



**Campbell Children's
School Authority**
Challenge, Celebrate, Strengthen

Campbell Children's School Authority

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

September 1, 2018 – August 31, 2019

Campbell Children’s School Authority

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Year Ended August 31, 2019

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Management Report

The accompanying financial statements of the Campbell Children's School Authority are the responsibility of the Board management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The Board meets with management to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Dawn Flett & Associates, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibility, the scope of their examination and their opinion on the Board's financial statements.

Janet Harper
Secretary of the Board

Kristin Burditt
Chair of the Board

December 5, 2019
Date

Independent Auditor's Report

TO THE BOARD OF TRUSTEES OF THE CAMPBELL CHILDREN'S SCHOOL AUTHORITY

We have audited the accompanying consolidated financial statements of Campbell Children's School Authority, which comprise the consolidated statements of financial position as at August 31, 2019, the consolidated statements of operations, change in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements of Campbell Children's School Authority as at and for the year ended August 31, 2019 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Emphasis of Matter

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

Dawn Hett & Associates

Chartered Professional Accountant
November 29, 2019
Ajax, Ontario

Licensed Public Accountant

Ministry of Education

Schedule 1 - Consolidated Statement of Financial Position
As at August 31, 2019

Name of Board
Board No

Campbell Children's School Authority
800201

	2018-19	2017-18
1 FINANCIAL ASSETS		
1.1 Cash and cash equivalents	775,563	362,111
1.2 Temporary Investments	0	0
1.3 Accounts receivable	16,309	14,451
1.4 Investments	0	0
1.4.1 Assets held for sale		
1.5 Other	0	0
1.6 TOTAL FINANCIAL ASSETS	791,873	376,562
2 LIABILITIES		
2.1 Temporary borrowing	0	0
2.2 Accounts payable & Accrued liabilities	810,822	391,477
2.3 Other	0	0
2.4 Net Debenture Debt, Capital Loans and Leases	0	0
2.5 Deferred revenue	6,663	7,397
2.6 Employee benefits payable	31,454	31,302
2.7 Deferred Capital Contributions		
2.8 TOTAL LIABILITIES	848,939	430,176
3 NET FINANCIAL ASSETS (NET DEBT)	-57,067	-53,614
4 NON-FINANCIAL ASSETS		
4.1 Prepaid Expenses	45,591	42,137
4.2 Inventories of supplies	0	0
4.3 Tangible Capital Assets	0	0
4.4 TOTAL NON-FINANCIAL ASSETS	45,591	42,137
5 ACCUMULATED SURPLUS/(DEFICIT)	-11,476	-11,477


Secretary of the Board


Chair of the Board

Ministry of Education

Schedule 1.1 - Consolidated Statement of Operations
For the year ended August 31, 2019

Name of Board
Board No

Campbell Children's School Authority
B00201

	2018-19 Budget	2018-19 Actual	2017-18 Actual
1 REVENUES			
1.1 Provincial grants - Grants for Student Needs	2,219,275	1,878,334	1,665,837
1.2 Provincial grants - Other			21,072
1.3 Local taxation			
1.4 School generated funds		1,279	264
1.5 Federal grants & fees			
1.6 Investment income			
1.7 Other revenues - School boards			
1.8 Other fees & revenues		6,577	86
1.10 TOTAL REVENUE	2,219,275	1,886,190	1,687,259
2 EXPENSES			
2.1 Instruction	1,636,375	1,368,124	1,213,217
2.2 Administration	192,700	150,096	137,288
2.3 Transportation	200,000	177,383	161,016
2.4 Pupil Accommodation	190,200	189,461	172,669
2.5 School generated funds		1,125	499
2.6 Other			2,313
2.7 TOTAL EXPENSES	2,219,275	1,886,188	1,687,002
3.1 ANNUAL SURPLUS/(DEFICIT)		2	257
3.2 Accumulated Surplus / (Deficit) at beginning of year		-11,477	-11,734
3.3 Accumulated Surplus / (Deficit) at end of year		-11,475	-11,477

Ministry of Education

Schedule 1.2 - Consolidated Statement of Cash Flow
For the year ended August 31, 2019

Name of Board
Board No

Campbell Children's School Authority
800201

	2018-19	2017-18
1 OPERATING TRANSACTIONS		
1.1 Annual Surplus (Deficit)	2	257
2 Sources and (Uses):		
2.1 Non-cash items including amortization, write downs, and gain/loss on disposal of TCA	0	0
2.1.1 Deferred capital contributions revenue		
2.2 Deferred Gain on Disposal of Restricted Assets		
2.3 (Increase) Decrease in temporary Investments	0	0
2.4 (Increase) Decrease in accounts receivable	-1,858	-3,629
2.5 (Increase) Decrease in other financial assets	0	0
2.6 (Increase) Decrease in assets held for sale		
2.7 Increase (Decrease) in Accounts payable & Accrued liabilities	419,345	115,509
2.8 Increase (Decrease) in Other liabilities	0	0
2.9 Increase (Decrease) in deferred revenues - operating	-734	73
2.10 Increase (Decrease) employee benefits payable	152	-492
2.11 (Increase) Decrease in prepaid expenses	-3,454	-9,453
2.12 (Increase) Decrease in inventories of supplies	0	0
2.13 Cash provided by (applied to) operating transactions	413,453	102,266
3 CAPITAL TRANSACTIONS		
3.1 Proceeds on sale of tangible capital assets	0	0
3.2 Cash used to acquire tangible capital assets	0	0
3.3 Cash provided by (applied to) capital transactions	0	0
4 INVESTING TRANSACTIONS		
4.1 (Increase) Decrease in long term Investments	0	0
4.2 Cash provided by (applied to) Investing transactions	0	0
5 FINANCING TRANSACTIONS		
5.1 Long term liabilities issued		
5.2 Increase (Decrease) in temporary borrowing	0	0
5.3 Debt repaid and sinking fund contributions		
5.3.1 (Increase)/decrease in accounts receivable - Government of Ontario - Approved capital		
5.3.2 Additions to/(disposals from) deferred capital contributions		
5.3.3 Increase/(decrease) in deferred revenues - capital	0	0
5.4 Cash provided by (applied to) financing transactions	0	0
6 CHANGE IN CASH AND CASH EQUIVALENTS	413,453	102,266
7 Opening Cash and Cash Equivalents	362,112	259,845
8 Closing Cash and Cash Equivalents	775,565	362,112

Ministry of Education

Schedule 5 - Detail of Accumulated Surplus/(Deficit)
For the year ended August 31, 2019

Name of Board
Board No.

Campbell Children's School Authority	
800201	

		Balance at Sept 1, 2018	In-Year Increase (+) / Decrease (-)	Balance at Aug 31, 2019
		1	2	5
1.1	Operating Accumulated Surplus (previously operating funds)			-
2.1	Retirement Gratuities			-
	Other Purposes - Operating (please specify):			-
2.4				-
2.5				-
2.6				-
2.7				-
2.8				-
	Other Purposes - Capital (please specify):			-
2.9				-
2.10				-
2.11				-
2.12				-
2.13				-
2.14	Subtotal			-
4.1	Employee Future Benefits - retirement gratuity liability	(11,691)	(152)	(11,843)
4.1.1	Employee Future Benefits - Early Retirement Incentive Plan			-
4.1.2	Employee Future Benefits - Retirement Health, Dental, Life Insurance, etc.			-
4.1.3	Employee Future Benefits - other than on lines 4.1 to 4.1.2			-
4.2	Interest to be Accrued		-	-
4.3	Vacation Accrued			-
4.4	School Generated Funds	214	154	368
5	Total Accumulated Surplus/(Deficit)	(11,477)	2	(11,475)

CAMPBELL CHILDREN'S SCHOOL AUTHORITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AUGUST 31, 2019

1. Significant Accounting Policies

The consolidated financial statements are prepared by the School Authority 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.

CAMPBELL CHILDREN'S SCHOOL AUTHORITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AUGUST 31, 2019

1. Significant Accounting Policies (Cont'd)

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.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised 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.

(c) Deferred Revenue

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

(d) Retirement and Other Employee Future Benefits

The School Authority provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity, worker's compensation and sick leave plan. In 2012, changes were made to the School Authority's retirement gratuity plan and sick leave plan. The School Authority has adopted the following policies with respect to accounting for those employee benefits:

CAMPBELL CHILDREN'S SCHOOL AUTHORITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AUGUST 31, 2019

1. Significant Accounting Policies (Cont'd)

- (i) The cost 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, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are determined using the employee's salary, banked sick days and years of service as at August 31, 2012. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. An actuarial report updating the plan to August 31, 2018 identified an unamortized actuarial gain of \$13,124 based on factoring in the expected date of payment for remaining retirement gratuity. The net gain will be recognized over the expected remaining service life.

The update to August 31, 2018 identified an unamortized actuarial loss of \$3,688 based on the expected date of payment for the remaining retirement gratuity.

For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, the cost is recognized immediately in the period the events occur.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Hospitals of Ontario Pension Plan, is the employer's contribution due to the plan during the year.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the year.

(c) Government Transfers

Government transfers, which include legislative grants, are recognized in the 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.

CAMPBELL CHILDREN'S SCHOOL AUTHORITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AUGUST 31, 2019

1. Significant Accounting Policies (Cont'd)

(f) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the School Authority and the Ministry of Education. The budget approved by the School Authority is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures are unaudited.

(g) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting principles 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 financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates. Significant estimates include assumptions used in estimating accounts payable and accrued liabilities and retirement and other employee future benefit liabilities.

2. Deferred Revenue

Revenue received that has been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue in the statement of financial position. Revenue is recognized as expenses are incurred.

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

	<u>Opening Balance</u>	<u>Funds Received</u>	<u>Expenses Incurred</u>	<u>Funds Returned</u>	<u>Closing Balance</u>
Ministry Grants	\$ 6,819	\$ 16,050	\$16,924	\$ -	\$ 5,945
Donations	578	6,707	6,567	-	718
	<u>\$ 7,397</u>	<u>\$ 22,757</u>	<u>\$ 23,491</u>	<u>\$ -</u>	<u>\$ 6,663</u>

CAMPBELL CHILDREN'S SCHOOL AUTHORITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AUGUST 31, 2019

3. Retirement and Other Employee Future Benefits

(a) Retirement and Other Employee Future Benefit Liabilities

	<u>2019</u> Total Employee Future Benefits	<u>2018</u> Total Employee Future Benefits
Accrued employee future benefit obligations at August 31	\$ 27,320	\$ 26,584
Unamortized gain	<u>4,134</u>	<u>4,718</u>
Employee benefits payable per financial statements	<u>\$ 31,454</u>	<u>\$ 31,302</u>

(b) Retirement and Other Employee Future Benefit Expenses

	<u>2019</u> Total Employee Future Benefits	<u>2018</u> Total Employee Future Benefits
Interest on accrued benefit obligation	\$ 770	\$ 548
Amortization of actuarial gain	<u>(584)</u>	<u>(1,040)</u>
Employee future benefit expenses (income) *	<u>\$ 186</u>	<u>\$ (492)</u>

* Excluding pension contributions to the Hospitals of Ontario Pension Plan, a multi-employer pension plan described in Note 4 (c).

CAMPBELL CHILDREN'S SCHOOL AUTHORITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AUGUST 31, 2019

3. Retirement and Other Employee Future Benefits (Cont'd)

(c) 2012 Plan Changes

In 2012, changes were made to the School Authority's retirement plan and sick leave plan. As a result, employees eligible for retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days are eliminated as of September 1, 2012, and were replaced with a short-term leave and disability plan.

(d) Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on actuarial valuations for accounting purposes as at August 31, 2018 – August 31, 2020. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the School Authority's best estimates of expected rates of:

	<u>2018</u> <u>%</u>
Inflation	1.5
Wage and salary escalation	0.0
Discount on accrued benefit obligations	2.90

4. Retirement Benefits

(a) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan, a defined benefit 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 School Authority's financial statements.

CAMPBELL CHILDREN'S SCHOOL AUTHORITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AUGUST 31, 2019

4. Retirement Benefits (Cont'd)

(b) Retirement Gratuities

The School Authority provides retirement gratuities to certain groups of employees hired prior to specified dates. The School Authority provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the School Authority's 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.

(c) Hospitals of Ontario Pension Plan

All qualifying non-teaching employees of the School Authority are eligible to be members of the Hospitals of Ontario Pension Plan, a defined benefit plan which is a multi-employer average pay contributory plan. Employer contributions made to the plan during the period by the School Authority amounted to \$41,719 (2018: \$34,326). Those amounts have been included in employees benefits expense in the Schedule of Expenditure.

5. Other Employee Future Benefits

Workplace Safety and Insurance Board Obligations

The School Authority is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the School Authority insures all claims by its injured workers under the Act. The School Authority's insurance premiums for the year ended August 31, 2019 were \$6,547 (2018: \$6,704) and are included in the School Authority's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the School Authority'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 collective agreements negotiated prior to 2012 included such provision.

CAMPBELL CHILDREN'S SCHOOL AUTHORITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AUGUST 31, 2019

6. Expenditures By Object

The following is a summary of the current and capital expenditures reported on the statement of financial activities by object:

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Current expenditures			
Salary and wages	\$ 1,326,075	\$ 1,176,619	\$ 1,070,101
Employee benefits	326,300	225,475	188,795
Staff development	10,400	5,837	4,425
Supplies and services	55,500	35,852	36,897
Fees and contract services	410,900	374,370	345,335
Other	90,100	68,035	39,136
Non- operating expenses	<u>-</u>	<u>-</u>	<u>2,313</u>
	<u>\$ 2,219,275</u>	<u>\$ 1,886,188</u>	<u>\$ 1,687,002</u>

7. 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 estimated 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.