

Financial Statement

Presented on November 30, 2021

Fiscal year
For the period of July 1, 2020 to June 30, 2021
Summary report

YEAR 2020-2021

**SCHOOL BOARD FINANCIAL REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Director's Report

The financial statements of the Western Quebec School Board, bearing digital signature 5541569155 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 Samson & Associés, 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: Gatineau, Québec

Date: November 16, 2021

WESTERN QUEBEC SCHOOL BOARD

FINANCIAL STATEMENTS

JUNE 30, 2021

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**WESTERN QUEBEC
SCHOOL BOARD
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2021**

TRAFICS 2020-2021

SCHOOL BOARD FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2021

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), recognized by the electronic signature 5541569155, which include the statement of financial position as at June 30, 2021, 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, with the electronic signature of 5541569155, present fairly, in all material respects, the financial position of the School Board as at June 30, 2021, 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

A handwritten signature in black ink that reads "Mathieu Farley". The script is cursive and fluid, with the first name and last name clearly distinguishable.

Mathieu Farley, CPA auditor, CA

Gatineau, November 22nd, 2021

**WESTERN QUEBEC SCHOOL BOARD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	2021	2020
	\$	\$
FINANCIAL ASSETS		
		(Restated)
Cash	1,351,317	7,025,228
Temporary investments	647,673	647,673
Operating grants receivable	9,285,291	12,833,196
Investment grants receivable	101,116,382	97,958,419
School tax receivable	2,948,005	3,373,599
Accounts receivable (includes inventory for resale)	1,159,777	1,198,116
TOTAL FINANCIAL ASSETS	116,508,444	123,036,231
LIABILITIES		
Short-term loans	0	14,550,000
Accounts payable and accrued liabilities	16,857,255	11,676,563
Investment grants deferred	99,284,629	95,851,166
Deferred revenue received in advance	1,140,660	1,307,248
Provisions for future benefits	5,586,158	5,360,604
Long-term debts assumed by the School Board	0	0
Long-term debt subject to promise of grant	94,554,877	83,483,548
Other liabilities	1,206,477	1,116,903
TOTAL LIABILITIES	218,630,055	213,346,031
NET DEBT	(102,121,610)	(90,309,801)
NON-FINANCIAL ASSETS		
Fixed capital assets	110,259,883	107,292,166
Inventory/stock	7,608	7,608
Prepaid expenses	477,040	173,413
TOTAL NON-FINANCIAL ASSETS	110,744,531	107,473,187
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	8,622,921	17,163,386

**WESTERN QUEBEC SCHOOL BOARD
STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	\$	\$
		(Restated)
Accumulated surplus, beginning of year established	17,234,060	16,489,670
Adjustment with restatement of prior years	(70,674)	(70,674)
Accumulated surplus, beginning of year	17,163,385	16,418,996
Annual surplus	(8,540,465)	744,390
Accumulated surplus, end of year	8,622,920	17,163,386

**WESTERN QUEBEC SCHOOL BOARD
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

	2021 Budget	Actual Results	
		2021	2020
	\$	\$	\$
			(Restated)
REVENUE			
MEES Operating grants	81,298,356	83,487,187	75,545,420
Investment grant	0	132,168	134,272
Other grants and contributions	426,000	527,923	561,191
School taxes	16,928,527	17,093,073	20,552,149
School fees and course fees	63,000	149,400	222,863
Sale of goods and services	2,853,167	2,054,791	2,450,656
Miscellaneous revenues	265,000	1,133,222	997,017
Depreciation of the reported investment grant	5,150,034	5,204,925	4,725,549
TOTAL REVENUES	106,984,084	109,782,689	105,189,117
EXPENSES			
Teaching and training activities	50,079,896	53,264,251	49,438,058
Support for teaching and training	24,469,119	22,821,239	23,671,534
Auxiliary services	12,098,873	11,707,081	10,526,107
Administrative activities	5,561,082	5,280,380	4,974,513
Activities related movable and immovable property	12,388,174	13,978,587	12,170,020
Other activities	3,445,968	11,046,062	3,849,750
Expenses - variation in provision for benefits	162,407	225,554	(185,255)
Loss on disposal of fixed capital assets	0	0	0
TOTAL EXPENSES	108,205,519	118,323,154	104,444,727
ANNUAL SURPLUS (DEFICIT)	(1,221,435)	(8,540,465)	744,390

**WESTERN QUEBEC SCHOOL BOARD
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	\$	\$
NET DEBT AT BEGINNING OF YEAR	(90,239,127)	(85,110,409) (Restated)
Adjustment with restatement of prior years	(70,674)	(70,674)
RESTATED BALANCE	(90,309,801)	(85,181,083)
Annual surplus	(8,540,465)	744,390
Variation due to fixed capital assets		
Acquisition of fixed capital assets	(8,635,260)	(10,852,864)
Amortization of fixed capital assets plus net on disposal	5,667,543	5,044,085
Loss on disposal of fixed capital assets	0	0
Total variation due to fixed capital assets	(2,967,717)	(5,808,779)
Proceeds of disposition of fixed capital assets	0	0
Variation due to inventory/stock and prepaid expenses	(303,627)	(64,329)
INCREASE IN NET DEBT	(11,811,809)	(5,128,718)
NET DEBT AT THE END OF THE FINANCIAL YEAR	(102,121,611)	(90,309,801)

**WESTERN QUEBEC SCHOOL BOARD
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	(8,540,465)	744,390
Items with no effect on cash and cash equivalents		
Bad debts	(107,381)	77,008
Variation in provision for future benefits	225,554	(185,255)
Variation in inventory/stock and prepaid expenses	(303,627)	(64,329)
Amortization of deferred contributions related to acquisition of fixed capital asset	(152,361)	(172,891)
Amortization of deferred expenses related to debts	54,329	51,798
Amortization of fixed capital assets	5,667,543	5,044,085
Loss on disposal of fixed capital assets	0	0
Variation of financial assets and liabilities related to operations	9,650,758	2,016,697
CASH AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES	6,494,348	7,511,503
CAPITAL INVESTMENT ACTIVITIES		
Cash outflows for the acquisition of fixed capital assets	(8,635,260)	(10,852,864)
Proceeds of disposition of fixed capital assets	0	0
CASH AND CASH EQUIVALENTS USED FOR CAPITAL INVESTMENT ACTIVITIES	(8,635,260)	(10,852,864)
FINANCING ACTIVITIES		
Reimbursement of debts assumed by the School Board	0	0
Income from issuance of debts with a grant receivable	16,610,000	11,516,315
Repayment of debts with a grant receivable	(5,593,000)	(5,001,000)
Variation in short-term borrowings not related to fixed capital assets	(14,550,000)	2,550,000
CASH AND CASH EQUIVALENTS FROM FINANCING ACTIVITIES	(3,533,000)	9,065,315
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,673,911)	5,723,954
OPENING CASH AND CASH EQUIVALENTS	7,672,900	1,948,946
CLOSING CASH AND CASH EQUIVALENTS	1,998,989	7,672,900

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

FIXED CAPITAL ASSETS

	2021					2020				
	Cost					Accumulated amortization				
	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	2,717,972	2,717,972
Development										
Land development (10 years)	477,513	0	0	477,513	369,019	20,800	0	389,818	87,695	108,494
Land development (20 years)	4,999,888	300,729	0	5,300,618	1,561,503	234,816	0	1,796,318	3,504,300	3,438,387
Buildings										
Buildings acquired before July 1st, 2008 (35 years)	76,767,515	0	0	76,767,515	55,656,591	1,288,399	0	56,944,989	19,822,526	21,110,924
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)	37,039,822	1,083,813	0	38,123,634	4,904,226	752,962	0	5,657,188	32,466,446	32,135,594
Leasehold improvements	22,730	0	0	22,730	22,730	0	0	22,730	0	0
Major improvements and transformations										
Major improvements and transformations (25 years)	15,461,624	1,074,352	0	16,535,976	3,734,712	605,814	0	4,340,527	12,195,450	11,726,912
Major improvements and transformations (30 years)	20,923,566	2,468,137	0	23,391,703	3,150,009	644,082	0	3,794,092	19,597,610	17,773,557
Major improvements and transformations (40 years)	14,997,043	1,319,942	0	16,316,986	1,934,524	349,745	0	2,284,269	14,032,717	13,062,519
Materials and equipment										
Office furniture and equipment	1,681,565	172,313	0	1,853,878	1,028,916	233,555	0	1,262,471	591,407	652,649
Other equipment	966,345	22,426	0	988,771	323,616	70,097	0	393,712	595,058	642,729
Computer equipment	3,158,602	1,690,805	0	4,849,408	2,014,679	812,954	0	2,827,633	2,021,775	1,330,975
Multimedia communication equipment	1,915,136	356,725	0	2,271,860	1,130,113	291,448	0	1,411,561	860,299	597,971
Vehicles	233,155	0	0	233,155	198,421	15,054	0	213,474	19,681	34,735
Library documents	985,681	105,568	0	1,091,249	501,053	84,448	0	585,501	505,748	484,628
Textbooks (initial purchases)	204,667	7,701	0	212,367	103,694	46,123	0	149,817	62,550	100,972
Special equipment related to education										
Specialized equipment (10 years)	499,752	32,750	0	532,502	287,996	36,037	0	324,032	208,469	211,756
Specialized equipment (20 years)	839,444	0	0	839,444	424,147	42,984	0	467,132	372,312	415,297
Information technology development	94,864	0	0	94,864	94,895	0	0	94,895	-31	-31
Telecommunications system	2,963,711	0	0	2,963,711	2,217,585	148,226	0	2,365,811	597,900	746,125
	186,950,595	8,635,260	0	195,585,855	79,658,429	5,667,543	0	85,325,971	110,259,883	107,292,166

WESTERN QUEBEC SCHOOL BOARD
DETAILED EXPENSES BY ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2021

	SALARIES	SALARY BENEFITS	TRAVEL EXPENSES	SUPPLIES & MATERIALS	FEES & CONTRACTS	EQUIPMENT & INVEST- MENTS	OTHER EXPENSES	TOTAL EXPENSES 2021	TOTAL EXPENSES 2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$
TEACHING AND TRAINING ACTIVITIES									
Pre-school education	3 412 017	408 504		227 587		0	0	4 048 108	3 565 887
Primary education	19 435 009	2 306 903	5 075	243 365	6 389	0	0	21 996 741	20 564 199
General secondary education	16 465 242	1 903 685	110	438 813	8 809	0	0	18 816 659	17 412 565
Vocational training	1 714 467	199 659	2 793	165 026	168 572	58 621	0	2 309 139	1 876 019
Specialized teaching	4 142 535	485 254	273	30 078	51 368	0	0	4 709 508	4 649 521
Adult general education	1 201 916	146 802	260	34 487	630	0	0	1 384 096	1 369 868
	46 371 188	5 450 808	8 511	1 139 356	235 768	58 621		53 264 251	49 438 058
SUPPORT FOR TEACHING AND TRAINING									
Management of schools and centres	5,556,507	700,670	6,632	212,563	278,638	0	0	6 755 010	6 730 512
Teaching tools	1,249,280	164,844	28,841	35,244	510,272	35,730	0	2 024 211	2 009 993
Complementary services	7,953,615	1,101,269	30,272	227,156	283,534	491	0	9 606 337	9 292 657
Specific pedagogical and training services	1,898,656	252,223	12,698	108,747	179,865	0	0	2 452 179	2 899 208
Animation and pedagogical training	1,399,303	153,720	2,265	3,882	2,662	0		1 561 830	1 552 795
Professional development - teachers and other staff categories	124,179	13,719	25,682	12,209	27,279	0	0	203 068	596,420
	621	72	17	64,367	65,701	0	87,825	218 603	589,949
Sports, cultural and social activities	18 182 161	2 386 516	106 397	664 167	1 367 952	36 221	87 825	22 821 239	23 671 534
AUXILIARY SERVICES									
Boarding allowance	0	0	0	0	0	0	0		
School transportation	0	0	0	0	8,531,001	0	791,466	9 322 467	7 620 406
Daycare	2,001,568	285,961	184	31,752	65,150	0	0	2 384 615	2 905 700
	2 001 568	285 961	184	31 752	8 596 151		791 466	11 707 083	10 526 106
ADMINISTRATIVE ACTIVITIES									
Council of commissioners and committees	142,558	7,785	-4,873	1,618	79,007	0	0	226 095	189 221
Management	3,136,814	387,598	2,512	111,144	514,776	0	36 428	4 189 272	3 949 427
Corporate fees and services	325,760	42,282	2 310	28,495	447,365	-691	0	845 521	794 587
Professional development	0	0	5,349	0	14,145	0	0	19 494	41 278
	3 605 132	437 665	5 298	141 256	1 055 292	(691)	36 428	5 280 381	4 974 513
BALANCES TO BE CARRIED OVER	70 160 048	8 560 950	120 389	1 976 532	11 245 163	94 152	915 719	93 072 953	88 610 211

WESTERN QUÉBEC SCHOOL BOARD
DETAILED EXPENSES BY ACTIVITY
FOR YEAR ENDED JUNE 30, 2021

	SALARIES	SALARY BENEFITS	TRAVEL EXPENSES	SUPPLIES & MATERIALS	FEES & CONTRACTS	EQUIPMENT & INVEST- MENTS	OTHER EXPENSES	TOTAL EXPENSES 2021	TOTAL EXPENSES 2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE CARRIED OVER	70 160 048	8 560 950	120 389	1 976 532	11 245 163	94 152	915 719	93 072 953	88 610 211
ACTIVITIES RELATING TO PROPERTY MOVABLE AND IMMOVABLE									
Maintenance of movable property	0	0	0	8,656	47,728	1,808,942	0	1 865 326	1 610 865
Conservation of immovable property	533 187	78 734	44 967	313 491	1 008 180	3 896 618	0	5 875 178	5 493 486
Janitorial services	2 120 290	300 238	2 243	171 016	1 203 990	0	0	3 797 776	3 215 334
Energy consumption	0	0	0	1 604 992	2519	0	0	1 607 511	1 577 695
Building rental	0	0	0	0	304 062	0	0	304 062	124 993
Protection and security	0	0	0	420 840	107 892	0	0	528 732	124 098
Major improvements, transformations and renovations	0	0	0	0	0	0	0	0	23 750
Information and telecommunications systems	0	0	0	0	0	0	0	0	0
	2 653 477	378 972	47 210	2 518 995	2 674 371	5 705 559	0	13 978 585	12 170 021
OTHER ACTIVITIES									
Financing	0	0	0	0	0	0	2 538 513	2 538 513	2 600 165
Special projects			(137)	16 618	107 983	0	0	124 464	328 999
Retroactivity	6 181 895	998 701	0	0	0	0	0	7 180 596	106 821
Tuition fees and agreements	0	0	0	0	0	0	639 426	639 426	630 118
Provisions - bad debts	0	0	0	0	0	0	(107 381)	(107 381)	77,008
Loan of service	606 532	62 525	0	0	0	0	0	669 057	94 028
Extracurricular activities	0	0	0	0	0	0	1,388	1 388	12 609
	6 788 427	1 061 226	(137)	16 618	107 983	0	3 071 946	11 046 063	3 849 748
OTHER ITEMS									
Expenses - change in provision for employee benefits			0	0	0	0	225 554	225 554	(185 255)
Income from disposal of fixed capital assets	0	0	0	0	0	0	0	0	0
TOTAL	79 601 952	10 001 149	167 462	4 512 145	14 027 517	5 799 711	4 213 219	118 323 155	104 444 724

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Notes to the 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.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

WESTERN QUEBEC SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 consider 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.

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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
Textbooks – 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.

Reduced 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

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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 for 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.

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.

WESTERN QUEBEC SCHOOL BOARD
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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
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3. ACCOUNTING CHANGES

Adoption of new accounting standards

During the year, Western Quebec School Board adopted the following standards:

Transfer payments

On March 9, 2021, the Government of Quebec announced its decision to modify the application of the accounting standard on transfer payments. This change results in a more timely recognition of grants receivable in the financial statements of the Western Quebec School Board as it will be recognized over the period in which the eligible work is performed by the school organization. This change has been applied retroactively with restatement of prior years' financial statements.

As such, the changes made as of July 1, 2019 primarily consist of recording a capital grant receivable and a deferred capital grant. In return, the funding grant related to fixed assets has been cancelled.

The effect of this change in accounting policy is to increase (decrease) the following financial statement line items:

	2021	2020 Restated
	\$	\$
Financial Assets		
Investment grant receivable	101,116,381	97,958,419
Funding grant – capital asset before July 1, 2008	—	—
Funding grant – capital asset after July 1, 2008	—	—
Liabilities		
Deferred investment grant	95,955,456	92,389,225
Surplus (accumulated deficit) and net financial assets (net debt), beginning of year	73,146,415)	(68,762,087)

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This change in accounting policy has no effect on the surplus (deficit) for the year.

	2021	2020 Restated
	\$	\$
Revenues		
Debt service grant – Principal payment on long-term debt subject to a funding promise	5,593,000	5,001,000
Grant – Funding	—	—
Amortization of deferred capital grant	(5,593,000)	(5,001,000)
Surplus (deficit) for the year	—	—

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". For transfers from the Government of Canada, they are presented in the "Accounts receivable" account on page 23.

	2021	2020
	\$	\$
Total operating grants receivable from the Government of Quebec	9,285,291	9,542,763
Total transfers receivable from the Government of Canada	—	3,290,433
Other grants (other than grants receivable from the Government of Canada)	21,029	5,597
	9,306,320	12,838,793

INVESTMENT GRANTS RECEIVABLE

Details of the various investment grants receivable are presented on page 22 of the financial report.

WESTERN QUEBEC SCHOOL BOARD
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6. PORTFOLIO HOLDINGS AND LOANS

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 \$48,818,767 (\$29,751,618 on June 30, 2020). There is no short-term loan on June 30.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
	\$	\$
Accrued salaries, deductions and benefits	13,683,187	7,440,449
Other creditors and accrued liabilities – Quebec government departments and agencies	75,118	300,637
Other creditors and accrued liabilities – Other than Quebec government departments and agencies	2,408,566	3,302,587
Consumption taxes payable	30,380	30,380
Accrued interest	660,004	602,510
	16,857,255	11,676,563

9. DEFERRED REVENUE

Deferred Investment Grant

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.

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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.

	2021	2020
	\$	\$
Sick leave	2,096,962	2,092,098
Vacation	2,368,510	2,210,709
Severance pay	145,037	145,037
Wage insurance and other personal leave	188,478	154,718
<u>Employer contributions to employee benefits</u>	<u>787,171</u>	<u>758,041</u>
	5,586,158	5,360,603

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
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12. LONG-TERM DEBT SUBJECT TO A GRANT RECEIVABLE

	2021	2020
	\$	\$
Budget Rules		
Long-term notes with interest rates ranging from 0,75% to 5,41%, maturing from June 2020 to April 2045, repayable by grants from the Ministère de l'Éducation et de l'Enseignement supérieur.	95,026,103	83,920,000
Deferred debt-related costs	(471,226)	(436,452)
	94,554,877	83,483,548
Principal repayments due on long-term debt subject to a grant receivable over the five (5) upcoming fiscal years are as follows:		
2022	\$6,707,002	
2023	\$7,139,862	
2024	\$5,528,862	
2025	\$17,665,000	
2026	\$2,838,000	
2027 and thereafter	\$40,924,000	

13. LIABILITIES FOR CONTAMINATED SITES

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:

- During the fiscal year, fixed assets under construction, development or improvement amounting to \$5,008,030 (\$6,722,306 on June 30, 2020), this included \$2,178,650 (\$6,050,161 on June 30, 2020) for major improvements and transformations, \$1,398,705 (\$333,551 on June 30, 2020) for buildings, \$361,676 (\$338,594 on June 30, 2020) for development and \$0 (\$0 on June 30, 2020) for materials and equipment. There is no depreciation expense associated with these assets.

15. CASH FLOW

No note to mention.

**WESTERN QUEBEC SCHOOL BOARD
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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 \$7,688,205 (\$15,870,352 in 2020) for school transportation contracts, ending in June 2022. Payments for the respective financial years stand at \$7,688,205 in 2022.
- b) An amount of \$237,683 (\$545,489 in 2020) to be paid for grass cutting, snow removal, garbage containers and collection services ending in May 2023. Payments for the respective financial years stand at \$157,560 in 2022 and \$80,123 in 2023.
- c) An amount of \$954,205 (\$116,628 in 2020) to be paid for photocopier and IT equipment leases up to June 2026. Payments for the respective financial years stand at \$245,516 in 2022, \$239,811 in 2023, \$233,581 in 2024, \$221,696 in 2025 and \$13,601 in 2026.
- d) An amount of \$1,850,476 (\$2,772,311 in 2020) for major construction, development and renovation projects to be carried out up to June 2023. Estimated payments for the respective financial years stand at \$1,233,650 in 2022 and \$616,826 in 2023.

17. CONTINGENCIES

As at June 30, 2021, outstanding claims for or against the School Board amount to \$35,000 (\$215,000 on June 30, 2020). The Direction is unable, at the date of the financial statements, to assess the outcome of this lawsuit or the financial impact, if any, that may result from it.

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.

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, 2020.

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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, 2021.

	2021	2020
Accounts Receivable	\$	\$
Less than 30 days following invoice date	202,565	139,434
30 to 60 days following invoice date	50,285	42,948
61 to 90 days following invoice date	90,193	117,644
More than 90 days following invoice date	6,338,647	6,598,344
Subtotal	6,681,690	3,898,370
Provision for bad debts	(2,636,822)	(2,738,992)
Total receivables net of provision for bad debts	4,044,868	4,159,378

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.

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The contractual cash flows associated with the School Board's financial liabilities are as follows:

June 30, 2021	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Short-term loans	-	-	-	-	-
Accounts payable and accrued expenses, excluding deductions at source	\$15,462,806	-	-	-	\$15,462,806
Long-term debt	\$6,707,002	\$7,139,862	\$5,528,862	\$61,427,000	\$80,802,726
Provisions for benefits	\$5,586,158	-	-	-	\$5,586,158

June 30, 2020	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Short-term loans	\$1,455,000	-	-	-	\$14,550,000
Accounts payable and accrued expenses, excluding deductions at source	\$9,900,386	-	-	-	\$9,900,386
Long-term debt	\$5,593,000	\$17,248,000	\$20,503,000	\$40,576,000	\$83,920,000
Provisions for benefits	\$5,360,604	-	-	-	\$5,360,604

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.

WESTERN QUEBEC SCHOOL BOARD
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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.

20. COVID-19 PANDEMIC IMPACTS

In March 2020, the World Health Organization declared the outbreak of a new coronavirus (COVID-19) as a worldwide pandemic that continues to spread in Canada and the rest of the world.

The COVID-19 pandemic and the measures taken in reaction to the pandemic, created serious temporary disturbances to the normal functioning of the School Board.

The School Board took and will continue to take measures to minimize the repercussions. However, at the time of this financial report, the length and costs related to COVID-19 remain unknown. It is impossible to estimate, with certainty, the costs that the length and/or the severity of the pandemic could have on the finances of the School Board for future financial periods.

21. COMPARATIVE FIGURES

Some 2020 figures have been reclassified to conform to the format adopted in 2021.