WINNIPEG SCHOOL DIVISION

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended December 31, 2021

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INDEPENDENT AUDITORS' 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 financial position as at end of December 31, 2021, statements of changes in net assets, 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, 2021, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors’ 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 auditors’ 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 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 auditors’ 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

May 19, 2022

THE WINNIPEG SCHOOL DIVISION
DISABILITY INCOME PLAN FOR EMPLOYEES OTHER THAN TEACHERS
Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Cash	$ 139,749	$ 889,373
Investments (note 3)	5,134,468	4,228,792
Due from related party (note 4)	–	127,919
Accounts receivable	5,266	1,847
	$ 5,279,483	$ 5,247,931
Liabilities		
Due to related party (note 4)	$ 105,020	$ 4,902
Accrued benefit liability (note 5)	3,611,324	3,721,813
Accounts payable	10,604	12,022
	3,726,948	3,738,737
Net assets	$ 1,552,535	$ 1,509,194

See accompanying notes to financial statements.

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

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Increase in net assets:		
Contributions (note 4)	$ 1,013,576	$ 1,020,419
Canada pension plan recoveries	73,326	29,929
Interest	114,716	104,811
	1,201,618	1,155,159
Decrease in net assets:		
Disability income payments	1,054,847	992,956
Benefits on disability income payment	47,404	44,481
Administration fees	56,026	45,028
	1,158,277	1,082,465
Increase in net assets	43,341	72,694
Net assets, beginning of year	1,509,194	1,436,500
Net assets, end of year	$ 1,552,535	$ 1,509,194

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, 2021, with comparative information for 2020

	2021	2020
Actuarial value of accrued benefit liability, beginning of year	$ 3,721,813	$ 3,593,894
Benefits paid	(1,054,847)	(992,956)
Interest accrued on benefits	183,677	178,101
Effect of actual experience	24,824	(26,159)
Additional obligation due to new entrants	857,676	731,638
Loss due to terminations	290,080	270,616
Effect of salary/CPP disability offset	(443,756)	(33,321)
Effect of change in actuarial assumption	31,857	–
Actuarial value of accrued benefit liability, end of year	$ 3,611,324	$ 3,721,813

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 Great West 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:

	2021	2020
Guaranteed investment certificates	$ 4,334,453	$ 4,228,373
Corporate bonds	800,015	–
	$ 5,134,468	$ 4,228,373

The guaranteed investment certificate bears interest at a rate of 2.55% (2020 - 2.40%) and matures on May 8, 2023. The corporate bond bears interest at 1.45% (2020 - nil) and matures on July 21, 2026.

4. Related party transactions:

During 2021, the Division provided contributions to the Plan of $1,013,576 (2020 - $1,020,419).

As at December 31, 2021, the amount due to related party of $105,020 is due to the Winnipeg School Division.

As at December 31, 2020, the total amount due from related party of $127,919 as at December 31, 2021 was owed from The Winnipeg School Division.

As at December 31, 2020, the amount due to related party of $4,902 is due to the Pension Plan for Employees other than Teachers.

5. Accrued benefit liability:

An actuarial valuation as at December 31, 2021 indicated an accrued benefit liability of $3,611,324 (2020 - $3,721,813) 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 5.75 percent (2020 - 5.75 percent) and a salary projection assumption of 1.75 (2020 - 1.5 percent).