

Financial Statements of

**MOOSONEE DISTRICT
SCHOOL AREA BOARD**

Year ended August 31, 2017

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Moosonee District School Area Board are the responsibility of the Board's management and have been prepared in accordance with generally accepted accounting principles as prescribed for Ontario School Boards and in compliance with the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. 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 the financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors 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 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 financial statements.



Business Administrator and Treasurer



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INDEPENDENT AUDITORS' REPORT

To the Trustees of the Moosonee District School Area Board

We have audited the accompanying financial statements Moosonee District School Area Board, which comprise the statement of financial position as at August 31, 2017, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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



Basis for Qualified Opinion

In common with many school boards, individual schools derive revenue from school fundraising activities held throughout the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the individual schools and we were not able to determine whether adjustments might be necessary to school fundraising revenue, total revenues, financial assets and accumulated surplus.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Moosonee District School Area Board as at August 31, 2017 and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

February 27, 2018

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Financial Position

August 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Restricted cash (note 3)	\$ 19,918	\$ 24,607
Cash and short term investments (note 2)	417,183	116,372
Accounts receivable (note 4)	625,718	691,539
Total financial assets	1,062,819	832,518
Financial liabilities		
Temporary borrowing (note 10)	-	180,073
Deferred revenue (note 5)	176,035	40,835
Accounts payable and accrued liabilities	255,463	305,979
Employee future benefits liability	1,855	1,818
Total financial liabilities	433,353	528,705
Net financial assets	629,466	303,813
Non-financial assets		
Prepaid expenses	2,729	11,269
Tangible capital assets (note 6)	2,578,232	2,766,599
Total non-financial assets	2,580,961	2,777,868
Accumulated surplus (note 7)	\$ 3,210,427	\$ 3,081,681

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



Director of Education



Chair of the Board

For Kelly Reuben

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Operations and Accumulated Surplus

Year ended August 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Revenue:			
Government transfers:			
- Grants for Student Needs	\$ 4,133,719	\$ 4,215,911	\$ 3,962,244
- Other	53,928	59,505	70,877
- Municipal	186,497	188,270	186,871
Other fees and revenue	66,327	256,803	229,260
School fundraising	79,600	88,225	82,626
Total revenue	4,520,071	4,808,714	4,531,878
Expenses (note 8):			
Instruction	3,252,378	3,066,472	3,240,598
Administration	372,026	373,917	418,391
Transportation	145,641	139,858	139,731
School operations and maintenance	424,854	405,998	395,178
Teacherages	148,160	183,869	141,124
Other	109,996	301,862	301,040
School funded activities	66,200	88,033	81,384
Funding adjustment	-	119,959	-
Total expenses	4,519,255	4,679,968	4,717,446
Annual surplus (deficit)	816	128,746	(185,568)
Accumulated surplus, beginning of year	3,081,681	3,081,681	3,267,249
Accumulated surplus, end of year	\$ 3,082,497	\$ 3,210,427	\$ 3,081,681

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

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Change in Net Financial Assets

Year ended August 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Annual surplus (deficit)	\$ 816	\$ 128,746	\$ (185,568)
Tangible capital assets:			
Acquisition of tangible capital assets	-	-	(11,597)
Amortization of tangible capital assets	-	188,367	188,221
		188,367	176,624
Prepaid expenses:			
Acquisition of prepaid expenses	-	-	(11,269)
Use of prepaid expenses	-	8,540	-
Increase (decrease) in net financial assets	816	325,653	(20,213)
Net financial assets, beginning of year	303,813	303,813	324,026
Net financial assets, end of year	\$ 304,629	\$ 629,466	\$ 303,813

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

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Cash Flows

Year ended August 31, 2017, with comparative information for 2016

	2017	2016
Cash flows provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 128,746	\$ (185,568)
Item not involving cash:		
Amortization of tangible capital assets	188,367	188,221
	317,113	2,653
Change in non-cash assets and liabilities:		
Increase in accounts receivable	65,821	(145,133)
Decrease in accounts payable and accrued liabilities	(50,516)	(53,577)
Increase (decrease) in deferred revenue	135,200	(21,077)
Increase (decrease) in employee future benefits	37	(39,358)
Decrease (increase) in prepaid expenses	8,540	(11,269)
Net change in cash from operating activities	476,195	(267,761)
Capital activities:		
Cash used to acquire tangible capital assets	-	(11,597)
Net change in cash from capital activities	-	(11,597)
Increase (decrease) in cash	476,195	(279,358)
Cash (bank indebtedness), beginning of year	(39,094)	240,264
Cash (bank indebtedness), end of year	\$ 437,101	\$ (39,094)
Cash comprised of:		
Restricted cash	\$ 19,918	\$ 24,607
Cash and short-term investment	417,183	116,372
Bank indebtedness	-	(180,073)
	\$ 437,101	\$ (39,094)

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

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2017

1. Significant accounting policies:

The financial statements of the Moosonee District School Area Board (the "Board") have been prepared by management in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Reporting entity:

The 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, expenses and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the financial statements.

(b) Government transfers:

Government transfers, which include legislative grants, are recognized 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.

(c) Non-financial assets:

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

(d) Deferred revenue:

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

(e) Investment income:

Investment income earned is reported as revenue in the period earned.

(f) Property tax revenue:

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

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2017

1. Significant accounting policies (continued):

(g) Tangible capital assets:

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

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Tangible capital assets, except land, are amortized on a straight-line basis over their estimated useful lives as follows:

	Useful Life - Years
School buildings and building improvements	40
Other buildings	20
Land improvements	10
Computers	5
Vehicles	5
Furniture and equipment	5 -15

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

Assets under construction are not amortized until the assets are available for productive use.

(h) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board.

The budget approved by the Board 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 Board approves its budget annually. The approved operating budget for 2016-2017 is reflected on the statement of operations. The budget was approved on November 22, 2016.

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

These estimates are reviewed annually, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2017

2. Cash and short-term investments:

The short-term investments consisting of guaranteed investment certificates recorded at cost earn a rate of return of 0.5% per annum.

3. Restricted cash:

Under the school leave program, teachers have the opportunity to be paid 80% of their salaries over four years. The remaining 20% is accumulated in a bank account to cover 80% of their salaries in the fifth year when they take a year leave of absence. The cash and related liability in the amount of \$19,918 (2016 – \$24,607) have been included with restricted cash, and accounts payables and accrued liabilities on the statement of financial position.

4. Accounts receivable:

	2017	2016
Government of Canada HST	\$ 242,333	171,260
The Town of Moosonee	118,840	119,115
Other school boards	82,218	73,984
Province of Ontario	159,219	304,906
Other	23,108	22,274
	\$ 625,718	691,539

5. Deferred revenue:

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

	Balance at August 31, 2016	Externally restricted revenue	Revenue recognized in the period	Balance at August 31, 2017
Ministry of Education:				
Other grants for specific purposes	\$ 40,235	23,709	21,537	42,407
Special Education (SEPPA)	–	750,104	616,476	133,628
Other	600	–	600	–
Total deferred revenue	\$ 40,835	773,813	638,613	176,035

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2017

6. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 51,750	-	-	51,750
Land improvements	163,558	-	-	163,558
School buildings	4,867,674	-	-	4,867,674
Other buildings	1,407,843	-	-	1,407,843
Computer	79,869	-	-	79,869
Vehicles	61,362	-	-	61,362
Furniture and equipment	14,167	-	-	14,167
Total	\$ 6,646,223	-	-	6,646,223

Accumulated Amortization	Balance at December 31, 2016	Disposals and Transfers	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Land improvements	106,314	-	16,356	122,670
School buildings	2,832,512	-	121,757	2,954,269
Other buildings	812,090	-	41,627	853,717
Computer	62,571	-	6,872	69,443
Vehicles	61,362	-	-	61,362
Furniture and equipment	4,775	-	1,755	6,530
Total	\$ 3,879,624	-	188,367	4,067,991

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 51,750	51,750
Land improvements	57,244	40,888
School buildings	2,035,162	1,913,405
Other buildings	595,753	554,126
Computer	17,298	10,426
Vehicles	-	-
Furniture and equipment	9,392	7,637
Total	\$ 2,766,599	2,578,232

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2017

6. Tangible capital assets (continued):

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land	\$ 51,750	-	-	51,750
Land improvements	163,558	-	-	163,558
School buildings	4,856,077	11,597	-	4,867,674
Other buildings	1,407,843	-	-	1,407,843
Computer hardware	79,869	-	-	79,869
Vehicles	61,362	-	-	61,362
Furniture and equipment	14,167	-	-	14,167
Total	\$ 6,634,626	11,597	-	6,646,223

Accumulated Amortization	Balance at December 31, 2015	Disposals and Transfers	Amortization	Balance at December 31, 2016
Land	\$ -	-	-	-
Land improvements	89,958	-	16,356	106,314
School buildings	2,710,900	-	121,612	2,832,512
Other buildings	770,463	-	41,627	812,090
Computer	55,699	-	6,872	62,571
Vehicles	61,362	-	-	61,362
Furniture and equipment	3,021	-	1,754	4,775
Total	\$ 3,691,403	-	188,221	3,879,624

	Net book value, December 31, 2015	Net book value, December 31, 2016
Land	\$ 51,750	51,750
Land improvements	73,600	57,244
School buildings	2,145,177	2,035,162
Other buildings	637,380	595,753
Computer	24,170	17,298
Vehicles	-	-
Furniture and equipment	11,146	9,392
Total	\$ 2,943,223	2,766,599

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2017

7. Accumulated surplus:

Accumulated surplus consists of the following:

	2017	2016
Unappropriated operating accumulated surplus	\$ 625,281	308,323
Invested in tangible capital assets	2,578,232	2,766,599
Employee future benefits	(1,855)	(1,818)
School generated funds	8,769	8,577
Total accumulated surplus	\$ 3,210,427	3,081,681

8. Expenses by object:

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

	2017 Budget	2017 Actual	2016 Actual
Current expenses:			
Salary and wages	\$ 2,819,265	2,720,073	2,835,843
Employee benefits	666,835	569,757	603,916
Staff development	55,000	32,423	36,485
Supplies and services	503,899	580,458	562,498
Rental	25,000	18,724	26,674
Fees and contract services	211,095	231,874	239,274
Other	171,961	130,301	143,151
School generated funds	66,200	88,033	81,384
Amortization of tangible capital assets	-	188,366	188,221
Total accumulated surplus	\$ 4,519,255	4,560,009	4,717,446

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 \$24 million per occurrence.

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

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2017

10. Temporary borrowing:

The School Board has available to it a \$500,000 revolving line of credit to finance general operating requirements which bears interest at the Prime Rate plus 1% per annum. The Board utilized this line of credit during the year and had an outstanding balance of \$Nil (2016–\$180,073) at year-end.

11. Comparative information:

Certain of the 2016 comparative information have been restated to conform with the 2017 presentation.