



COMMISSION SCOLAIRE
**WESTERN
QUÉBEC**
SCHOOL BOARD

Financial Statement

Presented October 31, 2017

Fiscal year
July 1, 2016 to June 30, 2017
Summary report

YEAR 2016-2017

**SCHOOL BOARD FINANCIAL REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Director's Report

The financial statements of the Western Quebec School Board, bearing digital signature 6477771482 were issued by the Director's office, which is responsible for preparing and presenting them, including estimates and key opinions. This responsibility includes the choice of appropriate accounting policies, in accordance with Canadian public sector accounting standards. The financial information contained in the rest of the financial report corresponds to that appearing in the financial statements.

To fulfil its accounting responsibilities and those relating to financial information presentation, the administration maintains financial management systems and internal controls designed to ensure, within reason, the protection of property and the accurate and timely recording of business transactions. In addition, such transactions are duly approved and lead to the production of reliable financial statements.

The School Board administration recognizes that it is accountable for the management of school board business in compliance with the applicable laws and regulations governing the Board.

The Council of Commissioners oversees the Board's discharge of its financial-related information duties.

The financial statements were audited by Raymond Chabot Grant Thornton, independent auditors appointed by the School Board, in compliance with Canadian auditing standards. The independent auditors' report appended to the financial statements stipulates their responsibilities, the nature and scope of their audit and their opinion.

Director General

Financial Resources Director

Location: _____

Date: October 16, 2017



Raymond Chabot Grant Thornton

June 12, 2017

CONFIDENTIAL

Mr. Michel Dubeau, Director General
Western Québec School Board
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Gatineau, Quebec J9J 0E9

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Dear Mr. Dubeau,

Thank you for choosing Raymond Chabot Grant Thornton L.L.P. as the auditor for the financial statements of the Western Québec School Board (hereinafter called the “School Board” or “the Client”) included in the TRAFICS financial report for the fiscal year ended June 30, 2017 (hereinafter called the “financial statements”), in accordance with the provisions of part A1 herein. Part A1 also covers other related specified auditing procedures engagements required by the ministère de l’Éducation et de l’Enseignement supérieur (MEES).

Introduction

This engagement letter is intended to attest to our mutual understanding of the engagements, which will be renewed each year until such time as it is modified by mutual agreement between the parties. The general conditions of Appendix A hereto will be appended to and will form an integral part of this engagement letter, and will apply to all the terms and conditions herein, and the parties expressly agree to be bound by said general conditions.

A1. Audit of financial statements as at June 30 and related specified auditing procedures engagements

Our responsibilities

The purpose of our audit is to express an opinion on the financial statements of the Western Québec School Board. We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards call for our compliance with ethical requirements and require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in financial statements. The procedures selected are a function of the auditor's judgement, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates by the administration, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal controls, there is an unavoidable risk that some material misstatements may not be detected, even though an audit may have been properly planned and performed in accordance with Canadian generally accepted auditing standards.

In conducting our risk assessments, we consider internal controls relevant to the preparation 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 School Board's internal controls. However, we will communicate to you in writing any significant deficiencies in internal controls relevant to the preparation of the financial statements that we identify during the audit.

Our audit engagement will not be planned and executed based on any possible use of its results by a third party or in a bid to conclude a particular operation. Consequently, factors that could be of interest to a third party will not be addressed in a specific manner. Furthermore, a third party could assess some elements differently in a given context.

Responsibilities of the administration

Our audit will be performed on the basis that the administration and, where appropriate, those charged with governance (hereinafter called the "administration") recognize and understand their responsibilities. The audit of the financial statements does not relieve the administration of its responsibilities.

These responsibilities include, but are not limited to, the following:

Financial statements for fiscal year ended June 30

- Prepare and provide a fair presentation of financial statements in accordance with the Canadian public sector accounting standards (hereinafter called the “applicable financial reporting framework”), which involves determining that this applicable financial reporting framework is appropriate under the present circumstances.

Completeness of information

- Give us access to all known information that is relevant for the preparation of the financial statements, including accounting records, supporting documents and other pieces of information, including minutes and resolutions of the Council of commissioners and its committees (and, where minutes are not yet available, provide us with information on issues addressed).
- Provide us with any additional information we may require for our audit.
- Provide us with unrestricted access to individuals within the School Board from whom we must receive audit evidence.
- Inform us of any knowledge of observed or probable cases of non-compliance with applicable laws or regulations by the School Board.

Fraud and errors

- Internal controls are deemed necessary in order to ensure that financial statements prepared are free from material misstatements, whether due to fraud or error.
- Inform us of the administration’s assessment of the risk that financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.
- Inform us of the administration’s process for identifying and responding to the risk of fraud within the School Board, including any specific risk of fraud that the administration has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist.
- Show us evidence of the administration’s communication, if any, to those charged with governance regarding processes for identifying and responding to the risk of fraud in the School Board.
- Show us evidence of the administration’s communication, if any, to employees regarding its views on business practices and ethical behaviour.
- Inform us of knowledge of actual, suspected or alleged fraud affecting the School Board.

Findings, assessments and information to be provided

- Inform us of any litigation (as plaintiff or defendant) before the courts, whatever the jurisdiction, as well as all current or future claims, complaints and disputes to which the school board is or could become party, including those that have not been discussed with the School Board's internal or external legal counsel.
- Inform us of the identities of parties related to the School Board, including changes from the last period, of the nature of relations between the School Board and related parties, and of all transactions concluded with related parties during the period, and where applicable, of the type of transaction as well as its purpose.
- Inform us of controls established, where applicable, to determine, record, and communicate relations and transactions with third parties, in accordance with the applicable financial reporting framework, and to authorize and approve important transactions and agreements with related parties and with those outside the ordinary course of the School Board's activities.
- Inform us of matters that could have an impact on the financial statements, and that could occur between the date of the auditor's report and the date of publication of the financial statements.

Other points

As part of our audit process, we will request that the administration provide us with written confirmation of certain declarations made in the context of our audit. These declarations include, but are not limited to, those relating to the responsibilities of the administration as listed above.

Financial statements presented in a format other than the TRAFICS financial report format

It is understood that the administration of the School Board may not use our financial statement report if it decides to present the financial statements in a format other than the TRAFICS financial report format (hereinafter called "internal financial statements"). If the administration decides to prepare internal financial statements, it will be solely responsible for reproducing the financial statements accurately and completely in the different format. If the administration wants us to perform an audit engagement of the internal financial statements, it will provide us with a copy of such statements, as well as an express request to that effect. The provisions herein will also apply to that engagement. Upon conclusion of that engagement, we can deliver an independent auditor's report whose form and content will comply with the standards governing general purpose financial statement audits.

Audit report for financial statements for fiscal year ended June 30

The following information is provided as guidance only; the form and content of our report may be modified based on the results of our audit.

Upon conclusion of our audit engagement for financial statements for the fiscal year ended June 30, we anticipate delivering an independent auditor's report whose form and content will comply with the standards governing general purpose financial statement audits.

Specified auditing procedures engagements with respect to statutory authority and declarations of enrolment

We agreed to perform specified auditing procedures engagements stipulated by the MEES in Parts V to VII of the *External audit mandate for fiscal 2016-2017*

– *School boards*. In agreeing to implement the procedures, we made no attempt to determine their suitability or appropriateness with respect to the needs of the MEES. We will perform the following engagements:

- Engagement to produce a report on results of applying specified auditing procedures to financial information in financial statements for the fiscal year ending June 30, 2017;
- Engagement to produce a report on results of applying specified auditing procedures to internal control mechanisms relating to declarations of enrolment;
- Engagement to produce a report on results of applying specified auditing procedures to different enrolment categories;

The application of these specified auditing procedures will not be deemed to constitute audit or verification engagements, and as such, we are not expressing an opinion on whether or not the School Board is regarding legislative authority or on internal control mechanisms regarding enrolment and different enrolment categories. Furthermore, in our reports, we will provide no assurance to that effect.

The results of applying specified auditing procedures will be communicated to the MEES via the computer application containing the work program, as well as the results of applying specified auditing procedures regarding compliance with legislative authority and using school enrolment questionnaires. Furthermore, we will indicate that our reports are meant exclusively for the end users, namely, the administration and the MEES.

B. Fees

We have reached a separate agreement on the fees for the services falling under sections A1 of this engagement. Our fees for services to be provided under this engagement

are based on the time spent on your file. Please see the three-year service offer of February 12, 2016 for more details.

Extra billing for services covered in this engagement

It goes without saying that certain situations may force us to spend more time on your file. These include the improper application of accounting principles or such errors in the School Board's records, failure to provide us with accurate and complete information on a timely basis, as well as unforeseen events, including regulatory changes or changes in accounting standards. Where applicable, such situations may lead to extra billing. In Appendix B, we have provided an explanation for various factors that could lead to us perform work over and above what was planned in our fee estimate.

Other services

All additional services which you may request that are not covered herein will be subject to separate written agreements.

We are proud to be able to provide you with auditing and taxation services and thank you for your confidence. If the services laid out herein meet your requirements and you find the conditions stipulated above suitable, please return us a duly signed copy of this engagement letter.

Sincerely,

Raymond Chabot Grant Thornton S.E. N.C. R. L.

Alain Tremblay, CPA auditorCA, CA-TI
Associate in charge of engagement

Read and approved for

Western Québec School Board

Name of School Board

Michel Dubeau, Director General

Name of authorized representative (please print)

Date

Signature and title of authorized representative

Appendix A

General Conditions

1. Protection of personal information

We are committed to protecting your personal information. During the planning, execution and announcement of the results of our engagement, associates and staff assigned to this engagement will collect, use and disclose personal information belonging to the client under its care. The client agrees to secure all necessary consents, licenses or other authorizations we require to perform the engagement, including any prior consent required for the disclosure of personal information.

2. Use of electronic media

During the engagement, we may have to use various electronic media to communicate information on the client, in particular: landline or cell phones, faxes and e-mail. These technologies are fast and efficient means of transmitting information. However, all modes of communication involve certain reliability, security and privacy challenges, and although all efforts may be made to prevent issues, there is always a risk of confidential information transmitted being intercepted. The client authorizes our representatives to use such modes of communication to transmit and receive information regarding the client.

3. Working papers and reports

All documents (working papers, notes, reports, etc.) created and produced as part of this engagement will remain our property. We will retain such documents, as well as any documents provided by the client (originals or copies) which the client does not collect at the end of the engagement, according to the terms provided in our internal document retention policy, which may be reviewed from time to time.

4. Intellectual property

We will retain all rights to all procedures used and to all methods and software developed prior to or during the execution of the engagement.

5. Confidentiality

The confidentiality requirement with respect to our client's business is one of the cornerstones of our profession. Without limiting the scope of professional standards regarding confidentiality (or professional secrecy), all non-public information on the client that is transmitted to us will be used solely for the engagement, and will be handled in a confidential manner. Unless mandated by law or by a competent court, we will not disclose such information to a third party without prior consent from the parties involved.

The foregoing non-disclosure obligation does not apply to information that was already in our possession or in the possession of other entities of the Raymond Chabot Grant Thornton group before being disclosed as part of this engagement, nor does it apply to any information that is made public through no fault of ours, nor to information disclosed to us by a third party who is not bound by a non-disclosure commitment with respect to the parties involved.

6. Conflicts of interest

Together with the entities of the Raymond Chabot Grant Thornton group, we offer a wide range of financial advisory services that may pose a distinct potential for conflicts of interest or incompatible functions. We comply with policies and implement procedures to limit the flow of information and thus help manage such conflicts in an appropriate manner. Nothing in this engagement will be deemed to be an obstacle preventing our firm or an entity of the Raymond Chabot Grant Thornton group from engaging in a transaction or representing a third party at any time or on any grounds whatsoever, provided we

are not wilfully providing services to a third party under circumstances that could put us in a position of direct conflict of interest during the engagement without prior written consent from the client. If we are the target of a conflict of interest, we will be authorized, but not obliged, to end the engagement, and will be released of all obligations to the client, with 10 days written notice.

7. Legal, regulatory or other proceedings

The client acknowledges that if we or one of our employees, associates or representatives are called forward to testify or produce documents for a competent authority that is not part of our organization, with respect to the execution of the engagement, the client will compensate us fully for the time spent preparing for the testimony or for a response, as well as for the appearance, and will reimburse us for reasonable out-of-pocket expenses incurred in that regard.

In the case of a claim being brought against us by a third party arising from our services provided under the terms herein, or related to it, the client will keep us unharmed, if we are not liable (including professionally), for charges and expenses, including, without limitation, reasonable legal expenses.

In the event of legal proceedings, of a claim, of loss or damage arising from the engagement, the client acknowledges that we will be individually, not collectively, liable. The client may only claim payment for our portion of the total obligation based on the relative significance of each individual's fault.

8. Interest on overdue accounts

During the engagement, we will send the client invoices on a regular basis. These invoices will be payable upon receipt. Accounts that are more than 30 days overdue will be charged interest at banks' commercial lending rate plus 5%^a annually. This rate is published in the *Bank of Canada Review*.

9. Charges and expenses

In addition to fees, we will bill all out-of-pocket expenses relating to the engagement, as well as actual charges incurred and a charge for various administrative costs, including travel, meals, accommodation, long-distance calls, photocopies, deliveries, mail items, support staff assistance and computer technology.

10. Taxes

Fees, disbursements and other costs do not include federal, provincial and other applicable sales taxes, nor do they include other taxes or duties currently in force or that will subsequently be charged. All these taxes and duties will be shown separately on the invoices that will be presented to the client.

11. Timeliness of work

While we will make all reasonable efforts to deliver the services included in this engagement within the prescribed time frame, we will, however, not be liable for delays in delivery due to causes beyond our control, including delays due to the client executing or not fulfilling its obligations.

12. Successors, assignees or other replacements

The client, its successors, assignees or other replacements are bound by this engagement letter and general conditions.

13. Rescinding of the engagement letter

We may rescind this agreement for just and reasonable cause subject to us sending the client a cancellation letter within a reasonable time frame, and in particular:

- ☒ if required to do so due to professional or ethical obligations;
- ☒ if we become aware of serious irregularities that occurred directly or indirectly as part of the client's activities, during or before this engagement;
- ☒ if the client has not paid our fees prior to the start of our audit work for the current fiscal year, or during the engagement, with the payment default persisting over a long period or pertaining to a significant portion of the fees remaining unpaid by the client despite receiving a reasonable notice from us;
- ☒ if the client is in default with respect to one or several obligations described herein, and does not remedy such default despite receiving a reasonable notice from us.

We will ensure that services are not terminated at an inopportune moment and we will not be liable to the client and, where applicable, to the entities of the same group, their shareholders, administrators, managers, employees and other representatives, for losses, costs or charges arising from that termination. Furthermore, the client will settle all fees for services provided herein, and will reimburse us for all expenses incurred up to the cancellation date.

14. Severability

If any provision of this agreement should be found to be invalid, void or unenforceable, the remainder of this engagement letter will continue to apply and remain binding.

15. Completeness

The terms of the engagement letter and of the present conditions constitute the entire agreement between the parties and supersede any previous verbal or written agreement covering the same professional services.

16. Applicable laws

This engagement letter will be governed by the laws in force in the province of Québec (Canada) as well as by the applicable federal laws. We hereby agree that all unresolved disputes or litigation linked to this engagement letter will be subject to the exclusive jurisdiction of the courts of the province of Québec.

17. Electronic delivery

It is agreed that for the electronic delivery of financial statements and of our report on such statements, the administration will be entirely responsible for reproducing said financial statements and our reports exactly and completely. Notwithstanding the fact that we can submit our report electronically, for the sake of efficiency, only a signed report (signed electronically or manually) will constitute a valid copy for the client's records. If our name is used with respect to the financial statements, the administration agrees to append the report when distributing the statements to third parties.

18. Reproduction and translation

In the event that the administration intends to publish or reproduce our report (or to mention the name of our firm) in a document containing other information (for example, an annual report), it agrees to provide us with a draft of such document for our perusal and to obtain our approval for the inclusion of our report prior to the document being finalized and distributed. In the event that the administration intends to translate the financial statements and our report into another language (including those included in a document such as an annual report), it agrees to provide us with a draft of such translation before it is distributed in order to let us ensure that it contains the same information and communicates the same meaning as the original version.

19. Issuing, purchasing or exchanging securities

If the client intends to include the aforementioned financial statements and our report on these statements in a future offering document, we will decide at that time whether or not we consent to our report being included in the document in question.

20. Consent to the communication of fees

We may have to communicate our total fees billed to the client for auditing and other services provided, in particular, to other member firms of Grant Thornton International Ltd. or to provincial or national statutory monitoring and control authorities. The client consents to the disclosure of such information as required.

21. Performance of work by third parties

Unless otherwise specified herein, we may use professionals who are not members of our firm or who are with other accounting firms, in particular, other member firms of Grant Thornton International Ltd (hereinafter called "GTI"), to perform our engagement in whole or in part.

Consequently, unless a GTI member enters directly into a separate agreement with the client to perform a part of the professional services covered herein, we will be the only firm responsible for providing professional services in accordance with the terms and conditions herein, and the client waives any claims or rights to prosecution against GTI members who, where required, may provide professional services under this engagement letter as subcontractors of our firm. Lastly, this clause is stipulated solely for the benefit of GTI members and could be invoked in any legal proceedings or claims initiated against a GTI member, as applicable.

Appendix B

Factors that could lead to an increase in the number of hours worked over and above what was indicated in our fee estimate

Our goal is to ensure that our clients make the most of our professional services and that they consider our fees to be fair and reasonable. However, to ensure we provide them with such value, we believe that some variables may require more work than anticipated in our fee estimate. The following paragraphs cover the most common of such factors.

Changes in requirements

Currently, many government agencies, standard-setting bodies or regulatory agencies make regular additions or changes to various requirements. Although we strive to take into account requirements likely to have an impact on our engagement in planning our activities, there are three types of factors that may complicate this step. First, such new requirements are often not communicated to us at a time that would allow us to anticipate their impacts at the preliminary planning stage. Next, notwithstanding what we anticipate and plan for, we could underestimate the amount of work needed to meet the new requirements. Lastly, in certain cases, it may be beneficial to meet requirements in advance.

With respect to income tax returns, the announcement of new measures, be it through legislative or administrative changes, could have similar impacts.

Inaccurate application of accounting principles or bookkeeping errors

When estimating our fees, we usually assume that accounting records are in order, and that they will allow us to perform our engagement normally. However, if we identify a high number of errors in the accounting records, or if they are incomplete, we will have no choice but to undertake additional procedures to complete our engagement.

Lack of engagement facilitation or of preparation on a timely basis

In an effort to reduce costs, we determine in advance how members of the client's staff can contribute to the smooth execution of the engagement (for example, spreadsheets to prepare, how to prepare them, supporting documents to provide). We also discuss matters such as the availability of important members of the client's staff, timelines and working conditions. In fact, relevant information provided by the client is essential when we are estimating our fees, and as a result, if for whatever reason, it is not possible to provide us with the documents as agreed and at the proper time, we may potentially have to increase our work load considerably in order to

complete the engagement within the established time frames. Furthermore, these factors may sometimes require that we withdraw our staff, as shown in the next paragraph.

Withdrawal of our staff

Withdrawing our staff means removing a part or all of the members of the team assigned to the engagement because a certain factor (for example, the state of the accounting records or an inability to provide documents as agreed within established time frames) prevents us from performing our work as anticipated in our engagement plan. In some situations, our engagement team may have to be pulled out completely in order to resolve the situation, and although such a withdrawal is intended to prevent the engagement costs from ballooning, it nevertheless leads to additional costs, as we have to re-plan staffing, incur additional start-up costs, etc.

Unexpected events

Notwithstanding any regular communications we may have with our clients and the fact that we may plan our engagement with the administration and staff, there is always a real possibility of unexpected events occurring. The following events in particular may occur: accounting problems, disputes, changes in the company's operations or environment, contractual or other problems involving suppliers, third-party providers or clients. When such situations occur, we must spend more time in order to help our clients as best we can to overcome such unexpected contingencies and perform our engagement in accordance with professional standards.

Once more, we would like to reiterate that we do our best to provide optimal value to our clients in terms of our professional services. We estimate our fees taking into consideration the information they provide to us. Nevertheless, unlike with the sale of products, professional services are provided based on different factors, such as those mentioned above, and our fee estimation can therefore be affected by changes.



Raymond Chabot Grant Thornton

October 16, 2017

Mr. Michel Dubeau
Director General
Western Québec School Board
15 Katimavik Street
Gatineau, Quebec J9J 0E9

Raymond Chabot Grant Thornton
S.E.N.C.R.L.
1839 St-Louis Street
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Dear Mr. Dubeau:

We were engaged to audit the financial statements of the Western Québec School Board for the fiscal period ended June 30, 2017.

The Canadian auditing standards of the *CPA Canada Handbook* require that we communicate with you regarding compliance with the relevant rules of conduct on the independence and all the relationships and other connections existing between our firm¹ and the entity and its related entities (hereafter, unless otherwise notified, the “entity”) which, in our professional judgment, may reasonably be deemed likely to have an impact on our independence. We must also advise you of the relevant safeguards put in place to eliminate or reduce to an acceptable level the threats to our independence which have been identified.

These rules require us to take the following questions into account in determining the relationships to communicate:

- Holding, directly or indirectly, financial interest in the entity;
- Holding, directly or indirectly, a position that gives the right or confers the responsibility to exercise significant influence over the entity’s financial policy or accounting methods;
- The existence of personal relationships or direct or indirect business relationships between immediate family members, close family members, partners or retired partners who retain a close association with the firm and the entity;

¹ In this letter, the terms “firm” or “we” include the engagement team, the firm and other firms that are members of the Grant Thornton network.

- Economic dependence with respect to the entity;
- Providing services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussions with you regarding questions on our independence.

We are not aware of any relationship between our firm and the entity for the period from October 18, 2016 to October 16, 2017 which, in our professional judgment, could be considered likely to impact our independence.

The Canadian auditing standards of the *CPA Canada Handbook* require us to confirm our independence with the audit committee. Consequently, we hereby confirm that, on October 16, 2017, we are independent with respect to the entity as defined by the Harmonized Rule of Professional Conduct for chartered accountants of Canada.

This is intended solely for the use of the audit committee, the Council of commissioners, the administration and other persons in the entity, and is not to be used for any other purpose.

Sincerely,

Raymond Chabot Grant Thornton S.E. N.C. R. L.

Western Québec School Board

October 16, 2017

Raymond Chabot Grant Thornton S.E.N.C.R.L.
Suite 100
1839 St-Louis Street
Gatineau, Quebec J8T 4H3

Dear Sir or Madam:

This representation letter is provided to you as part of your audit of the financial statements of the Western Québec School Board (hereafter the "School Board") as at June 30, 2017 and for the fiscal period then ended, to express an opinion indicating whether the financial statements are fairly presented, in all material respects, in accordance with the Canada Public Sector Accounting Standards (hereafter the "applicable financial reporting framework").

We confirm the following, on the basis of what we know and in good faith, having made all the enquiries that we deemed necessary to be adequately informed:

Financial Statements

- We have fulfilled our responsibilities set out in the audit engagement terms and conditions, in respect of the preparation of the financial statements in accordance with the applicable financial reporting framework; in particular, the financial statements provide a fair presentation in accordance with this framework.
- The significant assumptions that we have used to establish the accounting estimates, including the fair value estimates, are reasonable.
- The relationships and operations with related parties have been properly accounted for and have been communicated in accordance with the applicable financial reporting framework.
- All the events subsequent to the date of the financial statements for which the applicable financial reporting framework requires an adjustment or the provision of information have been adjusted or reported on in the financial statements.

- Any proceedings (as a plaintiff or a defendant) before any courts, regardless of their jurisdiction, as well as any current or potential disputes, complaints and claims, which the School Board is or could be part of, including those that were discussed with the School Board's external and internal legal advisors, which came to our knowledge and whose impact should be taken into consideration in preparing the financial statements have been properly accounted for or communicated in accordance with the applicable financial reporting framework.
- All the potential profits or losses and all other liabilities have been communicated to you and are reflected in the financial statements in accordance with the applicable financial reporting framework.

Information provided:

- We have provided you with:
 - access to all the information that we are aware of and that is relevant for preparing the financial statements, in particular the accounting records, supporting documents and other items;
 - the additional information that you requested from us for auditing purposes;
 - unrestricted access to persons in the School Board from whom, in your opinion, it was necessary to obtain audit evidence.
- All the operations were accounted for in the accounting records and are reflected in the financial statements.
- We acknowledge that we are responsible for the design, implementation and maintenance of internal controls designed to prevent and detect fraud.
- We have advised you of the results of our assessment of the risk that the financial statements may contain material misstatements resulting from fraud.
- We have advised you of all the information on proven or suspected fraud that we are aware of, which concern the School Board and which involve:
 - the administration;
 - employees who play a significant role in internal controls;
 - other persons, if the fraud could have a significant impact on the financial statements.
- We have advised you of all the information in respect of alleged or suspected fraud having an impact on the School Board's financial statements, brought to our attention by employees, former employees, analysts, regulatory authorities or other persons.

- We have advised you of all the actual or potential cases of non-compliance with respect to laws and regulations, the consequences of which should be taken into account when preparing the financial statements.
- We have advised you of the identity of the parties related to the School Board and all the relationships and operations with the related parties that we are aware of.

Sincerely,

Michel Dubeau

Print name

Signature

Sandra Cox

Print name

Signature

Director General

Position

Director of financial resources

Position

WESTERN QUÉBEC SCHOOL BOARD

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

JUNE 30, 2017

WESTERN QUÉBEC SCHOOL BOARD

FINANCIAL STATEMENTS

JUNE 30, 2017

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**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Independent Auditor's Report

To the members of the Western Québec School Board

Report on the financial statements

We have audited the attached financial statements of the Western Québec School Board, bearing the electronic signature 6477771482, which includes the statement of financial position as at June 30, 2017 and the statement of results, the statement of accumulated surpluses (deficit), the statement of change in net financial assets and statement of cash flows for the year then ended, the additional information to the financial statements provided on pages 7 to 275, as well as a summary of significant accounting policies and other explanatory details included in the Notes and additional information.

The administration's responsibility for the financial statements

The administration 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 the administration determines is necessary to enable the preparation of 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 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 the auditor's 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, the auditor considers 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 audit opinion.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Western Québec School Board as at June 30, 2017, and its results of operation, the statement of change in net financial assets and statement of cash flows for the year then ended in accordance with Canadian accounting standards for the public sector.

[Auditor's signature]

[Date of auditor's report]

[Auditor's address]

**WESTERN QUÉBEC SCHOOL BOARD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017**

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash (including temporary investments)	2,804,743	1,027,087
Operating grants receivable	13,091,533	8,314,850
Financing grants receivable	6,668,758	5,724,168
School tax receivable	3,650,566	3,563,310
Accounts receivable (includes inventory for resale)	2,128,946	2,246,291
Portfolio holdings and loans (Note 3)	0	15,529
TOTAL FINANCIAL ASSETS	28,344,546	20,891,235
LIABILITIES		
Overdraft	0	0
Short-term loans (Note 4)	6,500,000	6,000,000
Accounts payable and accrued liabilities	8,967,257	7,705,923
Deferred revenue received in advance	4,857,760	4,658,677
Provisions for future benefits	5,156,937	4,891,833
Long-term debts assumed by the School Board	90,257	277,307
Long-term debt subject to promise of grant (Note 6)	74,347,227	72,011,747
Other liabilities	2,207,079	737,778
TOTAL LIABILITIES	102,126,517	96,283,265
NET DEBT	-73,781,971	-75,392,030
NON-FINANCIAL ASSETS		
Fixed capital assets (Note 7)	88,651,265	89,674,502
Inventory/stocks	7,282	7,282
Prepaid expenses	134,630	167,483
NON-FINANCIAL ASSETS	88,793,177	89,849,268
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	15,011,206	14,457,238

**WESTERN QUÉBEC SCHOOL BOARD
STATEMENT OF ACCUMULATED SURPLUS
YEAR ENDED JUNE 30, 2017**

	2017	2016
	\$	\$
Opening accumulated surplus	14,457,238	13,881,872
Annual surplus	553,968	575,366
Accumulated surplus, beginning of year	15,011,206	14,457,238

**WESTERN QUÉBEC SCHOOL BOARD
STATEMENT OF RESULTS
YEAR ENDED JUNE 30, 2017**

	Budget 2017	Actual results	
		2017	2016
	\$	\$	\$
REVENUE			
MÉES Operating Grants	59,952,121	67,627,971	61,782,752
Other grants and contributions	205,400	706,896	990,789
School taxes	18,243,782	18,434,555	18,557,000
School fees and course fees	705,656	2,984,222	1,544,522
Sales of goods and services	3,785,762	3,507,552	3,211,133
Miscellaneous revenues	908,699	1,563,780	1,509,011
Amortization of deferred contributions related to acquisitions of fixed capital assets	0	245,366	168,710
TOTAL REVENUES	83,801,420	95,070,342	87,763,917
EXPENSES			
Teaching and training activities	38,867,019	44,444,472	40,709,863
Support for teaching and training	15,574,586	17,942,748	16,674,563
Auxiliary services	10,376,774	10,795,267	10,410,174
Administrative activities	4,593,107	5,793,794	4,394,661
Activities relating to movable and immovable property	11,067,900	11,410,736	11,271,402
Other activities	3,322,034	3,330,336	4,039,232
Expenses - variation in provision for benefits	0	265,104	-283,284
Loss (gain) on disposal of fixed capital assets	0	533,917	-28,062
TOTAL EXPENSES	83,801,420	94,516,374	87,188,551
ANNUAL SURPLUS	0	553,968	575,366

**WESTERN QUÉBEC SCHOOL BOARD
STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED JUNE 30, 2017**

	2017	2016
	\$	\$
NET DEBT AT BEGINNING OF YEAR	-75,392,030	-75,471,728
Annual surplus	553,968	575,366
Variation due to fixed capital assets		
Acquisitions of fixed capital assets	-5,034,751	-5,197,755
Amortization of fixed capital assets plus net on disposal	4,715,897	4,778,506
Loss (gain) on disposal of fixed capital assets	533,917	-28,062
Total variation due to fixed capital assets	215,062	-447,311
Proceeds of disposition of fixed capital assets	808,175	4,840
Variation due to inventory/stocks and prepaid expenses	32,853	-53,197
INCREASE IN NET DEBT	1,610,059	79,698
NET DEBT AT THE END OF THE FINANCIAL YEAR	-73,781,971	-75,392,030

**WESTERN QUÉBEC SCHOOL BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	553,968	575,366
Items with no effect on cash and cash equivalents		
Bad debts	436,979	613,354
Variation in provision for future benefits	265,104	-283,284
Variation in inventory/stocks and prepaid expenses	32,853	-53,197
Variation of deferred revenues received in advance	245,366	168,710
Variation in deferred expenses related to debts	56,706	51,181
Acquisitions of fixed capital assets	4,715,896.87	4,778,506
Loss (gain) on disposal of fixed capital assets	533,917.05	-28,062
Variation of financial assets and liabilities related to operations	-10,477,507	-11,923,345
CASH AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES	-3,636,717	-6,100,772
CAPITAL INVESTMENT ACTIVITIES		
Cash outflows for the acquisition of fixed capital assets	-5,034,751	-5,197,755
Proceeds of disposition of fixed capital assets	808,175	32,901
CASH AND CASH EQUIVALENTS USED FOR CAPITAL INVESTMENT ACTIVITIES	-4,226,576	-5,164,854
FINANCING ACTIVITIES		
Reimbursement of debts assumed by the S.B.	-187,050	-187,051
Income from issuance of debts with a grant receivable	14,808,000	11,574,000
Repayment of debts with a grant receivable	-4,480,000	-3,963,000
Variation in short-term borrowings	-500,000	6,500,000
CASH AND CASH EQUIVALENTS FROM FINANCING ACTIVITIES	9,640,950	13,923,949
INCREASE IN CASH AND CASH EQUIVALENTS	1,777,657	2,658,323
OPENING CASH AND CASH EQUIVALENTS	1,027,086	-1,631,237
CLOSING CASH AND CASH EQUIVALENTS	2,804,743	1,027,086

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Notes to Financial Statements

1. STATUTES

The Western Québec School Board was established under Decree 1014-97 of August 13, 1997. The financial statements were produced to meet the requirements of Article 287 of the Public Education Act (CQLR, I-13.3). The mission of a school board is to organize, for the benefit of the persons who come under its jurisdiction, the educational services provided for by this Act and by the basic school regulations established by the Government of Québec.

The mission of a school board is also to promote and enhance the status of public education within its territory, to see to the quality of educational services and the success of students so that the population may attain a higher level of formal education and qualification, and to contribute, to the extent provided for by law, to the social, cultural and economic development of its region.

2. SIGNIFICANT ACCOUNTING POLICIES

The School Board mainly uses the CPA Canada Public Sector Accounting Handbook for the purposes of its annual financial statements. The use of generally accepted accounting principles from any other source is consistent with the above.

Accounting Estimates

The preparation of the financial statements of the School Board by the administration, in accordance with the Canadian Public Sector Accounting Standards, requires that the latter use estimates and hypotheses. These have an impact on the recognition of assets and liabilities, on the presentation of any assets and liabilities likely to exist at the date of issuance of the financial statements, and on recording of revenue and expenses for the fiscal year covered in the financial statements. The main items for which the administration carried out estimations and formulated hypotheses include the useful life of capital assets, accrued liabilities, provisions for bad debts, and provision for future benefits. Actual results may be different from the administration's best estimates.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents include: bank account balances, including bank overdrafts, with the balance often fluctuating from positive to overdrawn, as well as investments whose maturity does not exceed three months from their date of acquisition or that can be redeemed at any time without penalties. These investments are stated at the lower of cost or market value.

Accounts Receivable

Receivables are initially recorded at cost and they are written down to their net recoverable amount through a provision for bad debts. The variation of the period of this provision is noted in the results of the "Other Activities" line.

Portfolio holding and loans

Portfolio holdings are recognized at cost. They are reduced through a provision for investment impairment when a lasting decline in value is noted. These loans are presented at the lower of cost or net recoverable value. The variation of the period of this provision is noted in the results of the "Other Activities" line. A decrease of an investment is not reversed should there be a subsequent increase in value.

Liabilities

Pension plan

Members of the School Board's staff participate in the Régime de retraite des employés du gouvernement et des organismes publics (RREGOP), Régime de retraite des enseignants (RRE) or Régime de retraite du personnel d'encadrement (RRPE). These multiemployer plans are defined benefit plans with guaranteed retirement and death benefits. The School Board's contributions to these government retirement plans are assumed by the Government of Quebec and are not included in the financial statements.

Provisions for benefits

Long-term obligations under other employee benefit plans, such as sick leave, vacation, accumulated overtime, wages insurance coverage and other benefits (maternity and paternity leave) as well as long-term obligations under School Board teaching staff's redeemable sick leave are recognized at cost in liabilities. The annual change in the provisions is recognized in expenses.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Long-term debt

Long-term debt is recorded at the amount received at the time of issuance, adjusted for amortization of purchase discounts or premiums, to obtain the capital amount to be repaid upon maturity.

Costs related to the issuance of debt are deferred and amortized using the straight line method over the term of the debt. The unamortized balance is included in the long-term debt balance.

Non-financial assets

Fixed capital assets

Fixed capital assets are non-financial assets that are acquired, constructed, developed or improved, whose useful life extends beyond the fiscal year, and that are intended for long-term use in the production of goods or in the delivery of services.

Fixed capital assets are recorded at cost. Except for land, the cost of fixed capital assets is amortized on a straight-line basis over their useful lives as follows:

Land development	10 or 20 years
Buildings and major improvements to buildings	15 to 50 years
Leasehold improvements	duration of lease
Materials and equipment	3 to 15 years
Special equipment related to education	10 or 20 years
Library documents	10 years
Textbooks - initial purchases	5 years
Vehicles	5 years
Information technology development	5 years
Telecommunications system	20 years

The cost of fixed capital assets held under a capital lease is equal to the present value of the minimum lease payments.

Fixed capital assets under construction, development or being improved are not amortized prior to being commissioned.

Works of art and historical treasures mostly include paintings, sculptures, drawings and installations, and their cost is charged to expense for the year during which they are acquired.

Works of art that are acquired under the *Politique d'intégration des arts à l'architecture et à l'environnement des bâtiments et des sites gouvernementaux et publics* are capitalized.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Fixed capital assets acquired by donation or for a nominal value are recorded at fair market value at the time of their acquisition with an offset on the liabilities side of deferred revenues, excluding land for which the offset is recorded under revenue during the year of acquisition. The deferred revenues are gradually transferred to the results of operations via the same amortization method and for the same duration as with the fixed capital assets in question.

Where economic indicators show that a particular fixed asset no longer contributes to the School Board's capacity to supply goods and services, or that the value of future economic benefits that can accrue to the fixed asset is lower than its net book value, the cost of the asset is reduced to reflect the decline in value and the depreciation is entered under the "Activities related to movable and immovable property" line item. No impairment reversal is recorded.

Inventories/stocks

Inventories/stocks consist of materials to be consumed or sold in the normal course of activities for the upcoming fiscal year(s). These inventories/stocks are assessed at the lower of either the cost or the net realizable value.

Prepaid expenses

Prepaid expenses represent disbursements made before the end of the fiscal year, for services the School Board receives during the upcoming fiscal year(s). These costs are charged to expenses at the time the School Board benefits from the acquired services.

Revenue

Deferred grants and contributions

Grants from the MEES are recorded during the fiscal year in which the School Board met eligibility requirements stipulated under the budgetary rules for said year. Except for allowances granted for in-service training or intended to meet collective bargaining agreement conditions, grants from the MEES are not deferred, in compliance with the budgetary rules.

Grants allocated for the purchase of fixed capital assets in the form of transfer payments are recorded when the grants are authorized and the School Board has met all eligibility conditions, where applicable. They are recorded under "Deferred contributions allocated for the acquisition of fixed capital assets" if they are accompanied by stipulations creating an obligation that can be described as a liability. Revenue from the grant is recorded under results provided the liability is entered under the "Amortization of deferred contributions allocated for the acquisition of fixed capital assets" line item.

Other contributions allocated for the acquisition of fixed capital assets which are not transfer payments are entered under the "Deferred contributions allocated for the acquisition of fixed capital assets" line item, and recorded as revenue under the "Amortization of deferred

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

contributions allocated for the acquisition of fixed capital assets” line item in the fiscal year during which the resources were used for the stipulated purpose.

School tax

School tax revenues are recorded during the period covered by the tax roll. Changes to the assessment rolls are recorded when the assessor's certificates are issued. The period covered by annual school tax invoice runs from July 1 to June 30. The school tax is levied on the adjusted value. The adjusted value is determined by applying, over three years, the difference between the effective standard value on December 31 of the last year of the preceding roll and that appearing in the new roll, which becomes effective on January 1. Revenue in lieu of school tax is recorded in the fiscal year during which it is received.

Sales of goods and services and miscellaneous revenue

Revenue is recorded under the fiscal year during which the transactions or actions to which they accrue occurred.

Expenses

Expenses include the cost of goods consumed and services obtained in the course of the fiscal year, irrespective of whether they have been paid for, or whether or not a bill has been submitted for them, and the amortization of the cost of fixed capital assets for the year in question.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

3. PORTFOLIO HOLDINGS AND LOANS

	2017	2016
	\$	\$
Mortgage receivable, bearing a fixed 3.85% interest rate, due in September 2017, cashable through monthly installments of \$6,000, capital and interest.	0	15,529

4. SHORT-TERM LOANS

The banker's acceptances are authorized each month by the MEES. Authorized allotments amount to \$29,782,388 (June 30, 2016 - \$28,231,247). The bankers' acceptance, which matures on July 6, 2017, bears an interest rate of 0.92% (0.85% as at June 30, 2016) and is guaranteed by the Ministère de l'Éducation et de l'Enseignement supérieur.

5. PROVISION FOR BENEFITS

The details of the provisions for employee benefits are presented on page 34 of the financial report.

Among the long-term obligations arising from the benefits granted to its staff, the School Board has an accumulated sick leave program, in accordance with the various collective bargaining agreements in force. Up to June 30, 2016, this program enables workers to accumulate unused sick leave days to which they are entitled annually and to claim compensation in case of termination of employment, retirement, or death. Moreover, in cases of early retirement, employees can choose to convert these accumulated sick leave days into fully compensated absences. Effective July 1, 2016, employees can no longer accumulate sick leave earned after this date. Sick leave will be paid annually on June 30th if it is not used by that date.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

6. LONG-TERM DEBT SUBJECT TO A GRANT RECEIVABLE

	<u>2017</u>	<u>2016</u>
	\$	\$
Long-term notes with interest rates ranging from 1.06% to 5.41%, maturing from December 2017 to December 2040, repayable by grants from the Ministère de l'Éducation et de l'Enseignement supérieur.	74,685,000	72,322,000
Frais reportés liés aux dettes	<u>(337,773)</u>	<u>(310,253)</u>
	<u>74,347,227</u>	<u>72,011,747</u>

Principal repayments due on long-term debt subject to a grant receivable over the five (5) upcoming fiscal years are as follows:

2018	\$19,176,000
2019	\$4,182,000
2020	\$5,026,000
2021	\$3,391,000
2022	\$3,391,000
2023 and subsequent	\$39,519,000

WESTERN QUÉBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 — FIXED CAPITAL ASSETS

									2017	2016
	Cost			Accumulated amortization					Net value	Net value
	Opening balance			Closing balance	Opening balance		Closing balance			
		Acquisition	Disposals		amortization for fiscal year					
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Land	2,760,798	0	42,826	2,717,972	0	0	0	0	2,717,972	2,760,798
Development										
Land development (10 years)	490,218	0	46,375	443,843	238,789	44,209	26,995	256,003	187,840	251,429
Land development (20 years)	3,174,774	522,880	0	3,697,654	776,139	160,647	0	936,786	2,760,867	2,398,635
Buildings										
Buildings acquired before July 1, 2008 (35 years)	78,024,011	0	1,256,496	76,767,515	51,337,765	1,325,478	871,834	51,791,408	24,976,107	26,686,246
Buildings (20 years)	0	0	0	0	0	0	0	0	0	0
Buildings (40 years)	0	0	0	0	0	0	0	0	0	0
Buildings (50 years)	26,813,662	1,033	0	26,814,695	2,685,024	554,796	0	3,239,821	23,574,874	24,128,638
Leasehold improvements	22,730	0	0	22,730	16,166	2,317	0	18,482	4,247	6,564
Major improvements and transformations										
Major improvements and transformations (25 years)	11,645,015	1,340,486	13,619	12,971,881	1,604,035	496,747	29,796	2,070,986	10,900,896	10,040,980
Major improvements and transformations (30 years)	11,670,000	1,653,174	270,769	13,052,404	1,308,412	402,069	22,483	1,687,998	11,364,407	10,361,587
Major improvements and transformations (40 years)	8,653,158	537,552	745,448	8,445,261	1,024,706	197,775	82,333	1,140,147	7,305,114	7,628,452
Materials and equipment										
Office furniture and equipment	1,642,331	200,600	0	1,842,930	1,097,014	203,118	0	1,300,131	542,799	545,317
Other equipment	593,901	51,339	0	645,240	154,934	32,129	0	187,063	458,177	438,967
Computer equipment	5,069,936	436,497	0	5,506,433	4,304,349	577,629	0	4,881,978	624,455	765,587
Multimedia communication equipment	2,450,957	127,585	0	2,578,541	1,384,601	375,678	0	1,760,280	818,262	1,066,355
Vehicles	158,280	0	0	158,280	48,824	30,026	0	78,851	79,430	109,456
Library documents	622,705	78,623	0	701,328	215,859	61,429	0	277,288	424,040	406,846
Textbooks (initial purchases)	1,112,606	65,974	0	1,178,580	1,086,538	31,074	0	1,117,612	60,968	26,068
Special equipment related to education										
Specialized equipment (10 years)	318,854	19,010	0	337,865	138,827	28,843	0	167,670	170,195	180,028
Specialized equipment (20 years)	787,500	0	0	787,500	257,405	40,387	0	297,792	489,708	530,095
Information technology development	494,921	0	0	494,921	491,436	3,331	0	494,767	154	3,485
Telecommunications system	2,963,711	0	0	2,963,711	1,624,743	148,214	0	1,772,957	1,190,753	1,338,968
	159,470,067	5,034,751	2,375,533	162,129,285	69,795,565	4,715,897	1,033,441	73,478,020	88,651,265	89,674,502

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

7. FIXED CAPITAL ASSETS (CONTINUED)

Details of fixed capital assets are presented on pages 40 to 48 of the financial report.

Total capital assets include materials and equipment rented under capital leases for \$277,306 (June 30, 2016 - \$464,357). The amount of amortization related to these fixed capital assets amounted to \$187,050 (\$187,051 as at June 30, 2016).

During the fiscal year, fixed capital assets amounting to \$707,268 (\$241,977 as at June 30, 2016) were acquired by donation or at a nominal cost, i.e. \$116,674 (\$241,977 as at June 30, 2016) for materials and equipment, \$590,594 (\$0 as at June 30, 2016) for buildings. These capital assets were partially or fully financed by contributions from outside organizations.

8. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Risk Management Policy

By using its financial instruments, the School Board is exposed to various risks. The administration has implemented control and management policies and procedures that ensure the management of the inherent risks associated with financial instruments and minimize their potential impacts. The following elements allow an assessment of risks as at the date of the financial statement of June 30, 2017.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Credit Risk

Credit risk refers to the risk of a counterpart failing to respect their contractual obligations. The School Board's credit risk relates mainly to its accounts receivable, excluding consumption tax and pending grants. In order to reduce its credit risk, the School Board regularly performs an analysis of its accounts receivables balance, after which a provision for bad debts is established, as needed, based on the estimated realizable amount. The credit risk associated with pending grants is minimal, since the funds come from the government.

The book value of the School Board's main financial assets represents its maximum risk exposure.

The following table presents the aging report of accounts receivable, excluding consumption taxes, net of the provisions for bad debts, as at June 30, 2017.

	2017	2016
Accounts Receivable	\$	\$
Less than 30 days following invoice date	1,238,710	1,078,279
30 to 60 days following invoice date	81,754	27,037
61 to 90 days following invoice date	54,206	164,791
More than 90 days following the invoice date	5,946,094	5,565,634
Subtotal	7,279,630	6,835,741
Provision for bad debts	(1,971,552)	(986,640)
Total negative receivables for provision for bad debts	\$5,308,078	\$5,849,101

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Cash and cash equivalents risk

Cash and cash equivalents risk is the risk of the School Board facing difficulties in honouring commitments related to its financial liabilities. The School Board is exposed to this risk mainly due to its short-term borrowings, its creditors and accrued liabilities, excluding source deductions, some items under the provision for benefits (holidays and other forms of leave) and its long-term borrowings. The contractual cash flows associated with the School Board's financial liabilities are as follows:

June 30, 2017	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Short-term loans	\$6,500,000				\$6,500,000
Accounts payable and accrued expenses **except deductions at source**	\$3,162,178				\$3,162,178
Long-term debt	\$19,176,000	\$9,208,000	\$6,782,000	\$35,519,000	\$74,685,000
Provision for benefits	\$5,156,937				\$5,156,937

June 30, 2016	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Short-term loans	\$6,000,000				\$6,000,000
Accounts payable and accrued expenses **except deductions at source**	\$7,441,114	\$264,809			\$7,705,923
Long-term debt	\$12,445,000	\$25,961,000	\$5,226,000	\$28,690,000	\$72,322,000
Provisions for benefits	\$4,891,833				\$4,891,833

In order to reduce its cash and cash equivalents risk, the School Board conducts a daily analysis of its cash and cash equivalents and borrows the necessary amounts depending on the daily needs up to a maximum amount authorized by the MEES.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Market risk

Market risk is the risk of a fluctuation in the future market value or cash flow of a financial instrument resulting from market price changes. Market risk comprises three types of risks: risk of change, interest rate risk and the other price risk. Considering the nature of its activities, the School Board is only exposed to interest rate risk.

Interest Rate Risk

Interest rate risk is the risk of the real value of a financial instrument or future cash flows linked to these financial instruments experiencing a negative variation due to fluctuations in interest rates, fixed or variable. Fixed interest rate instruments impose an actual value risk on the School Board, while variable interest rate instruments impose a cash flow risk.

Fixed interest rate financial instruments include long-term loans and borrowings.

Given that the School Board recognizes its financial instruments bearing fixed interest rate at cost after amortization according to the effective interest rate method, and not the actual value, exposure to the interest rate fluctuation risk is low, particularly since the School Board plans to reimburse on schedule.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

9. CONTRACTUAL OBLIGATIONS

In the course of its operations, the School Board has signed various long-term agreements, the most important of which have given rise to the following contractual obligations:

- a) An amount of \$37,043,556 (\$6,375,912 in 2016) for school transportation contracts, ending in June 2022. Payments for the next five years stand at \$7,408,712 in 2018, \$7,408,712 in 2019, \$7,408,712 in 2020, \$7,408,712 in 2021 and \$7,408,712 in 2022.
- b) An amount of \$2,497,310 (\$1,548,186 in 2016) for school cleaning contracts, ending in June 2022. Payments for the next five years stand at \$587,381 in 2018, \$600,716 in 2019, \$600,716 in 2020, \$600,716 in 2021 and \$107,780 in 2022.
- c) An amount of \$70,621 (\$125,393 in 2016) for elevator maintenance contracts, ending in June 2021. Payments for the next four years stand at \$22,426 in 2018, \$22,985 in 2019, \$600,716 in 2020, \$23,500 in 2020 and \$1,650 in 2021.
- d) An amount of \$234,298 (\$370,594 in 2016) to be paid for grass cutting, **garbage container and collection services**, and snow removal, ending in 2018.
- e) An amount of \$354,819 (\$637,637 in 2016) to be paid for photocopier and IT equipment leases up to May 2021. Payments for the next four years stand at \$108,882 in 2018, \$108,882 in 2019, \$108,882 in 2020, and \$28,173 in 2021.
- f) An amount of \$3,772,075 (\$2,572,926 in 2016) for major construction, development and renovation projects to be carried out in 2017-2018.

**WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

10. CONTINGENCIES

The School Board, as well as 67 other school boards of Quebec, is the object of a class action authorized by the Superior Court of Québec on December 6, 2016, regarding certain expenses incurred by parents for textbooks, teaching aids, educational services and bibliographic and documentary resources. The claim aims for the repayment of expenses incurred by parents since the school year 2009-2010 in addition to punitive damages and for the aforementioned items to be provided for free from this day. The school boards concerned are opposed to these requests and intend to defend their position in this regard. We are not able to determine the outcome of this litigation or its financial impact on the School Board.

In order to address potential losses arising from these claims, a provision of 1,365,725 \$ has been recorded in the financial statements. Any variation that may result from the settlement of these contingencies will be charged to the surplus (or deficit) for the current year.

11. RELATED ORGANIZATION TRANSACTIONS

In addition to transactions between related organizations disclosed in the financial statements and recognized at their exchange value, the School Board is related to all ministries and special funds as well as all organizations and corporations directly or indirectly controlled by the Québec government or subject either to joint control or significant influence by the Québec government. The School Board has undertaken no commercial transactions with these related bodies except within the normal course of its activities and under the usual commercial conditions. These transactions are clearly disclosed on pages 190 and 191 of the financial report.

WESTERN QUÉBEC SCHOOL BOARD
DETAILED EXPENSES BY ACTIVITY
YEAR ENDED JUNE 30, 2017

	SALARIES			BENEFITS OF OPERATING AND MAINTENANCE CONTRACTS			EQUIPMENT AND INVESTMENTS OTHER EXPENSES		TOTAL EXPENSES	
	2017	2016		2017	2016		2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
TEACHING AND TRAINING ACTIVITIES										
Preschool education	2 750 518	3 117 792	86	40 815	1 983	0	0	3 105 193	2 452 861	
Pre-school education	15 843 545	1 784 248	5 030	272 278	16 041	0	0	17 921 143	17 635 697	
Primary education	13 236 541	1 459 891	4 090	328 827	14 487	0	0	15 043 837	13 767 615	
Vocational training	1 686 606	197 178	13 841	157 912	344 748	67 741	0	2 468 027	1 983 741	
Specific training	4 033 993	459 833	2 907	45 056	21 948	1 414	0	4 565 151	3 617 286	
Adult general education	1 170 733	130 533	5 166	32 980	1 364	0	346	1 341 121	1 252 663	
	38 721 936	4 343 474	31 120	877 869	400 572	69 155	346	44 444 472	40 709 863	
SUPPORT FOR TEACHING AND TRAINING										
Management of schools and centres	4,617,131	563,507	46,296	304,568	417,748	1,115	79	5 950 443	5 868 331	
Teaching tools	976,959	116,877	40,298	70,440	405,438	21,547	0	1 631 558	1 463 379	
Complementary services	5,231,744	714,008	25,267	89,440	275,488	2,945	0	6 338 892	5 996 069	
Specific pedagogical and training services	478,355	57,851	20,852	79,154	170,667	5,829	651	813 358	606 110	
Animation and instructional development	1,064,305	117,400	62,910	11,506	28,160	0	0	1 284 281	1 207 740	
Professional developing - teaching and other staff	308,558	34,068	252,929	41,845	86,517	0	0	723 918	518,397	
Sports, cultural and social activities	28,088	3,781	19,517	297,639	544,307	0	306,966	1 200 298	1,014,537	
	12 705 140	1 607 492	468 070	894 590	1 928 325	31 436	307 696	17 942 748	16 674 563	
AUXILIARY SERVICES										
Food and accommodation services	0	0	0	0	0	0	0	0	2 250	
School transportation	0	0	0	0	7,377,290	0	768,086	8 145 376	7 842 144	
Daycare	2,187,260	297,338	1,651	116,114	47,522	0	6	2 649 891	2 565 780	
	2 187 260	297 338	1 651	116 114	7 424 812		768 092	10 795 267	10 410 174	
ADMINISTRATIVE ACTIVITIES										
Council of commissioners and committees	138,359	7,317	16,849	1,229	20,082	0	0	183 837	195 004	
Management	2,708,221	309,023	48,657	79,450	303,229	0	26 741	3 475 321	3 465 266	
Corporate fees and services	253,496	29,752	3 840	35,532	415,750	910	1,365,725	2 105 005	688 368	
Professional development	0	0	24,361	47	5,223	0	0	29 631	46 023	
	3 100 077	346 092	93 706	116 258	744 285	910	1 392 466	5 793 794	4 394 661	
BALANCES TO BE CARRIED OVER	56 714 413	6 594 396	594 548	2 004 832	10 497 993	101 501	2 468 600	78 976 282	72 189 261	

WESTERN QUÉBEC SCHOOL BOARD
 DETAILED EXPENSES BY ACTIVITY
 YEAR ENDED JUNE 30, 2017

	SALARIES		SALARY BENEFITS		OPERATIONAL SUPPLIES AND MATERIALS		EQUIPMENT AND INVESTMENTS AND CONTRACTS		TOTAL EXPENSES		TOTAL EXPENSES	
									OTHER EXPENSES	2017	2016	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE CARRIED OVER	56 714 413	6 594 396	594 548	2 004 832	10 497 993	101 501	2 468 600	78 976 282				72 189 261
ACTIVITIES RELATING TO PROPERTY												
MOVABLE AND IMMOVABLE												
Maintenance of movable property	0	0	0	5,025	31,254	1,241,185	0	1 277 465				1 546 300
Maintenance of immovable property	415 329	56 387	40 685	252 675	965 470	3 532 502	0	5 263 049				4 916 266
Janitorial services	1 887 654	261 403	5 065	129 406	714 139	0	0	2 997 666				2 881 865
Energy consumption	0	0	0	1 560 688	0	0	0	1 560 688				1 550 235
Building rental	0	0	0	0	232 872	0	0	232 872				212 870
Protection and security	0	0	0	10 555	58 265	0	0	68 820				89 244
Major improvements, transformations and renovations	0	0	0	0	10,177	0	0	10 177				74 622
Information and telecommunications systems	0	0	0	0	0	0	0	0				0
	2 302 984	317 790	45 750	1 958 348	2 012 177	4 773 688	0	11 410 736				11 271 402
OTHER ACTIVITIES												
Financing	0	0	0	0	0	0	2 266 513	2 266 513				2 194 455
Special projects	1 266	155	19 406	0	1 111	1 272	4 560	27 769				395 574
Retroactivity	88 189	8 862	0	0	0	0	0	97 051				202 202
Tuition fees and agreements	0	0	0	0	0	0	494 015	494 015				633 476
Provisions - bad debts	0	0	0	0	0	0	462 537	462 537				614,542
Loan of services	(59 796)	0	313	0	0	0	0	(59 483)				(31 673)
Extracurricular activities	0	0	0	0	0	0	41,935	41 935				30 656
	29 658	9 017	19 719	0	1 111	1 272	3 269 559	3 330 336				4 039 233
OTHER ITEMS												
Expenses - change in provision for employee benefits	(244 561)	509 664	0	0	0	0	0	265 104				(283 284)
Income from disposal of fixed capital assets	0	0	0	0	0	0	533 917	533 917				(28 062)
TOTALS	58 802 495	7 430 866	660 017	3 963 180	12 511 281	4 876 460	6 272 076	94 516 374				87 188 551