

Financial statements of

York Region District School Board

August 31, 2020

York Region District School Board

August 31, 2020

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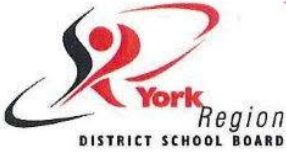
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Management Report

Year ended August 31, 2020

Re: Management's Responsibility for the Financial Statements

The accompanying financial statements of the York Region District School Board are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1(a) to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Audit Committee of the Board meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the Board of Trustee's approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

Original signed by _____
Director of Education

Original signed by _____
Chief Financial Officer

December 15, 2020 _____
Date

December 15, 2020 _____
Date



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Independent Auditor's Report

To the Board of Trustees of the York Region District School Board

Opinion

We have audited the financial statements of York Region District School Board ("the Board"), which comprise the statement of financial position as at August 31, 2020, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Board as at and for the year ended August 31, 2020 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the financial statements.

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 report. We are independent of the School Board in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1(a) to the financial statements, which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 1(a) to the financial statements, 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 School Board'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 School Board or to cease operations, or has no realistic alternative but to do so.

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



Independent Auditor's Report - continued

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 these 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 Board'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 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 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 Board to cease to continue as a going concern.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
December 15, 2020

York Region District School Board

Statement of Financial Position as at August 31, 2020

	2020	2019
	\$	\$
Financial assets		
Cash	246,441,081	257,741,059
Accounts receivable (Note 4)	273,415,077	91,969,190
Accounts receivable - Government of Ontario (Note 3)	544,160,307	595,976,097
Accounts receivable - Delayed grant payment (Note 3)	245,882,396	187,323,628
	1,309,898,861	1,133,009,974
Liabilities		
Accounts payable and accrued liabilities (Notes 5, 13)	325,047,403	131,831,821
Temporary borrowing (Note 14)	38,500,000	-
Other liability (Note 7)	1,536,225	1,776,177
Net long-term debt (Note 8)	547,553,133	596,505,125
Deferred revenue	35,275,310	36,669,740
Deferred revenue - other (Note 9)	75,684,094	81,534,738
Retirement and other employee future benefits liability (Note 10)	71,606,540	71,224,333
Deferred capital contributions (Note 11)	1,313,412,277	1,336,179,979
	2,408,614,982	2,255,721,913
Net debt	(1,098,716,121)	(1,122,711,939)
Non-financial assets		
Prepaid expenses	1,269,999	-
Inventories of supplies	4,380,600	-
Tangible capital assets (Note 12)	1,945,917,781	1,870,795,370
Accumulated surplus (Note 21)	852,852,259	748,083,431

Approved on behalf of the Board

Original signed by _____ Chair of the School Board

Original signed by _____ Director of Education

York Region District School Board

Statement of operations and accumulated surplus year ended August 31, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$		\$
Revenues			
Provincial legislative grants	815,160,662	788,803,256	801,753,725
Government of Ontario - other	4,750,000	11,498,317	13,625,751
Local taxation	651,821,123	666,907,704	655,514,112
Government of Canada (Note 16)	209,530	684,979	869,819
Other fees and revenue	94,216,000	106,808,690	53,868,710
Investment income	6,511,211	10,134,845	12,140,506
School fundraising	33,525,000	32,739,574	33,861,653
	1,606,193,526	1,617,577,365	1,571,634,276
Expenses (Note 15)			
Instruction	1,203,036,933	1,170,019,388	1,214,856,965
Administration	41,658,636	39,381,991	40,047,226
Pupil transportation	45,302,817	40,717,563	42,681,510
Pupil accommodation	225,270,794	220,881,497	225,020,528
Other	4,542,827	10,185,380	7,268,481
School funded activities	33,525,000	31,622,718	34,092,357
	1,553,337,007	1,512,808,537	1,563,967,067
Annual surplus	52,856,519	104,768,828	7,667,209
Accumulated surplus, beginning of year	773,984,178	748,083,431	740,416,222
Accumulated surplus, end of year (Note 21)	826,840,697	852,852,259	748,083,431

The accompanying notes to the financial statements are an integral part of this financial statement.

York Region District School Board

Statement of change in net debt year ended August 31, 2020

	Budget	2020	2019
	\$	\$	\$
Annual surplus	52,856,519	104,768,828	7,667,209
Acquisition of tangible capital assets (Note 12)	(199,049,432)	(146,116,362)	(84,434,266)
Amortization of tangible capital assets (Note 12)	70,536,000	70,993,951	67,785,722
Loss (Gain) on sale of tangible capital assets	-	-	-
Proceeds on sale of tangible capital assets	-	-	5,274,825
Less: Gain on sale allocated to deferred revenue	-	-	(5,233,254)
Transfer to assets held for sale (Note 6)	-	-	-
Write-downs of tangible capital assets (Note 12)	-	-	35,143
Acquisition of supplies inventories	-	(4,380,600)	-
Acquisition of prepaid expenses	-	(1,269,999)	-
	(128,513,432)	(80,773,010)	(16,571,830)
Change in net debt	(75,656,913)	23,995,818	(8,904,621)
Net debt, beginning of the year	(1,122,711,939)	(1,122,711,939)	(1,113,807,318)
Net debt, end of year	(1,198,368,852)	(1,098,716,121)	(1,122,711,939)

The accompanying notes to the financial statements are an integral part of this financial statement.

York Region District School Board

Statement of cash flows year ended August 31, 2020

	2020	2019
	\$	\$
Operating transactions		
Annual surplus	104,768,828	7,667,209
Items not involving cash		
Amortization, write downs, (gain)loss on disposal of TCA and transfers to AHFS (Note 12)	70,993,951	67,820,863
Amortization of deferred capital contributions (Note 11)	(66,672,807)	(63,909,002)
Deferred gain on disposal of assets	-	(5,233,254)
Decrease / (Increase) in short-term investments	-	298,000,000
Decrease / (Increase) in accounts receivable - others	(181,445,888)	(2,381,054)
Decrease / (Increase) in accounts receivable - Delayed Grant Payment	(58,558,768)	(187,323,628)
Decrease / (Increase) in assets held for sale (Note 12)	-	35,469
Increase / (Decrease) in accounts payable and accrued liabilities	193,215,582	23,641,740
Increase / (Decrease) in other liabilities	(1,634,382)	(1,823,741)
Increase / (Decrease) in deferred revenues - operating	10,569,775	604,138
Increase / (Decrease) in retirement and other employee future benefit liabilities	382,206	599,332
Decrease / (Increase) in prepaid expenses	(1,269,999)	-
Decrease / (Increase) in inventories of supplies	(4,380,600)	-
	65,967,898	137,698,072
Capital transactions		
Proceeds on sale of tangible capital assets	-	5,274,825
Acquisition and transfer of tangible capital assets	(146,116,362)	(84,434,266)
	(146,116,362)	(79,159,441)
Financing transactions		
Increase / (Decrease) in temporary borrowing (Note 14)	38,500,000	-
Debt repayment and sinking fund contributions	(48,951,992)	(46,607,972)
Accounts receivable - Government of Ontario	51,815,791	39,295,404
Additions to (disposals from) deferred capital contributions	43,905,106	71,925,260
Deferred revenue - other	(16,420,419)	31,406,776
	68,848,486	96,019,468
Net change in cash	(11,299,978)	154,558,099
Cash, beginning of the year	257,741,059	103,182,960
Cash, end of year	246,441,081	257,741,059

The accompanying notes to the financial statements are an integral part of this financial statement.

York Region District School Board

Notes to the financial statements

August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with the basis of accounting described below. The financial statements are the representation of management.

(a) Basis of accounting

The financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education (the "Ministry") memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards in Ontario to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the Government of Ontario passed Ontario Regulation 395/11 of the Financial Administration Act (the "Regulation"). The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations and accumulated surplus over the periods during which the tangible capital asset is used to provide service at the same rate that amortization is recognized in respect of the related tangible capital asset. The Regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- Government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with Canadian public sector accounting standard PS 3410;
- Externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with Canadian public sector accounting standard PS 3100; and
- Property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and accumulated surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Reporting entity

The financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations which are controlled by the York Region District School Board (the "School Board").

School generated funds, which include the assets, liabilities, revenues, and expenses of various organizations that exist at the school level and which are controlled by the School Board, are reflected in the financial statements.

York Region District School Board

Notes to the financial statements

August 31, 2020

1. Significant accounting policies (continued)

(c) Short-term investments

Investments consist of marketable securities which are liquid short-term investments with maturities of one year or less at the date of acquisition, and are carried on the statement of financial position at the lower of cost or market value.

(d) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the tangible capital asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Tangible capital assets, except land, are amortized on a straight line basis over their estimated useful life, as follows:

Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Other buildings	20 years
First-time equipping	10 years
Equipment	5-15 years
Furniture	10 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5-10 years

Tangible capital assets under construction and tangible capital assets that relate to pre-acquisition and pre-construction costs are not amortized until the tangible capital assets are available for productive use.

Land permanently removed from service and held for sale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare land for sale or servicing. Buildings permanently removed from service and held for sale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the statement of financial position.

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(e) Deferred revenue

The School Board defers revenue received which relates to future years. These amounts are recognized in the fiscal year in which the services are provided or the related expenses are incurred.

(f) Deferred revenue - other

Certain amounts are received pursuant to legislation, regulation, or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

York Region District School Board

Notes to the financial statements

August 31, 2020

1. Significant accounting policies (continued)

(g) Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible capital assets received or receivable for use in providing services, is recognized as deferred capital contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purposes;
- Other restricted contributions received or receivable for capital purposes;
- Amounts previously recognized as property tax revenue which were historically used to fund capital assets.

(h) Retirement and other employee future benefit liabilities

The School Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity, sick days and worker's compensation benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals' Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: ETFO, OSSTF. The following ELHTs were established in 2017-18: CUPE and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee group, the Board provides health, dental and life insurance benefits for retired individuals and continues to have a liability for payment of benefits for those who are on long-term disability and for some retirees who are retired under these plans.

The School Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

York Region District School Board

Notes to the financial statements

August 31, 2020

1. Significant accounting policies (continued)

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pension, are the employer's contributions due to the plan in the period;
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(i) Reserves and reserve funds

Certain amounts, as approved by the Trustees, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(j) Government transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions and recognized as revenue in the statement of operations at the same rate and over the same periods as the tangible capital assets are amortized.

(k) Investment income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education is added to the balance and forms part of the respective deferred revenue balances.

(l) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

(m) Long-term Debt

Long-term debt is recorded net of related sinking fund balances.

(n) Liability for contaminated sites

The Board annually reviews its sites which are no longer in productive use, to assess whether contamination has occurred that would require the recording of a liability in the financial statements.

York Region District School Board

Notes to the financial statements

August 31, 2020

1. Significant accounting policies (continued)

(o) Use of estimates

The preparation of these financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year.

Accounts subject to significant estimates include certain accrued liabilities, deferred revenue, the useful lives of tangible capital assets and related amortization as well as assumptions related to employee future benefits. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

(p) Property Tax Revenue

Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the School Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

2. SHORT –TERM INVESTMENTS

There are no short-term investments at August 31, 2020 (2019 – \$Nil).

3. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in fiscal 2009-10. York Region District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The School Board receives this grant in cash over the remaining term of the existing capital debt instruments. The School Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The School Board has an account receivable from the Province of Ontario of \$544,160,307 (2019 - \$595,976,097) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2020 is \$245,882,396 (2019 - \$187,323,628).

4. ACCOUNTS RECEIVABLE – MUNICIPALITIES

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$167,817,968 (2019 \$Nil) and has been included in accounts receivable on the statement of financial position. This amount will be recovered fully by the Board in the following school year.

York Region District School Board

Notes to the financial statements

August 31, 2020

5. ACCOUNTS PAYABLE – GOVERNMENT OF ONTARIO

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$167,817,968 (2019 \$Nil). This amount will be repaid to the Province in 2021.

6. ASSETS HELD FOR SALE

As of August 31, 2020, there was \$Nil (2019 - \$Nil) assets held for sale.

7. OTHER LIABILITY

Other liabilities pertain to funds received for the Capacity Building, The Literacy and Numeracy Secretariat Initiative and Lead Teacher and Principal Training Projects managed on behalf of the Ministry. The School Board was named the Coordinating Board who acts as the financial administrator and co-ordinator of the projects. As a result, the amounts received on behalf of the projects and the expenses incurred are not recorded on the School Board's Statement of operations and accumulated surplus. At the end of the projects, any unspent funds must be returned to the Ministry.

The transactions to date for the projects are as follows:

	2020	2019
	\$	\$
Balance, beginning of year	1,776,177	1,923,278
Funding received	-	-
Expenses on behalf of projects	(239,952)	(147,101)
Balance, end of year	1,536,225	1,776,177

8. NET LONG-TERM DEBT

Net long-term debt reported on the statement of financial position is comprised of the following:

	2020	2019
	\$	\$
Debenture	514,570,007	554,786,890
Sinking Fund Debenture	150,000,000	150,000,000
	664,570,007	704,786,890
Less: Sinking Fund Assets	(117,016,875)	(108,281,766)
	547,553,133	596,505,125

York Region District School Board

Notes to the financial statements

August 31, 2020

8. NET LONG-TERM DEBT (CONTINUED)

Principal repayments and sinking fund contributions relating to net long-term borrowings of \$547,553,133 outstanding as at August 31, 2020 (2019 - \$596,505,125) are due as follows:

	Principal and sinking fund contributions	Interest	Total
	\$	\$	\$
2020-2021	42,354,317	34,332,244	76,686,561
2021-2022	44,608,064	32,078,498	76,686,562
2022-2023	46,984,588	29,701,974	76,686,562
2023-2024	49,490,719	17,370,843	66,861,562
2024-2025	40,724,998	14,908,931	55,633,929
Thereafter	290,407,321	70,304,015	360,711,336
	514,570,007	198,696,505	713,266,512

Retirement of sinking funds in the year that they mature (April 2023) are not included as payments in the above chart. Interest on sinking fund contributions together with remaining contributions and internal appropriations is expected to be sufficient to retire the outstanding sinking fund debenture at maturity.

Debentures mature between April 2023 and March 2041 (2019 - April 2023 and March 2041) and carry interest rates ranging from 2.993% to 6.450% (2019 - 2.993% to 6.450%). Included in the net long-term debt are outstanding sinking fund debentures of \$150,000,000 (2019 - \$150,000,000) secured by sinking fund assets with a carrying value of \$117,016,874 (market value - \$127,963,153) (2019 - \$108,281,766 (market value - \$119,317,062)). Sinking fund assets are comprised of bonds from Province of Ontario, Ontario Hydro, Hydro Quebec, Province of Quebec and Province of Manitoba with maturity dates between March 2022 and November 2023 (2019 - March 2022 and November 2023) and interest rates between 1.1600% to 6.6500% (2019 - 2.0224% to 6.6500%).

Principal, sinking fund contributions and interest payments relating to long-term borrowings for the year are as follows:

	2020	2019
	\$	\$
Principal payments on long-term borrowings		
including contributions to sinking funds	48,951,991	46,607,972
Interest payments on long-term borrowings	35,952,358	37,912,797
	84,904,349	84,520,769

York Region District School Board

Notes to the financial statements

August 31, 2020

9. DEFERRED REVENUE – OTHER

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the statement of financial position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2020 is comprised of:

	Balance as at August 31, 2019	Externally restricted revenue and investment income	Revenue recognized in the year/ Transfers to deferred capital contributions	Balance as at August 31, 2020
	\$	\$	\$	\$
Proceeds of disposition of land and buildings	33,086,163	571,729	(299,254)	33,358,638
Education Development Charges	26,550,245	38,096,032	(64,646,277)	-
Schools first child care retrofit	4,744,586	-	-	4,744,586
Special Education	8,312,385	4,572,034	(1,717,818)	11,166,601
Student Achievement	2,517,018	8,543,659	(5,401,701)	5,658,976
School Renewal	6,266,222	17,546,915	(7,689,564)	16,123,573
Priorities and Partnerships Fund	58,119	10,543,693	(5,970,092)	4,631,720
Total	81,534,738	79,874,062	(85,724,706)	75,684,094

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES

Retirement and other employee future benefit liabilities

	2020			2019
	Retirement and sick leave benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligations	51,402,456	27,068,756	78,471,212	76,964,466
Unamortized actuarial loss	(6,683,497)	(181,175)	(6,864,672)	(5,740,132)
Employee future benefit liabilities	44,718,959	26,887,581	71,606,540	71,224,334

York Region District School Board

Notes to the financial statements

August 31, 2020

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES (CONTINUED)

Retirement and other employee future benefit expenses

	2020	2019	
	Retirement and sick leave benefits	Other employee future benefits	Total employee future benefits
	\$	\$	\$
Current year benefit cost	922,254	7,490,031	8,412,285
Interest on accrued benefit obligation	1,004,038	501,294	1,505,332
Cost of plan amendments	-	-	-
Change due to			
Voluntary Early Gratuity Payout	-	-	-
Amortization of actuarial (gain) losses	416,586	(25,186)	391,400
Employee future benefits expense	2,342,878	7,966,139	10,309,017
	13,136,355		\$

The employee future benefits expense above excludes pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

The amount of benefits paid during the year were \$5,269,282 (2019 - \$7,683,079) for retirement and sick leave benefits and \$4,657,529 (2019 - \$4,853,944) for other employee future benefits.

Retirement benefits

(i) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province of Ontario. Accordingly, no expenses or liabilities related to this plan are included in the School Board's financial statements.

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the School Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The School Board contributions equal the employee contributions to the plan. During the year ended August 31, 2020, the School Board contributed \$19,000,149 (2019 - \$19,599,012) to the plan. As this is a multi-employer pension plan, these contributions are the School Board's pension benefit expense for the fiscal year. No pension liability for this plan is included in the School Board's financial statements. For information on OMERS, visit <https://www.omers.com>.

(iii) Retirement gratuities

The School Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The School Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the School Board's financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days and years of service at August 31, 2012.

York Region District School Board

Notes to the financial statements

August 31, 2020

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES (CONTINUED)

(iv) Post Retirement life insurance, dental and health care benefits

The School Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the School Board's experience and retirees' premiums are subsidized by the School Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the School Board's financial statements.

Other employee future benefits

(i) Workplace Safety and Insurance Board

The School Board is a Schedule 2 employer under the Workplace Safety and Insurance Act (the "Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The benefit costs and liabilities related to this plan are included in the School Board's financial statements. School boards are required to provide salary top-up to a maximum of 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

(ii) Sick leave top-up benefits

A maximum of eleven (11) unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$922,254 (2019 - \$732,979).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2020 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2020.

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on actuarial valuations for accounting purposes as at August 31, 2020. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the School Board's best estimates of expected rates of:

	2020	2019
	%	%
Inflation	1.50	1.50
Inflation (WSIB)	2.00	2.00
Salary grid placement	0.00	0.00
Health care cost escalation	7.25	7.25
Health care cost escalation (WSIB)	4.00	4.00
Dental costs escalation	4.50	4.50
Discount on accrued benefit obligations	1.40	2.00

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Notes to the financial statements

August 31, 2020

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with Regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the tangible capital asset acquired.

	2020	2019
	\$	\$
Balance, beginning of year	1,336,179,978	1,328,163,720
Additions to deferred capital contributions	43,905,106	71,925,260
Disposals from deferred capital contributions	-	-
Revenue recognized in the period	(66,672,807)	(63,909,002)
Balance, end of year	1,313,412,277	1,336,179,978

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Notes to the financial statements

August 31, 2020

12. TANGIBLE CAPITAL ASSETS (all values in table are in '000s)

	Balance at August 31, 2019	Additions and transfers	Disposals	Balance at August 31, 2020	Balance at August 31, 2019	Amortization and write-off	Disposals, and adjustments	Balance at August 31, 2020	August 31, 2020	August 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	459,776	94,677	-	554,453	-	-	-	-	554,453	459,776
Land improvements	43,878	2,471	-	46,349	8,164	2,832	-	10,996	35,353	35,714
Buildings (40 years)	2,040,295	48,344	-	2,088,639	729,278	57,975	-	787,253	1,301,387	1,311,017
Portable structures	25,838	2,437	-	28,275	7,271	1,358	-	8,629	19,646	18,567
Equipment	10,958	2,315	846	12,427	5,257	1,163	846	5,574	6,853	5,701
First-time equipping	30,113	876	2,680	28,309	16,361	2,921	2,680	16,602	11,707	13,752
Furniture	682	57	36	703	276	69	36	309	394	406
Computer hardware	20,376	5,810	4,461	21,725	9,440	4,210	4,461	9,189	12,536	10,936
Computer software	1,183	167	164	1,186	357	220	164	413	773	826
Vehicles	2,074	362	274	2,162	1,385	246	274	1,357	805	689
Construction in progress	11,663	(11,663)	-	-	-	-	-	-	-	11,663
Pre-construction costs	1,066	299	-	1,365	-	-	-	-	1,365	1,066
Pre-acquisition costs	682	(36)	-	646	-	-	-	-	646	682
Asset Permanently Removed from Service	809	-	-	809	809	-	-	809	-	-
	2,649,393	146,116	8,461	2,787,048	778,598	70,994	8,461	841,131	1,945,918	1,870,795

a) Assets under construction, pre-construction and pre-acquisition costs

Assets under construction, pre-construction costs, and pre-acquisition costs have not been amortized. Amortization of these tangible capital assets will commence when the asset is put into service.

b) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$Nil (2019 - \$35,143).

c) Asset inventories for sale (assets permanently removed from service)

The School Board has reclassified from tangible capital assets \$Nil (2019 - \$212,000) tangible capital assets with a net book value of \$Nil (2019 - \$Nil) that qualifies as "assets permanently removed from service".

York Region District School Board

Notes to the financial statements

August 31, 2020

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as at August 31, 2019 is comprised of:

	2020	2019
	\$	\$
Due to Province of Ontario	241,407,312	33,859,912
Liability for contaminated sites	-	-
Trade payables and accruals	83,640,091	97,971,909
	325,047,403	131,831,821

14. BANK AND SHORT-TERM BORROWING

The School Board has two available credit facilities which include a \$60,000,000 general operating facility and a \$10,000,000 facility to provide interim funding for capital projects pending receipt of the Ministry of Education capital grants. The capital borrowing facility can be increased to \$60,000,000 on an optional basis if required. The facilities bear interest at the banks' prime lending rate minus 0.5% for the general operating facility and at the banks' prime lending rate minus 0.25% for the facility relating to funds for capital projects. At year end, none of the facilities were utilized.

The School Board established a new short-term borrowing facility for the purchase of land eligible for Education Development Charges. The amount outstanding as at August 31, 2020 was \$38,500,000 at current bankers' acceptances rate. Upon maturity on October 13, 2020, the bankers' acceptances were renewed for an amount of \$26,000,000 with a maturity date of January 11, 2021.

15. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the statement of operations and accumulated surplus by object:

	2020	2019
	\$	\$
Salaries and wages	1,064,441,282	1,091,798,145
Employee benefits	174,563,892	178,538,350
Staff development	2,548,949	4,206,053
Supplies and services	67,678,506	85,050,077
Interest & payments on long-term debt	35,952,358	37,912,796
Rental expenditures	3,192,894	4,168,792
Fee and contract services	54,622,008	57,415,325
Other	7,191,979	2,964,309
Amortization of tangible capital assets (incl. writedowns & losses)	70,993,951	67,820,863
School funded activities	31,622,718	34,092,357
	1,512,808,537	1,563,967,067

York Region District School Board

Notes to the financial statements

August 31, 2020

16. GOVERNMENT OF CANADA TUITION AND FUNDING AGREEMENTS

The Government of Canada on behalf of Chippewas of Georgina Island paid \$198,962 (2019 - \$214,915) for tuition fees for First Nations pupils attending York Region District School Board schools as per the Tuition Agreement, and \$66,573 (2019 - \$135,060) for the costs of operating Waabgon Gamig First Nation School including seconded staff as per the Education Services Agreement. The Board also collected revenues of \$419,444 (2019 - \$519,844) from Government of Canada for the Language Instruction for New Canadians ("LINC") program and Youth Mentorship.

17. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the School Board received \$11,433,816 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the School Board's debt in consideration for the assignment by the School Board to the trust of future provincial grants payable to the School Board in respect of the NPF debt. As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the School Board's statement of financial position.

The flow-through in grants in respect of the above agreement for the year ended August 31, 2020 was \$851,827 (2019 - \$851,827).

18. CONTRACTUAL OBLIGATIONS

The School Board has awarded tenders for capital projects to various builders for a total of \$21,810,000 (2019 - \$37,202,000). As at August 31, 2020, approximately \$9,093,000 (2019 - \$35,057,000) has been applied against these contracts, leaving a balance of \$12,717,000.

19. CONTINGENT LIABILITIES

Legal claims

The Board has been named as the defendant in certain legal actions, in which damages have been sought. Any losses arising from these actions are recorded in the year that the related litigation is settled or when any likely amounts are measurable. Where the outcomes of actions are not determinable as at August 31, 2020, no provision is made in the financial statements.

Other contingent liabilities

The Board has provided letters of credit related to construction projects amounting to approximately \$81,193 (2019 - \$81,193) as at year end.

20. TRANSPORTATION CONSORTIUM

On September 2008, the School Board renewed its agreement with the York Catholic District School Board in order to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under this agreement, decisions related to the financial and operating activities of Student Transportation Services of York Region Consortium are shared. No partner is in a position to exercise unilateral control.

York Region District School Board

Notes to the financial statements

August 31, 2020

20. TRANSPORTATION CONSORTIUM (CONTINUED)

The following provides the School Board's share of expenses:

	2020		2019	
	Total	Board portion	Total	Board portion
	\$	\$	\$	\$
Expenses	1,978,378	1,011,750	1,816,576	884,135

21. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
School generated funds	14,875,714	13,758,858
Revenues recognized for land	525,104,992	460,458,715
Debenture interest accrual	(10,475,231)	(10,992,552)
	<u>529,505,475</u>	<u>463,225,021</u>
Available for compliance - unappropriated	96,241,730	72,007,004
Available for compliance - internally appropriated	227,105,054	212,851,406
	<u>852,852,259</u>	<u>748,083,431</u>

An Internally Restricted Reserve has been established to ensure adequate funding is provided to cover the actual amount of future retirement gratuity payments.

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.

23. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a global pandemic. The pandemic has had a significant impact on the global economy and the education system. On March 12, 2020, the Province of Ontario ordered the closure of all publicly funded schools. This closure was later extended to include the remainder of the 2019/2020 school year and education services were moved to a virtual learning platform.

York Region District School Board

Notes to the financial statements

August 31, 2020

23. IMPACT OF COVID-19 (CONTINUED)

For fiscal 2021, the Ontario Ministry of Education has provided new funding and authorized the redirection of existing funding towards the costs related to implementing safe reopening measures and procuring personal protective equipment. For fiscal 2020, the Board has incurred costs of approximately \$2,361,700 related to these initiatives. In addition, the Board experienced reduced community and child-care revenues during the year.

Schools have physically re-opened in September 2020 with a combination of in-person and virtual learning options, resulting in increased costs to the Board due to smaller class sizes.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and the related financial impact cannot be reasonably estimated.