

ST. CLAIR CATHOLIC DISTRICT SCHOOL BOARD



REPORT TO BOARD OF TRUSTEES

November 24, 2020

Deb Crawford, Director of Education

SUBJECT: Audited Financial Statements - August 31, 2020

PREPARED BY: Amy Janssens, Associate Director – Corporate Services & Treasurer

BACKGROUND:

The annual audit of the Board's financial statements was recently completed by the Board's auditors, BDO Canada LLP. The financial statements and auditors' report were presented to the Audit Committee of the Board at a meeting held just prior to this board meeting.

Ontario Regulation 361/10 – Audit Committees, notes the following duties of an Audit Committee related to the board's financial reporting process:

1. To review with the Director of Education, a senior business official and the external auditor the board's financial statements, with regard to the following:
 - i. Relevant accounting and reporting practices and issues.
 - ii. Complex or unusual financial and commercial transactions of the board.
 - iii. Material judgments and accounting estimates of the board.
 - iv. Any departures from the accounting principles published from time to time by the Canadian Institute of Chartered Accountants that are applicable to the board.
2. To review with the Director of Education, a senior business official and the external auditor, before the results of an annual external audit are submitted to the board,
 - i. the results of the annual external audit,
 - ii. any difficulties encountered in the course of the external auditor's work, including any restrictions or limitations on the scope of the external auditor's work or on the external auditor's access to required information,
 - iii. any significant changes the external auditor made to the audit plan in response to issues that were identified during the audit, and
 - iv. any significant disagreements between the external auditor and the Director of Education or a senior business official and how those disagreements were resolved.
3. To review the board's annual financial statements and consider whether they are complete, are consistent with any information known to the audit committee members and reflect accounting principles applicable to the board.
4. To recommend, if the audit committee considers it appropriate to do so, that the board approve the annual audited financial statements.

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5. To review with the Director of Education, a senior business official and the external auditor all matters that the external auditor is required to communicate to the audit committee under generally accepted auditing standards.
6. To review with the external auditor material written communications between the external auditor and the Director of Education or a senior business official.
7. To ask the external auditor about whether the financial statements of the board's reporting entities, if any, have been consolidated with the board's financial statements.
8. To ask the external auditor about any other relevant issues.

The Audit Committee has fulfilled its duties and has recommended to the Board of Trustees approval of the Audited Financial Statements for the year ended August 31, 2020.

In addition, the Audit Committee has recommended to the Board of Trustees the approval of the accounting entry to use unappropriated surplus as described below.

When accounting requirements for Employee Future Benefits were established in 2012, an offset to accumulated surplus unavailable for compliance was established. This amount was being amortized against unappropriated surplus available for compliance annually over the Expected Average Remaining Service Life (EARSL) of the employees. An annual surplus of \$959K was required annually to offset this amortization. EARSL was 6 years at the end of 2018-2019. For 2019-2020 the remaining amount of \$4,456K is taken into compliance as a one-time adjustment. This provides an additional \$959K of annual operating revenue for 2020-21 and subsequent years.

Senior administration has completed the Ministry of Education financial statement grant package and received an extension to the reporting deadline of November 13, 2020. The Board is in compliance with Ministry reporting and accountability requirements.

RECOMMENDATIONS:

That the St. Clair Catholic District School Board receive the report: *Audited Financial Statements – August 31, 2020* for information.

That the St. Clair Catholic District School Board approve the Audited Financial Statements for the year ended August 31, 2020.

That the St. Clair Catholic District School Board approve the one-time internal appropriation of unappropriated surplus to fully amortize the Employee Future Benefits unavailable for compliance in the amount of \$4,456,226.