WINNIPEG SCHOOL DIVISION

Financial Statements of

THE WINNIPEG SCHOOL DIVISION DISABILITY INCOME PLAN FOR EMPLOYEES OTHER THAN TEACHERS

And Independent Auditor's Report thereon

Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Winnipeg School Division

Opinion

We have audited the financial statements of the Winnipeg School Division Disability Income Plan for Employees Other Than Teachers (the "Entity"), which comprise the statement of net assets available for benefits as at end of December 31, 2022, statements of changes in net assets available for benefits, and changes in accrued benefit liability for the year then ended and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at end of December 31, 2022, and its changes in net assets and accrued benefit liability for the year then ended in accordance with Canadian accounting standards for pension plans.

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 our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management 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 about whether 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.

We also:

- 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.

- 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 16, 2023

THE WINNIPEG SCHOOL DIVISION
DISABILITY INCOME PLAN FOR EMPLOYEES OTHER THAN TEACHERS
Statement of Net Assets Available for Benefits

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Cash	$ 83,157	$ 139,749
Investments (note 3)	5,260,258	5,134,468
Accounts receivable	7,476	5,266
	$ 5,350,891	$ 5,279,483
Liabilities		
Due to related party (note 4)	$ 167,700	$ 105,020
Accounts payable	15,737	10,604
	183,437	115,624
Net assets available for benefits	5,167,454	5,163,859
Accrued benefit liability (note 5)	3,074,997	3,611,324
Excess of net assets available for benefits over accrued benefit liability	$ 2,092,457	$ 1,552,535

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION
DISABILITY INCOME PLAN FOR EMPLOYEES OTHER THAN TEACHERS
Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Increase in net assets:		
Unrealized increase in fair value of investments	$ 10,985	$ –
Contributions (note 4)	1,087,191	1,013,576
Canada pension plan recoveries	50,845	73,326
Interest	129,166	114,716
	1,278,187	1,201,618
Decrease in net assets:		
Disability income payments	1,161,051	1,054,847
Benefits on disability income payment	55,177	47,404
Administration fees	58,364	56,026
	1,274,592	1,158,277
Increase in net assets	3,595	43,341
Net assets available for benefits, beginning of year	5,163,859	5,120,518
Net assets available for benefits, end of year	$ 5,167,454	$ 5,163,859

See accompanying notes to financial statements.

THE WINNIPEG SCHOOL DIVISION
DISABILITY INCOME PLAN FOR EMPLOYEES OTHER THAN TEACHERS

Statement of Changes in Accrued Benefit Liability

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Actuarial value of accrued benefit liability, beginning of year	$ 3,611,324	$ 3,721,813
Benefits paid	(1,161,051)	(1,054,847)
Interest accrued on benefits	174,271	183,677
Effect of actual experience	(10,408)	24,824
Additional obligation due to new entrants	430,511	857,676
Loss due to terminations	(147,541)	290,080
Effect of salary/CPP disability offset	(26,096)	(443,756)
Effect of change in actuarial assumption	113,364	31,857
Effect of benefit payments different than expected	90,622	–
Actuarial value of accrued benefit liability, end of year	$ 3,074,996	$ 3,611,324

See accompanying notes to financial statements.

1. Description of Plan:

The Winnipeg School Division Disability Income Plan for Employees Other than Teachers (the "Plan") is a disability pension plan for permanent full-time employees who have been employed in the service of The Winnipeg School Division (the "Division") for at least two consecutive years and are members of The Winnipeg School Division Pension Fund for Employees Other Than Teachers (the "Pension Fund"). The Plan was created by By-law 1018 of The Winnipeg School Division on January 1, 1992 and is subject to the applicable regulations.

The Board of Trustees of the Plan also administer the Pension Fund. The Board contracts Canada Life to adjudicate claims and administer the benefits.

Until December 31, 2011, the operations of the Plan were recorded within The Winnipeg School Division Pension Fund for Employees Other Than Teachers' (the "Pension Fund") financial statements. Effective January 1, 2012, the assets, accrued benefits and operations previously recorded in the Pension Fund's financial statements were transferred to the Plan.

The net assets transferred to the Plan by the Pension Fund were as follows:

Due to related party	$ 3,711,680
Accrued benefits	(3,711,680)
Net assets	$ –

The following description of the Plan is a summary only.

(a) Funding:

The Division contributes 15 percent of employee contributions to finance the benefits under the Plan.

(b) Disability income benefit:

A member who based on medical evidence provided is considered to be totally disabled, receives a benefit of 60 percent of the member's pre-disability earnings. The benefit is reduced by any benefit received by the member from the Canada Pension Plan, the Workers' Compensation Board, Employment Insurance, or other disability income. A member may receive a partial disability benefit.

2. Significant accounting policies:

(a) Basis of accounting:

The financial statements are prepared on a going-concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsors and plan members. Because the Plans' benefit plan has characteristics similar to pension plans, the financial statements are prepared in accordance with Canadian accounting standards for pension plans to assist plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the plan or the benefit security of individual plan members.

(b) Contributions:

Contributions are recorded on an accrual basis.

(c) Benefits:

Disability income payments are recorded in the period in which they are paid or payable. Any disability income payment accruals not paid are reflected in accounts payable.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts during the year. Actual results could differ from those estimates.

3. Investments:

	2022	2021
Guaranteed investment certificates	$ 4,449,258	$ 4,334,453
Corporate bonds	811,000	800,015
	$ 5,260,258	$ 5,134,468

The guaranteed investment certificate bears interest at a rate of 2.70% (2021 - 2.55%) and matures on May 8, 2023. The corporate bond bears interest at 1.55% (2021 - 1.45%) and matures on July 21, 2026.

4. Related party transactions:

During 2022, the Division provided contributions to the Plan of $1,087,191 (2021 - $1,013,576).

As at December 31, 2022, the amount due to related party is as follows:

	2022	2021
Due to (from) the Division	$ 54,866	$ (5,469)
Due to Pension Fund	112,834	110,489
	$ 167,700	$ 105,020

The amount due to the Division will be repaid in May 2023 and accrues interest at prime less 1.75%

The amount due to the Pension Fund has no repayment terms and accrues interest at prime less 1.75%.

5. Accrued benefit liability:

An actuarial valuation as at December 31, 2022 indicated an accrued benefit liability of $3,074,997 (2021 - $3,611,324) prepared by Ellement Consulting Group. An actuarial valuation is required every two years.

The actuarial valuation is based on the present value of benefits for existing disability income recipients expected to be paid and reflects a discount rate of 5.50% percent (2021 - 5.75 percent) and a salary projection assumption of 2.50% (2021 - 1.75 percent).