2 building properties that qualify as "assets permanently removed from service".

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

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(tabular amounts in thousands of dollars)

13. Accumulated Surplus

Accumulated surplus consists of the following:

	2021	2020
Available for Compliance - Unappropriated Operating accumulated surplus	\$ 12,340	\$ 10,261
Unavailable for Compliance		
School generated funds	1,572	1,906
Revenues recognized for land	1,397	1,397
Interest to be accrued	(381)	(406)
Employee future benefits	(5,311)	(6,620)
Total Unavailable for Compliance	(2,723)	(3,723)
Total Accumulated Surplus (Deficit)	\$ 9,617	\$ 6,538

14. The Hastings and Prince Edward Learning Foundation

The Board is related to The Hastings and Prince Edward Learning Foundation ("the Foundation"), but does not have the ability to exercise control over the Foundation. As such, the Foundation has not been consolidated into the financial statements of the Board.

The following provides condensed financial information:

	2021	2020
Fund Balances		
Fund balance, beginning of year	\$ 1,597	\$ 1,540
Excess of revenue over expenses	422	57
Fund balance, end of year	\$ 2,019	\$ 1,597
Operations		
Revenues	\$ 2,865	\$ 2,192
Expenses	2,443	2,135
Excess of revenue over expenses	\$ 422	\$ 57

Hastings and Prince Edward District School Board

Notes to Consolidated Financial Statements

August 31, 2021

(tabular amounts in thousands of dollars)

15. Commitments

The Board has committed to construction projects for three schools. The Board has received Ministry of Education approval to finance the projects under the Capital Priorities program. The estimated cost of the projects are \$29,320,959. As at August 31, 2021, approximately \$9,988,364 in costs have been incurred and the expected completion dates for these projects range from 2021 to 2023.

16. Partnership in Tri-Board Transportation Services Inc

On September 12, 2006, the Tri-Board Student Transportation Services Inc. was incorporated. On November 1, 2006, the Board entered into an agreement with the Tri-Board Student Transportation Services Inc. 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 created at the time the Tri-Board Student Transportation Services Inc. was established, decisions related to the financial and operating activities of the Tri-Board Student Transportation Services Inc are shared. No partner is in a position to exercise unilateral control.

This entity is proportionally 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. 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	\$ 4,239	\$ 1,413	\$ 3,197	\$ 1,066
Financial liabilities	4,429	1,476	3,353	1,118
Non-financial assets	195	65	219	73
Accumulated surplus (deficit)	\$ 5	\$ 2	\$ 63	\$ 21
Operations:				
Revenues	\$ 41,919	\$ 13,973	\$ 39,666	\$ 13,222
Expenses	41,977	13,992	39,660	13,220
Annual surplus	\$ (58)	\$ (19)	\$ 6	\$ 2

Hastings and Prince Edward District School Board

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(tabular amounts in thousands of dollars)

17. 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 records. The in-kind revenue recorded for these transfers is \$929,043 with expenses based on use of \$929,043 for a net impact of \$Nil.

18. Impact of COVID-19

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

The Ontario Ministry of Education has provided new funding and authorized the redirection of existing funding towards the costs related to implementing safe reopening measures and procuring personal protective equipment. As at the audit report date, the Board has incurred costs of \$11,156,306 related to these initiatives.

During the 2020-2021 school year, students in publicly funded schools were either learning in school or online depending on guidance and direction from the Ministry of Education and local public health units. Schools have physically re-opened in September 2021.

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. Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the board was \$NIL (2020 - \$8,969,747) and has been included in accounts receivable on the consolidated statement of financial position. This amount was recovered by the Board in 2021.

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 - \$10,500,410). This amount was recovered by the Province in 2021.
