

Financial Statements of

**MOOSONEE DISTRICT
SCHOOL AREA BOARD**

Year ended August 31, 2018

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, 2018, 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.



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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, 2018 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 20, 2019

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Financial Position


August 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Restricted cash	\$ -	\$ 19,918
Cash and short term investments (note 2)	727,673	417,183
Accounts receivable (note 3)	920,345	625,718
Total financial assets	1,648,018	1,062,819
Financial liabilities		
Deferred revenue (note 4)	302,128	176,035
Accounts payable and accrued liabilities	197,508	255,463
Employee future benefits liability	1,892	1,855
Total financial liabilities	501,528	433,353
Net financial assets	1,146,490	629,466
Non-financial assets		
Prepaid expenses	3,598	2,729
Tangible capital assets (note 5)	2,415,357	2,578,232
Total non-financial assets	2,418,955	2,580,961
Accumulated surplus (note 6)	\$ 3,565,445	\$ 3,210,427

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



Director of Education



Chair of the Board

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Operations and Accumulated Surplus

Year ended August 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Revenue:			
Government transfers:			
- Grants for Student Needs	\$ 4,679,400	\$ 4,719,558	\$ 4,215,911
- Other	144,008	154,347	59,505
- Municipal	195,183	186,033	188,270
Other fees and revenue	136,874	323,791	256,803
School fundraising	80,384	112,924	88,225
Total revenue	5,235,849	5,496,653	4,808,714
Expenses (note 7):			
Instruction	3,580,387	3,606,097	3,066,472
Administration	449,684	360,453	373,917
Transportation	147,144	161,392	139,858
School operations and maintenance	469,383	441,507	405,998
Teacher ages	190,663	158,200	183,869
Other	318,204	302,009	301,862
School funded activities	80,384	111,977	88,033
Funding adjustment	-	-	119,959
Total expenses	5,235,849	5,141,635	4,679,968
Annual surplus	-	355,018	128,746
Accumulated surplus, beginning of year	3,210,427	3,210,427	3,081,681
Accumulated surplus, end of year	\$ 3,210,427	\$ 3,565,445	\$ 3,210,427

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, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Annual surplus	\$ -	\$ 355,018	\$ 128,746
Tangible capital assets:			
Acquisition of tangible capital assets	-	(27,344)	-
Amortization of tangible capital assets	183,187	190,219	188,367
	183,187	162,875	188,367
Prepaid expenses:			
Use of prepaid expenses	-	(869)	8,540
Increase in net financial assets	183,187	517,024	325,653
Net financial assets, beginning of year	629,466	629,466	303,813
Net financial assets, end of year	\$ 812,653	\$ 1,146,490	\$ 629,466

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

MOOSONEE DISTRICT SCHOOL AREA BOARD

Statement of Cash Flows

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Cash flows provided by (used in):		
Operating activities:		
Annual surplus	\$ 355,018	\$ 128,746
Item not involving cash:		
Amortization of tangible capital assets	190,219	188,367
	545,237	317,113
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(294,627)	65,821
Decrease in accounts payable and accrued liabilities	(57,955)	(50,516)
Increase in deferred revenue	126,093	135,200
Increase in employee future benefits	37	37
Decrease (increase) in prepaid expenses	(869)	8,540
Net change in cash from operating activities	317,916	476,195
Capital activities:		
Cash used to acquire tangible capital assets	(27,344)	-
Net change in cash from capital activities	(27,344)	-
Change in cash	290,572	476,195
Cash and short-term investments (bank indebtedness), beginning of year	437,101	(39,094)
Cash and short-term investments, end of year	\$ 727,673	\$ 437,101
Cash comprised of:		
Restricted cash	\$ -	\$ 19,918
Cash and short-term investments	727,673	417,183
	\$ 727,673	\$ 437,101

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

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2018

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) Investments:

Investments consist of liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the Statement of Financial Position at fair market value.

(c) 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.

(d) 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.

(e) 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. The Board capitalizes interest paid on debt used to finance the construction of tangible capital assets. 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:

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2018

1. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

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

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

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

(f) 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.

(g) Investment income:

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

(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 2017-2018 is reflected on the statement of operations. The budget was approved on January 23, 2018.

(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, 2018

1. Significant accounting policies (continued):

(j) Municipal taxation:

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.

2. Cash and short-term investments:

The Board has a GIC with an effective interest rate of 0.6% (2017 - 0.5%) and matures in July, 2019

The 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. As at August 31, 2018, the amount drawn on this facility was \$Nil (2017 - \$Nil).

Borrowings under the credit facility are secured by a general security agreement.

3. Accounts receivable:

	2018	2017
Government of Canada HST	\$ 70,283	242,333
The Town of Moosonee	116,772	118,840
Other school boards	65,665	82,218
Province of Ontario	643,294	159,219
Other	24,331	23,108
	\$ 920,345	625,718

4. 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.

Deferred revenue is comprised of:

	Balance at August 31, 2017	Externally restricted revenue	Revenue recognized in the period	Balance at August 31, 2018
Ministry of Education:				
Other grants for specific purposes	\$ 42,407	87,811	73,141	57,077
Special Education (SEPPA)	133,628	833,185	730,136	236,677
School renewal	—	35,718	27,344	8,374
Total deferred revenue	\$ 176,035	956,714	830,621	302,128

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2018

5. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
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	27,344	-	107,213
Vehicles	61,362	-	-	61,362
Furniture and equipment	14,167	-	-	14,167
Total	\$ 6,646,223	27,344	-	6,673,567

Accumulated Amortization	Balance at December 31, 2017	Disposals and Transfers	Amortization	Balance at December 31, 2018
Land	\$ -	-	-	-
Land improvements	122,670	-	16,356	139,026
School buildings	2,954,269	-	121,757	3,076,026
Other buildings	853,717	-	41,627	895,344
Computer	69,443	-	8,725	78,168
Vehicles	61,362	-	-	61,362
Furniture and equipment	6,530	-	1,754	8,284
Total	\$ 4,067,991	-	190,219	4,258,210

	Net book value, December 31, 2017	Net book value, December 31, 2018
Land	\$ 51,750	51,750
Land improvements	40,888	24,532
School buildings	1,913,405	1,791,648
Other buildings	554,126	512,499
Computer	10,426	29,045
Vehicles	-	-
Furniture and equipment	7,637	5,883
Total	\$ 2,578,232	2,415,357

MOOSONEE DISTRICT SCHOOL AREA BOARD

Notes to Financial Statements

Year ended August 31, 2018

5. 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, 2018

6. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Unappropriated operating accumulated surplus	\$ 1,142,264	625,281
Invested in tangible capital assets	2,415,357	2,578,232
Employee future benefits	(1,892)	(1,855)
School generated funds	9,716	8,769
Total accumulated surplus	\$ 3,565,445	3,210,427

7. Expenses by object:

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

	2018 Budget	2018 Actual	2017 Actual
Current expenses:			
Salary and wages	\$ 3,020,578	2,974,213	2,720,073
Employee benefits	726,504	748,124	569,757
Staff development	90,400	31,275	32,423
Supplies and services	676,222	615,026	580,458
Rental	22,500	45,767	18,724
Fees and contract services	269,386	292,819	231,874
Other	157,890	132,215	250,260
School generated funds	80,384	111,977	88,033
Amortization of tangible capital assets	191,985	190,219	188,366
Total accumulated surplus	\$ 5,235,849	5,141,635	4,679,968

8. 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 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.

9. Comparative information:

Certain of the 2017 comparative information have been restated to conform with the 2018 presentation.