

Financial Statement

Presented on November 26, 2019

Fiscal year
For the period of July 1, 2018 to June 30, 2019
Summary report

WESTERN QUÉBEC SCHOOL BOARD
COMPLEMENTARY NOTES
30 JUIN 2019

Director's Report


The financial statements of the Western Quebec School Board, bearing digital signature 8887748041 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. It is assisted in its responsibilities by the Audit Committee.

The financial statements were audited by Samson & Associés, independent auditors appointed by the School Board, in compliance with Canadian auditing standards. The independent auditors' report outlines the nature and extent of the audit and the expression of his opinion. Samson & Associés may, without any restrictions, meet with the Audit Committee to discuss any elements related to its audit.



Mike Dubeau, Director General



Sandra Cox, Director of Finance

WESTERN QUEBEC SCHOOL BOARD

FINANCIAL STATEMENTS

JUNE 30, 2019

JUNE 30, 2019

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**WESTERN QUEBEC
SCHOOL BOARD
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2019**

TRAFICS 2018-2019

SCHOOL BOARD FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2019

Independent Auditor's Report

To the Ministère de l'Éducation et de l'Enseignement supérieur

Western Québec School Board

Report on the audit of financial statements

Opinion

We have audited the attached financial statements of the Western Québec School Board ("the School Board" hereunder), which include the statement of financial position as at June 30, 2019 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.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the School Board as at June 30, 2019, 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.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this report. We are independent of the School Board in accordance with the ethical requirements that are relevant to the auditing of financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the administration and Those Charged with Governance 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.

In preparing the financial statements, the administration is responsible for assessing the entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the administration either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

Additionally:

- we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit 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 control.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates done by the administration, and related disclosures made by the latter;
- we conclude on the appropriateness of the administration's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the School Board to cease to continue as a going concern;
- we evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SAMSON & ASSOCIATES



Mathieu Farley, CPA Auditor, CA

Gatineau November 26, 2019

**WESTERN QUEBEC SCHOOL BOARD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
30-Jun-19		
Cash	1,301,273	934,347
Temporary investments	647,673	647,673
Operating grants receivable	13,193,707	11,438,634
Financing grants receivable	5,953,939	6,477,176
School tax receivable	3,378,637	4,111,207
Accounts receivable (includes inventory for resale)	1,296,480	2,186,589
TOTAL FINANCIAL ASSETS	25,771,708	25,795,626
LIABILITIES		
Short-term loans	12,000,000	5,000,000
Accounts payable and accrued liabilities	9,508,993	8,063,977
Deferred revenue received in advance	4,633,982	4,844,120
Provisions for future benefits	5,545,859	5,264,100
Long-term debts assumed by the School Board	0	0
Long-term debt subject to promise of grant	78,243,434	75,783,679
Other liabilities	949,850	2,223,872
TOTAL LIABILITIES	110,882,117	101,179,747
NET DEBT	(85,110,409)	(75,384,121)
NON-FINANCIAL ASSETS		
Fixed capital assets	101,483,387	92,122,846
Inventory/stock	15,819	7,608
Prepaid expenses	100,873	144,214
TOTAL NON-FINANCIAL ASSETS	101,600,079	92,274,668
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	16,489,670	16,890,547

**WESTERN QUEBEC SCHOOL BOARD
STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED JUNE 30, 2019**

JUNE 30, 2019

	2019	2018
	\$	\$
Accumulated surplus, beginning of year	16,890,546	15,011,206
Annual surplus	(400,876)	1,879,340
Accumulated surplus, end of year	16,489,670	16,890,546

**WESTERN QUEBEC SCHOOL BOARD
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

JUNE 30, 2019	2019 Budget	Actual Results	
		2019	2018
	\$	\$	\$
REVENUE			
MEES Operating grants	71,636,157	74,386,302	70,587,717
Other grants and contributions	420,829	478,815	593,460
School taxes	21,204,662	21,732,843	19,306,656
School fees and course fees	50,000	259,184	2,083,273
Sale of goods and services	2,571,837	3,278,437	3,417,545
Miscellaneous revenues	1,103,450	1,708,937	1,694,094
Amortization of deferred contributions related to acquisition of fixed capital assets	180,000	214,748	218,217
TOTAL REVENUES	97,166,935	102,059,266	97,900,963
EXPENSES			
Teaching and training activities	44,102,239	48,189,392	45,931,443
Support for teaching and training	23,491,394	21,685,881	19,314,720
Auxiliary services	11,459,167	11,619,830	11,123,398
Administrative activities	5,154,459	4,861,562	4,516,086
Activities related movable and immovable property	11,588,780	12,280,334	11,458,959
Other activities	2,623,820	3,541,385	3,569,853
Expenses - variation in provision for benefits	(244,150)	281,758	107,164
Loss on disposal of fixed capital assets	0	0	0
TOTAL EXPENSES	98,175,709	102,460,142	96,021,623
ANNUAL SURPLUS	(1,008,774)	(400,876)	1,879,341

**WESTERN QUEBEC SCHOOL BOARD
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
JUNE 30, 2019	\$	\$
NET DEBT AT BEGINNING OF YEAR	(75,384,121)	(73,781,971)
Annual surplus	(400,876)	1,879,341
Variation due to fixed capital assets		
Acquisition of fixed capital assets	(14,214,820)	(8,155,627)
Amortization of fixed capital assets plus net on disposal	4,854,279	4,684,045
Loss on disposal of fixed capital assets	0	0
Total variation due to fixed capital assets	(9,360,541)	(3,471,581)
Proceeds of disposition of fixed capital assets	0	0
Variation due to inventory/stock and prepaid expenses	35,130	(9,909)
INCREASE IN NET DEBT	(9,726,287)	(1,602,150)
NET DEBT AT THE END OF THE FINANCIAL YEAR	(85,110,409)	(75,384,121)

**WESTERN QUEBEC SCHOOL BOARD
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
JUNE 30, 2019	\$	\$
OPERATING ACTIVITIES		
Annual surplus	(400,876)	1,879,341
Items with no effect on cash and cash equivalents		
Bad debts	292,093	544,492
Variation in provision for future benefits	281,758	107,164
Variation in inventory/stock and prepaid expenses	35,130	(9,909)
Amortization of deferred contributions related to acquisition of fixed capital asset	(214,748)	(218,217)
Amortization of deferred expenses related to debts	53,299	54,294
Amortization of fixed capital assets	4,854,279	4,684,045
Loss on disposal of fixed capital assets	0	0
Variation of financial assets and liabilities related to operations	221,056	99,793
CASH AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES	5,121,991	7,141,002
CAPITAL INVESTMENT ACTIVITIES		
Cash outflows for the acquisition of fixed capital assets	(14,214,820)	(8,155,627)
Proceeds of disposition of fixed capital assets	0	0
CASH AND CASH EQUIVALENTS USED FOR CAPITAL INVESTMENT ACTIVITIES	(14,214,820)	(8,155,627)
FINANCING ACTIVITIES		
Reimbursement of debts assumed by the School Board	0	(90,256)
Income from issuance of debts with a grant receivable	7,584,457	20,558,157
Repayment of debts with a grant receivable	(5,124,701)	(19,176,000)
Variation in short-term borrowings not related to fixed capital assets	7,000,000	(1,500,000)
CASH AND CASH EQUIVALENTS FROM FINANCING ACTIVITIES	9,459,755	(208,099)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	366,926	(1,222,723)
OPENING CASH AND CASH EQUIVALENTS	1,582,020	2,804,743
CLOSING CASH AND CASH EQUIVALENTS	1,948,946	1,582,020

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

	2019										2018									
	Cost					Accumulated amortization					Closing balance	Disposals	Amortization for fiscal year	Closing balance	Net value	Net value				
	Opening balance	Acquisitions	Disposals	Closing balance	Opening balance	Amortization for fiscal year	Disposals	Closing balance	Net value	Net value										
Land	\$ 2,717,972	\$ 0	\$ 0	\$ 2,717,972	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,717,972	\$ 2,717,972					
Development																				
Land development (10 years)	477,513	0	0	477,513	297,829	39,937	0	337,767	0	39,937	0	337,767	0	139,746	179,684					
Land development (20 years)	4,379,067	494,752	0	4,873,819	1,117,822	215,957	0	1,333,777	0	215,957	0	1,333,777	0	3,540,042	3,261,245					
Buildings																				
Buildings acquired before July 1st, 2008 (35 years)	76,767,515	0	0	76,767,515	53,079,800	1,288,394	0	54,368,194	0	1,288,394	0	54,368,194	0	22,399,321	23,687,715					
Buildings (20 years)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Buildings (40 years)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Buildings (50 years)	27,335,327	6,598,995	0	33,934,322	3,794,622	554,802	0	4,349,424	0	554,802	0	4,349,424	0	29,584,898	23,540,705					
Leasehold improvements	22,730	0	0	22,730	20,799	1,931	0	22,730	0	1,931	0	22,730	0	1,931	1,931					
Major improvements and transformations																				
Major improvements and transformations (25 years)	14,106,502	696,588	0	14,803,091	2,595,089	549,521	0	3,144,610	0	549,521	0	3,144,610	0	11,658,481	11,511,414					
Major improvements and transformations (30 years)	14,682,404	2,703,781	0	17,386,185	2,115,587	482,527	0	2,598,115	0	482,527	0	2,598,115	0	14,788,070	12,566,816					
Major improvements and transformations (40 years)	11,267,680	2,038,225	0	13,305,905	1,352,814	273,147	0	1,625,961	0	273,147	0	1,625,961	0	11,679,944	9,914,866					
Materials and equipment																				
Office furniture and equipment	1,140,304	250,372	0	1,390,676	570,145	227,698	0	797,843	0	227,698	0	797,843	0	592,833	570,159					
Other equipment	680,151	97,041	0	777,192	225,347	41,935	0	267,281	0	41,935	0	267,281	0	509,911	454,805					
Computer equipment	1,630,600	799,404	0	2,430,004	1,134,049	523,160	0	1,470,157	187,052	523,160	187,052	1,470,157	0	959,847	496,551					
Multimedia communication equipment	1,206,225	336,443	0	1,542,668	414,579	257,151	0	858,781	-187,052	257,151	-187,052	858,781	0	683,887	791,646					
Vehicles	233,155	0	0	233,155	119,173	43,560	0	162,733	0	43,560	0	162,733	0	70,422	113,983					
Library documents	791,874	87,422	0	879,297	345,450	76,146	0	421,596	0	76,146	0	421,596	0	457,700	446,424					
Textbooks (initial purchases)	175,320	22,633	0	197,954	14,431	43,680	0	58,111	0	43,680	0	58,111	0	139,843	160,890					
Special equipment related to education																				
Specialized equipment (10 years)	370,552	89,163	0	459,715	208,286	43,540	0	251,825	0	43,540	0	251,825	0	207,890	162,266					
Specialized equipment (20 years)	839,444	0	0	839,444	338,179	42,984	0	381,163	0	42,984	0	381,163	0	458,281	501,265					
Information technology development	94,864	0	0	94,864	94,895	0	0	94,895	0	0	0	94,895	0	-31	-31					
Telecommunications system	2,963,710	0	0	2,963,710	1,921,170	148,210	0	2,069,379	0	148,210	0	2,069,379	0	894,331	1,042,541					
	161,882,910	14,214,820	0	176,097,731	69,760,065	4,854,279	0	74,614,344	0	4,854,279	0	74,614,344	0	101,483,387	92,122,846					

WESTERN QUEBEC SCHOOL BOARD
DETAILED EXPENSES BY ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2019

	SALARIES	SALARY BENEFITS	TRAVEL EXPENSES	SUPPLIES & MATERIALS	FEES & CONTRACTS	EQUIPMENT & INVESTMENTS	OTHER EXPENSES	TOTAL EXPENSES 2019	TOTAL EXPENSES 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
JUNE 30, 2019									
TEACHING AND TRAINING ACTIVITIES									
Pre-school education	2 692 866	297 858		55 193	2 346	0		3 048 263	3 117 767
Primary education	18 516 251	2 113 056	3 702	256 532	17 317			20 906 858	19 629 753
General secondary education	14 375 632	1 591 848	1 085	339 318	21 043	610		16 329 536	15 557 090
Vocational training	1 475 442	169 161	16 183	162 477	90 196	85 070		1 998 529	1 978 123
Specialized teaching	4 016 858	444 557	3 088	58 247	52 271			4 575 021	4 327 672
Adult general education	1 157 605	127 763	1 959	40 724	3 135	0	0	1 331 185	1 321 037
	42 234 654	4 744 242	26 017	912 491	186 308	85 680		48 189 392	45 931 443
SUPPORT FOR TEACHING AND TRAINING									
Management of schools and centres	5,115,826	612,935	62,880	304,938	414,999	0	0	6 511 577	6 236 633
Teaching tools	1,164,497	147,642	76,264	88,996	440,113	47,712	0	1 965 224	1 803 749
Complementary services	6,497,209	882,665	39,238	105,911	165,520	980	0	7 691 523	6 506 604
Specific pedagogical and training services	1,438,039	192,630	41,990	93,643	435,789	0	1,634	2 203 725	1 549 663
Animation and pedagogical training	1,191,599	132,762	60,458	30,015	34,443	0		1 449 277	1 254 116
Professional development - teachers and other staff categories	337,421	39,213	235,332	23,166	69,557	0	4,641	709 330	682,378
Sports, cultural and social activities	50,697	6,301	39,373	182,974	554,020	304	321,555	1 155 224	1,281,578
	15 795 288	2 014 148	555 533	829 642	2 114 442	48 996	327 830	21 685 881	19 314 720
AUXILIARY SERVICES									
Boarding allowance	0	0	0	0	0	0	2,250	2 250	
School transportation	0	0	0	0	7,808,334	0	898,031	8 706 365	8 390 339
Daycare	2,377,650	325,836	2,849	118,708	85,927	246	0	2 911 215	2 733 059
	2 377 650	325 836	2 849	118 708	7 894 261	246	900 281	11 619 830	11 123 398
ADMINISTRATIVE ACTIVITIES									
Council of commissioners and committees	141,142	7,436	15,760	661	18,663	0	0	183 663	184 124
Management	2,730,703	326,882	47,590	105,026	446,770	0	47 704	3 704 676	3 599 648
Corporate fees and services	297,655	36,893	4 780	13,933	559,129	1,319	0	913 709	691 170
Professional development	0	0	25,529	218	33,768	0	0	59 515	41 145
	3 169 500	371 211	93 660	119 838	1 058 330	1 319	47 704	4 861 562	4 516 086
BALANCES TO BE CARRIED OVER	63 577 092	7 455 438	678 058	1 980 680	11 253 341	136 241	1 275 815	86 356 665	80 885 647

WESTERN QUÉBEC SCHOOL BOARD
 DETAILED EXPENSES BY ACTIVITY
 FOR YEAR ENDED JUNE 30, 2019

JUNE 30, 2019	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	SALARIES	SALARY BENEFITS	TRAVEL EXPENSES	SUPPLIES & MATERIALS	FEES & CONTRACTS	EQUIPMENT & INVESTMENTS	OTHER EXPENSES	TOTAL EXPENSES 2019	TOTAL EXPENSES 2018	
BALANCE CARRIED OVER	63 577 092	7 455 438	678 058	1 980 680	11 253 341	136 241	1 275 815	86 356 665	80 885 647	
ACTIVITIES RELATING TO PROPERTY MOVABLE AND IMMOVABLE										
Maintenance of movable property	0	0	0	7,997	56,321	1,498,937	0	1 563 255	1 541 989	
Conservation of immovable property	451 905	60 271	41 090	258 310	1 365 597	3 411 466	0	5 588 640	4 841 767	
Janitorial services	1 934 787	268 739	4161.4	120 529	723 510	0	0	3 051 726	3 020 302	
Energy consumption	0	0	0	1 718 415	3328	0	0	1 721 743	1 711 041	
Building rental	0	0	0	0	207 644	0	0	207 644	106 000	
Protection and security	0	0	0	1 904	74 884	0	0	76 788	54 881	
Major improvements, transformations and renovations	0	0	19	0	70,519	0	0	70 538	182 999	
Information and telecommunications systems	0	0	0	0	0	0	0	0	0	
	2 386 692	329 010	45 270	2 107 155	2 501 802	4 910 403	0	12 280 334	11 458 959	
OTHER ACTIVITIES										
Financing	0	0	0	0	0	0	2 466 692	2 466 692	2 295 056	
Special projects	11 709	1 458	18 600	7 063	46 955	0	7 027	92 812	75 135	
Retroactivity	28 056	3 195	0	0	0	0	0	31 251	143 343	
Tuition fees and agreements	0	0	0	0	0	0	607 575	607 575	482 853	
Provisions - bad debts	0	0	0	0	0	0	292 093	292 093	544,492	
Loan of service	0	0	0	0	0	0	0	0	2 415	
Extracurricular activities	0	0	0	0	0	0	50 962	50 962	26 558	
	39 765	4 653	18 600	7 063	46 955	0	3 424 349	3 541 385	3 569 853	
OTHER ITEMS										
Expenses - change in provision for employee benefits	0	0	0	0	0	0	281 758	281 758	107 164	
Income from disposal of fixed capital assets	0	0	0	0	0	0	0	0	0	
TOTAL	66 003 550	7 789 101	741 928	4 094 898	13 802 099	5 046 644	4 981 922	102 460 142	96 021 822	

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Notes to Financial Statements

1. STATUTES AND NATURE OF OPERATIONS

The Western Quebec School Board was established under Decree No. 1014-97 of August 13, 1997. 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

Authoritative Accounting Pronouncements

The financial statements were prepared in accordance with the CPA Canada Public Sector Accounting Handbook. The use of generally accepted accounting principles from any other source is consistent with the above.

Use of Estimates

The preparation of the financial statements of the Western Quebec 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 are the useful life of capital assets, accrued liabilities, provisions for bad debts, provisions for future benefits, provisions for the *Commission des normes, de l'équité, de la santé et de la sécurité du travail* (CNESST) retrospective plan and the liabilities for contaminated sites. Actual results may be different from the administration's best estimates.

Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents include cash balances, 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 and investments that can be redeemed or easily converted in the short term to a known cash value that is unlikely to change significantly. These investments are stated at the lower of cost or market value.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 allowance is recognized in the results of the "Other Activities" line item.

Stocks for Sale

Stocks for sale are assessed at the lower of cost or net realizable value.

Portfolio Holdings and Loans

Portfolio holdings are recognized at cost. Subsequently, the School Board determines whether the investment has sustained a decline in value that is other than temporary, and that its book value has thus declined through a write-down provision in its results. A write-down of an investment may not be reversed should there be a subsequent increase in value.

Loans are initially recorded at cost in the statement of financial position. Subsequently, whenever events or circumstances suggest a loss, a provision for impairment is established. These provisions are intended to present the loans at the lower of cost or net realizable value. The variation of this provision is recognized in the results of the "Other Activities" line item. The provision for impairment should be determined using the best estimates available in light of past events, current conditions, and taking into account all circumstances known at the date of preparation of the financial statements. Where a loan is written off in full or in part, this impairment cannot be reversed.

Sinking Fund Relating to Long-term Debt Subject to a Grant Receivable

The Sinking fund relating to long-term debt subject to a grant receivable is recognized at the amount paid during the period by the Ministère de l'Éducation et de l'Enseignement supérieur (MEES) to obtain the capital amount to be repaid upon maturity.

Liabilities

Supplemental Pension Benefits 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 for the period are assumed by the Government of Quebec and are not included in the financial statements.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions for Benefits

Long-term obligations under the School Board teaching staff's redeemable sick leave as well as short-term obligations stemming from other sick leave, vacation, accumulated overtime, wages insurance coverage and other personal leave (maternity and paternity leave) earned by School Board employees are recognized at cost under liabilities. The change in the provisions is noted in the results in the "Expenses – change in provision for employee benefits" line item.

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.

Liabilities for Contaminated Sites

Obligations regarding the remediation of contaminated sites under the responsibility of the School Board, or that are likely to fall under its responsibility, are recognized as liabilities for contaminated sites when the following criteria are met:

- The contamination exceeds environmental standards;
- It is expected that future economic benefits will be forsaken;
- A reasonable estimate of the amount in question can be made.

Liabilities for contaminated sites include estimated costs for the remediation of the contaminated sites. The School Board used different methods to estimate the remediation and management costs, including characterization studies or comparative analyses. For each contaminated site, the estimated cost was adjusted upward to take into account the degree of precision associated with the method used. These costs are assessed based on the best available information, and are revised annually.

The Western Quebec School Board has no liabilities associated with contaminated sites.

Non-financial Assets

By their nature, the School Board's non-financial assets are normally used to provide future services.

Intangible items are not recognized in the School Board's financial statements.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fixed Capital Assets

Fixed capital assets are non-financial assets that are acquired, constructed, developed or improved, and whose useful life extends beyond the period, and 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 fixed capital asset costs are 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
Machinery and equipment	3 to 15 years
Special equipment related to education	10 or 20 years
Library documents	10 years
Text books - initial purchases	5 years
Vehicles	5 years
Information technology development	5 years
Telecommunications system	20 years

Their cost includes financial expenses capitalized during the construction, development or improvement period.

The cost of fixed capital assets held under a capital lease is equal to the present value of the minimum lease payments due, and may not exceed the fair market value of the asset leased.

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 period 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.

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 period of acquisition. The deferred payments 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.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fixed Capital Assets (cont'd)

Reduce Value

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. Net impairment on assets is recorded as an expense 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 in the normal course of activities for the upcoming fiscal year(s). These inventories/stocks are assessed at the lower of 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 receives the acquired services.

Revenue

Revenues are recorded on an accrual basis, i.e., during the financial year in which the transactions or acts to which they accrue occurred. Revenues that are too hard to compute before being cashed in are recorded at the time they are received. Received or receivable amounts accruing to a subsequent financial year shall be carried forward and recorded as deferred income.

More specifically:

Deferred Grants and Contributions

Grants from the MEES are recorded during the period in which the School Board met eligibility requirements stipulated under the budgetary rules for the school year. Except for allowances granted for in-service training and intended to meet collective agreement conditions, and for certain allowances whose deferment has been authorized by the MEES, grants from the MEES are not deferred, in compliance with the budgetary rules.

Grants allocated for the acquisition 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 related to 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 related to acquisition of fixed capital assets" line item.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other contributions allocated for the acquisition of fixed capital assets which are not transfer payments are entered under the "Deferred contributions related to acquisition of fixed capital assets" line item, and recorded as revenue under the "Amortization of deferred contributions related to acquisition of fixed capital assets" line item in the period 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 period during which it is received.

Sales of Goods and Services and Miscellaneous Revenue

Revenues from sales of goods and services and miscellaneous revenues are recorded in the period when the transactions/events that gave rise to the revenues occurred.

Expenses

Expenses are recorded on an accrual basis, that is, in the fiscal year when the transactions/events that gave rise to the expenses occurred. Expenses include the cost of goods consumed in the course of operations during the fiscal year and that may be related to these operations, and of services obtained during the period, as well as realized losses. They also include the amortization of fixed capital asset costs for the fiscal year.

Inter-entity Transactions

Inter-entity transactions are transactions entered into between entities controlled or subject to joint control by the Government of Quebec.

Assets received for no consideration from a Government of Quebec reporting entity are recognized at their carrying amount. Services received at no cost are not recognized. The other inter-entity transactions were carried out at the exchange amount, which is the amount of the consideration agreed for the item transferred or the service provided.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3. ACCOUNTING CHANGES

Adoption of New Accounting Standards

On April 1, 2018, the Western Quebec School Board adopted the following new standards:

PS 2200, *Related party disclosures (bolded section below and the additional limit step)*
PS 3210, *Assets*
PS 3320, *Contingent Assets*
PS 3380, *Contractual rights*
PP 3420, *Inter-entity transactions*

Section PS 2200 defines a related party and establishes disclosure standards required for related party transactions. The changes resulting hereto can be summarized as follows:

Identification of a related party relationship: The definition of related parties has been broadened to include the key management personnel of the School Board, such as the Director General, their close relatives as well as entities subject to exclusive or joint control by these individuals.

Information to be disclosed about a related party: The standard requires the disclosure of information pertaining to transactions between related parties where the following conditions are met:

- a. when they have occurred at a value different from that which would have been arrived at if the parties were unrelated; and
- b. they have, or could have, a material financial effect on the financial statements.

The information to be provided pertains particularly to the nature of the relationship with related parties and the amounts involved. Where information is to be disclosed, it shall not include names. This is to prevent the personal identification of the parties involved. These new changes do not have any significant impact on the results or financial situation of the School Board. Where applicable, this concerns only internal control items linked to the accounting of related parties as well as the information to be provided in the notes to the financial statement.

Section PS 3210 provides guidance for applying the definition of assets set out in Section PS 1000, *Financial Statement Concepts*, and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required.

When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reasons for this should be disclosed.

Section PS 3320 defines and establishes disclosure standards on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely.

Section PS 3380 defines and establishes disclosure standards on contractual rights. Disclosure of information about contractual rights is required and should include descriptions about their nature and extent and the timing.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3. ACCOUNTING CHANGES cont'd

Section PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The adoption of these standards had no impact on the School Board's results or financial position, with any impacts limited to disclosures in the notes to financial statements.

4. TEMPORARY INVESTMENTS

Temporary investments bear interest at a rate of 2.15%.

5. GRANTS RECEIVABLE

Operating Grants Receivable

Details on the different receivable grants are presented on page 21 of the financial report. Grants under this category are given by the Government of Quebec, and are outlined on this page. Grants from the Government of Canada are presented under "Other grants".

	2019	2018
	\$	\$
General training, vocational training and equalization Debt services and School transport – MEES	9,830,256	8,007,633
Provisions funding – MEES	3 352 160	3 352 160
Other provincial grants	11,291	78,841
	13,193,707	11,438,634

Receivable Grants Allocated to Fixed Capital Assets

Details on the different receivable grants allocated to fixed capital assets are presented on page 21 and 22 of the financial report.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

	2019	2018
	\$	\$
Grants – Financing (Capital assets)	5,953,939	6,477,176
Other provincial grants	0	0
	5,953,939	6,477,176

Other Accounts Receivable

	2019	2018
	\$	\$
School Tax	3,378,637	4,111,207
Other goods and services	1,296,480	2,186,586
	4,675,117	6,297,793

6. PORTFOLIO HOLDINGS AND LOANS

Portfolio investments	2019	2018
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No figures to date

7. SHORT-TERM LOANS

Details of the provisions for short-term loans are presented on page 30 of the financial report. The banker's acceptances and short-term loans are authorized each month by the MEES. Authorized allotments amount to \$29,751,618 (\$42,655,965 as at June 30, 2018). The bankers' acceptance, which matures on July 4, 2019, bears interest at a rate of 1.93% (1.62% as at June 30, 2018) and is guaranteed by the MEES.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
	\$	\$
Accrued salaries, deductions and benefits	5,682,089	5,053,575

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Other creditors and accrued liabilities - Quebec government departments and agencies	198,420	231,676
Other creditors and accrued liabilities - Other than Quebec government departments and agencies	2,986,484	2,137,887
Consumption taxes payable	30,418	30,418
Accrued interest	611,582	610,421
	<u>9,508,993</u>	<u>8,063,977</u>

9. DEFERRED REVENUE

Deferred Contributions Allocated for the Acquisition of Fixed Capital Assets

Details on the deferred contributions allocated for the acquisition of fixed capital assets are presented on page 32 of the financial report.

10. PROVISIONS FOR FUTURE BENEFITS

The details of the provisions for employee benefits are presented on page 32 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.

	2019	2018
	\$	\$
Sick leave	2,205,689	2,227,393
Vacation	2,001,584	1,901,200
Severance pay	145,038	157,315
Wage insurance and other personal leave	349,437	161,205
Employer contributions to employee benefits	844,111	816,987
	<u>5 545 859</u>	<u>5 264 100</u>

11. LONG-TERM LOANS BORNE BY THE SCHOOL BOARD

There is presently no long-term loans borne by the School Board.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

12. LONG-TERM DEBT SUBJECT TO A GRANT RECEIVABLE

	2019	2018
	\$	\$
Long-term notes with interest rates ranging from 1.06% to 5.41%, maturing from June 2019 to December 2040, repayable by grants from the Ministère de l'Éducation et de l'Enseignement supérieur.	78,671,000	76,208,000
Deferred debt-related costs	427,566	424,321
	78,243,434	75,783,679

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

2020	\$6,328,000	2023	\$5,733,000
2021	\$4,693,000	2024	\$4,564 000
2022	\$4,693,000		

13. LIABILITIES FOR CONTAMINATED SITES (where applicable)

No liabilities have been declared for contaminated sites.

14. TANGIBLE FIXED ASSETS

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 \$000 (\$90,256 as at June 30, 2018). The amount of amortization related to these fixed capital assets amounted to \$000 (\$90,256 as at June 30, 2018).

During the fiscal year, fixed capital assets amounting to \$55,410 (\$137,243 as at June 30, 2018) were acquired by donation or at a nominal cost, detailed as \$29,380 (\$92,626 as at June 30, 2018) for materials and equipment and \$26,030 (\$44,617 as at June 30, 2018) for improvement of lands and buildings. These capital assets were partially or fully financed by contributions from outside organizations.

15. CASH FLOW

No note to mention.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

16. OBLIGATIONS AND CONTRACTUAL RIGHTS

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 \$23,535,213 (\$29,634,846 in 2018) for school transportation contracts, ending in June 2022. Payments for the respective financial years stand at \$7,845,071 in 2020; \$7,845,071 in 2021, and \$7,845,071 in 2022.
- b) An amount of \$1,093,652 (\$1,694,368 in 2018) for school transportation contracts, ending in June 2021. Payments for the respective financial years stand at \$600,716 in 2020 and \$492,936 in 2021.
- c) An amount of \$25,210 (\$48,195 in 2018) for elevator maintenance contracts, ending in June 2021. Payments for the respective financial years stand at \$23,560 in 2020 and \$1,650 in 2021.
- d) An amount of \$605,646 (\$210,539 in 2018) to be paid for grass cutting, garbage container rental and garbage collection services, and snow removal, ending in September 2021. Payments for the respective financial years stand at \$261,153 in 2020; \$181,508.80 in 2021, and \$162,983 in 2022.
- e) An amount of \$207,426 (\$410,266 in 2018) to be paid for photocopier and IT equipment leases up to June 2021. Payments for the respective financial years stand at \$183,753 in 2020 and \$73,263 in 2021.
- f) An amount of \$5,375,419 (\$7,212,443 in 2018) for major construction, development and renovation projects to be carried out up to June 2020. Estimated payments for the respective financial years stand at \$3,048,809 in 2020 and \$2,326,610 in 2021.

17. CONTINGENCIES

As at June 30, 2019, outstanding claims for or against the School Board amount to (\$000), (\$1 365 725 on June 30, 2018).

18. RELATED ORGANIZATION TRANSACTIONS

The School Board is related to all entities controlled or subject to joint control by the Government of Quebec. It is also related to its key management personnel, their close relatives and to entities for which one or more of these persons have the power to determine the financial and administrative decisions of the School Board. For the purpose of the government's consolidated financial statements, the key management staff member is the Director General of the School Board.

The School Board has undertaken no significant transactions with these related bodies with a value different from what would have been established if the parties were not related. Furthermore, 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, which are clearly laid out on pages 190 and 191 of the financial report.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

19. RISK MANAGEMENT RELATED TO FINANCIAL INSTRUMENTS

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, 2019.

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 receivable 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, 2019.

	2019	2018
Accounts Receivable	\$	\$
Less than 30 days following invoice date	1,169,290	1,149,970
30 to 60 days following invoice date	11,275	-
61 to 90 days following invoice date	-	13,494
More than 90 days following invoice date	6,167,975	7,628,569
Subtotal	7,346,765	8,792,033
Provision for bad debts	(2,699,094)	(2,523,475)
Total receivables net of provision for bad debts	\$4,647,671	\$6,268,558

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:

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

June 30, 2019	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Short-term loans	\$12,000,000				\$12,000,000
Accounts payable and accrued expenses	\$9,508,992				\$9,508,992
Long-term debt	\$6,328,000	\$15,119,000	\$21,771,000	\$35,453,000	\$78,761,000
Provisions for benefits	\$5,545,845				\$5,545,845

June 30, 2018	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Short-term loans	\$5,000,000				\$5,000,000
Accounts payable and accrued expenses	\$8,063,976				\$8,063,976
Long-term debt	\$5,178,000	\$10,409,000	\$9,814,000	\$50,807,000	\$76,208,000
Provisions for benefits	\$5,264,100				\$5,264,100

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.

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 the 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.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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.

20. COMPARATIVE FIGURES

Some 2018 figures have been reclassified to conform to the format adopted in 2019.