

Financial statements of

York Region District School Board

August 31, 2021

York Region District School Board

August 31, 2021

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Management Report

Year ended August 31, 2021

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 _____
Associate Director of EDU & CFO

December 14, 2021 _____
Date

December 14, 2021 _____
Date



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, 2021, 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, 2021 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
Oakville, Ontario
December 14, 2021

York Region District School Board

Statement of financial position

as at August 31, 2021

(In thousands of dollars)

	2021	2020
	\$	\$
Financial assets		
Cash	262,819	246,441
Accounts receivable	100,834	273,415
Accounts receivable - Government of Ontario (Note 2)	505,362	544,160
Accounts receivable - delayed grant payment (Note 3)	287,228	245,883
	1,156,243	1,309,899
Liabilities		
Accounts payable and accrued liabilities (Note 11)	171,154	325,047
Temporary borrowing (Note 12)	-	38,500
Other liability (Note 5)	1,386	1,536
Deferred revenue	21,973	35,276
Net long-term debt (Note 6)	496,191	547,553
Deferred revenue - other (Note 7)	102,374	75,684
Retirement and other employee future benefits liability (Note 8)	66,738	71,607
Deferred capital contributions (Note 9)	1,305,303	1,313,412
	2,165,119	2,408,615
Net debt	(1,008,876)	(1,098,716)
Non-financial assets		
Prepaid expenses	1,830	1,270
Inventories of supplies	-	4,381
Tangible capital assets (Note 10)	1,937,346	1,945,917
Accumulated surplus (Note 19)	930,300	852,852

Approved on behalf of the Board

Original signed by _____ Chair of the School Board

Original signed by _____ Director of Education

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

York Region District School Board

Statement of operations and accumulated surplus

year ended August 31, 2021

(In thousands of dollars)

	Budget	2021	2020
	\$	\$	\$
Revenues			
Provincial legislative grants	873,538	848,239	788,803
Government of Ontario - other	12,616	46,413	11,498
Local taxation	666,915	680,915	666,908
Government of Canada (Note 14)	194	8,701	685
Other fees and revenue	66,300	63,831	106,809
Investment income	7,094	8,017	10,135
School fundraising	34,026	7,719	32,740
	1,660,683	1,663,835	1,617,578
Expenses (Note 13)			
Instruction	1,247,277	1,250,445	1,170,019
Administration	43,101	39,200	39,382
Pupil transportation	47,328	41,746	40,718
Pupil accommodation	234,996	232,858	220,882
Other	10,433	13,020	10,185
School funded activities	34,026	9,118	31,623
	1,617,161	1,586,387	1,512,809
Annual surplus	43,522	77,448	104,769
Accumulated surplus, beginning of year	811,805	852,852	748,083
Accumulated surplus, end of year (Note 19)	855,327	930,300	852,852

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, 2021

(In thousands of dollars)

	Budget	2021	2020
	\$	\$	\$
Annual surplus	43,522	77,448	104,769
Acquisition of tangible capital assets (Note 10)	(115,014)	(68,505)	(146,116)
Amortization of tangible capital assets (Note 10)	74,167	77,076	70,994
Proceeds on sale of tangible capital assets	-	187	-
Less: Gain on sale allocated to deferred revenue	-	(187)	-
Transfer to assets held for sale (Note 4)	-	-	-
Consumption (Acquisition) of supplies inventories	-	4,381	(4,381)
Consumption (Acquisition) of prepaid expenses	-	(560)	(1,270)
	(40,847)	12,392	(80,773)
Change in net debt	2,675	89,840	23,996
Net debt, beginning of the year	(1,098,716)	(1,098,716)	(1,122,712)
Net debt, end of year	(1,096,041)	(1,008,876)	(1,098,716)

York Region District School Board

Statement of cash flows year ended August 31, 2021 (In thousands of dollars)

	2021	2020
	\$	\$
Operating transactions		
Annual surplus	77,448	104,769
Items not involving cash		
Amortization, write downs, (gain)loss on disposal of TCA and transfers to AHFS (Note 10)	77,076	70,994
Amortization of deferred capital contributions (Note 9)	(72,349)	(66,673)
Deferred gain on disposal of assets	(187)	-
Decrease / (Increase) in accounts receivable - others	172,581	(181,446)
Decrease / (Increase) in accounts receivable - Delayed Grant Payment	(41,346)	(58,559)
Increase / (Decrease) in accounts payable and accrued liabilities	(153,894)	193,216
Increase / (Decrease) in other liabilities	(13,452)	(1,634)
Increase / (Decrease) in deferred revenues - operating	(1,925)	10,570
Increase / (Decrease) in retirement and other employee future benefit liabilities	(4,868)	382
Decrease / (Increase) in prepaid expenses	(560)	(1,270)
Decrease / (Increase) in inventories of supplies	4,381	(4,381)
	42,905	65,968
Capital transactions		
Proceeds on sale of tangible capital assets	187	-
Acquisition and transfer of tangible capital assets	(68,505)	(146,116)
	(68,318)	(146,116)
Financing transactions		
Increase / (Decrease) in temporary borrowing (Note 12)	(38,500)	38,500
Debt repayment and sinking fund contributions	(51,362)	(48,952)
Accounts receivable - Government of Ontario	38,798	51,816
Additions to (disposals from) deferred capital contributions	64,240	43,905
Deferred revenue - other	28,615	(16,421)
	41,791	68,848
Net change in cash	16,378	(11,300)
Cash, beginning of the year	246,441	257,741
Cash, end of year	262,819	246,441

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, 2021

(In thousands of dollars)

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, 2021

(In thousands of dollars)

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	3 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.

The useful life for computer hardware was revised from five years to three years based on new information related to the actual life of the assets. As such, additional amortization was recorded for these assets as needed to bring the net book value in line with this new policy. The impact of this change is \$3,816.

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, 2021

(In thousands of dollars)

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, 2021

(In thousands of dollars)

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 asset balances.

(n) Liability for contaminated sites

The Board annually reviews its sites 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, 2021

(In thousands of dollars)

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. 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 \$505,362 (2020 - \$544,160) with respect to capital grants.

3. ACCOUNTS RECEIVABLE – DELAYED GRANT PAYMENT

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, 2021 is \$287,228 (2020 - \$245,883).

4. ASSETS HELD FOR SALE

As of August 31, 2021, there was \$Nil (2020 - \$Nil) assets held for sale.

5. 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.

York Region District School Board

Notes to the financial statements

August 31, 2021

(In thousands of dollars)

5. OTHER LIABILITY (CONTINUED)

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:

	2021	2020
	\$	\$
Balance, beginning of year	1,536	1,776
Funding received	-	-
Expenses on behalf of projects	(150)	(240)
Balance, end of year	1,386	1,536

6. NET LONG-TERM DEBT

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

	2021	2020
	\$	\$
Debenture	472,216	514,570
Sinking Fund Debenture	150,000	150,000
	622,216	664,570
Less: Sinking Fund Assets	(126,025)	(117,017)
	496,191	547,553

Principal repayments and sinking fund contributions relating to net long-term borrowings of \$496,191 outstanding as at August 31, 2021 (2020 - \$547,553) are due as follows:

	Principal and sinking fund contributions	Interest	Total
	\$	\$	\$
2021-2022	48,277	32,078	80,355
2022-2023	46,985	29,702	76,687
2023-2024	49,491	17,371	66,862
2024-2025	40,725	14,909	55,634
2025-2026	33,731	12,987	46,718
Thereafter	256,676	57,317	313,993
	475,885	164,364	640,249

York Region District School Board

Notes to the financial statements

August 31, 2021

(In thousands of dollars)

6. NET LONG-TERM DEBT (CONTINUED)

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 (2020 - April 2023 and March 2041) and carry interest rates ranging from 2.993% to 6.450% (2020 - 2.993% to 6.450%). Included in the net long-term debt are outstanding sinking fund debentures of \$150,000 (2020 - \$150,000) secured by sinking fund assets with a carrying value of \$126,025 (market value - \$132,857) (2020 - \$117,017 (market value - \$127,963)). 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 0.4450% to 6.6500% (2020 - 1.1600% to 6.6500%).

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

	2021	2020
	\$	\$
Principal payments on long-term borrowings		
including contributions to sinking funds	51,362	48,952
Interest payments on long-term borrowings	33,776	35,952
	85,138	84,904

7. 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, 2021 is comprised of:

	Balance as at August 31, 2020	Externally restricted revenue and investment income	Revenue recognized in the year/ Transfers to deferred capital contributions	Balance as at August 31, 2021
	\$	\$	\$	\$
Proceeds of disposition of land and buildings	33,358	187	(617)	32,928
Education Development Charge	-	53,841	(30,445)	23,396
Schools first child care retrofit	4,745	-	-	4,745
Temporary Accommodation	-	1,417	(1,055)	362
Special Education	11,167	4,520	(3,412)	12,275
Targeted Student Supports	5,659	5,677	(4,831)	6,505
Experiential Learning	-	2,557	(972)	1,585
School Renewal	16,123	17,838	(14,136)	19,825
Priorities and Partnerships Fun	4,632	35,027	(38,906)	753
Total	75,684	121,064	(94,374)	102,374

York Region District School Board

Notes to the financial statements

August 31, 2021

(In thousands of dollars)

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES

Retirement and other employee future benefit liabilities

			2021	2020
	Retirement and sick leave benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligations	46,681	25,313	71,994	78,471
Unamortized actuarial loss	(5,256)	-	(5,256)	(6,864)
Employee future benefit liabilities	41,425	25,313	66,738	71,607

Retirement and other employee future benefit expenses

			2021	2020
	Retirement and sick leave benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
	\$	\$	\$	\$
Current year benefit cost	1,844	2,795	4,639	8,412
Interest on accrued benefit obligation	667	370	1,037	1,505
Cost of plan amendments	14	-	14	-
Change due to plan curtailment	-	(621)	(621)	-
Amortization of actuarial (gain) losses	1,927	(69)	1,858	392
Employee future benefits expense	4,452	2,475	6,927	10,309

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 \$7,746 (2020 - \$5,269) for retirement and sick leave benefits and \$4,050 (2020 - \$4,658) 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.

York Region District School Board

Notes to the financial statements

August 31, 2021

(In thousands of dollars)

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES (continued)

(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, 2021, the School Board contributed \$19,736 (2020 - \$19,000) 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.

(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. The eligible members of the employee group who retired on or before August 12, 2021 are entitled to core health and dental coverage with the Board paying 100% of the retiree ONE-T premium rates on early retirement until the member or member's spouse turns age 65 or for a period of 10 years whichever comes first. 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 subsidization of these retirees under this group plan are included in the Board's consolidated 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 \$2,934 (2020 - \$696).

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, 2021 (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, 2021.

York Region District School Board

Notes to the financial statements

August 31, 2021

(In thousands of dollars)

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2021 are based on actuarial valuations for accounting purposes as at August 31, 2021. 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:

	2021	2020
	%	%
Inflation	1.50	1.50
Inflation (WSIB)	2.00	2.00
Salary grid placement	0.00	0.00
Health care cost escalation	7.00	7.25
Health care cost escalation (WSIB)	4.00	4.00
Dental costs escalation	4.50	4.50
Discount on accrued benefit obligations	1.80	1.40

9. 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.

	2021	2020
	\$	\$
Balance, beginning of year	1,313,412	1,336,180
Additions to deferred capital contributions	64,240	43,905
Disposals from deferred capital contributions	-	-
Revenue recognized in the year	(72,349)	(66,673)
Balance, end of year	1,305,303	1,313,412

York Region District School Board

Notes to the financial statements

August 31, 2021

(In thousands of dollars)

10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization			Net book value	Net book value	
	Balance at August 31, 2020	Additions and transfers	Disposals	Balance at August 31, 2021	Balance at August 31, 2020	Amortization and write-off	Disposals, and adjustments	Balance at August 31, 2021	August 31, 2020
	9	\$	\$	\$	\$	\$	\$	\$	\$
Land	554,453	901	-	555,354	-	-	-	555,354	554,453
Land improvements	46,349	8,547	-	54,896	10,996	3,336	-	14,332	35,353
Buildings (40 years)	2,088,639	36,200	-	2,124,839	787,253	57,743	-	844,996	1,301,386
Portable structures	28,275	4,375	-	32,650	8,629	1,529	-	10,158	19,646
Equipment	12,427	854	1,437	11,844	5,574	1,219	1,437	5,356	6,853
First-time equipping	28,309	192	4,207	24,294	16,602	2,630	4,207	15,025	11,707
Furniture	703	99	38	764	309	73	38	344	394
Computer hardware	21,725	13,630	9,218	26,137	9,189	10,108	9,218	10,079	12,536
Computer software	1,186	2,115	61	3,240	413	197	60	550	773
Vehicles	2,162	171	163	2,170	1,357	241	163	1,435	805
Construction in progress	-	-	-	-	-	-	-	-	-
Pre-construction costs	1,365	1,409	-	2,774	-	-	-	-	1,365
Pre-acquisition costs	646	12	-	658	-	-	-	-	646
Asset Permanently Removed from Service	809	-	-	809	809	-	-	809	-
	2,787,048	68,505	15,124	2,840,429	841,131	77,076	15,123	903,084	1,945,917

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 (2020 - \$Nil).

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

The School Board has reclassified from tangible capital assets \$Nil (2020 - \$Nil) tangible capital assets with a net book value of \$Nil (2020 - \$Nil) that qualifies as "assets permanently removed from service".

York Region District School Board

Notes to the financial statements

August 31, 2021

(In thousands of dollars)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as at August 31, 2021 is comprised of:

	2021	2020
	\$	\$
Due to Province of Ontario	70,337	241,407
Liability for contaminated sites	-	-
Trade payables and accruals	100,817	83,640
	171,154	325,047

12. BANK AND SHORT-TERM BORROWING

The School Board has two available credit facilities which include a \$60,000 general operating facility and a \$10,000 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 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, 2021 was Nil (2020 - \$38,500) at current bankers' acceptances rate.

13. EXPENSES BY OBJECT

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

	2021	2020
	\$	\$
Salaries and wages	1,136,643	1,064,441
Employee benefits	181,067	174,564
Staff development	2,771	2,549
Supplies and services	79,864	67,679
Interest & payments on long-term debt	33,775	35,952
Rental expenditures	1,660	3,193
Fee and contract services	54,387	54,622
Other	10,026	7,192
Amortization of tangible capital assets (incl. writedowns & losses)	77,076	70,994
School funded activities	9,118	31,623
	1,586,387	1,512,809

York Region District School Board

Notes to the financial statements

August 31, 2021

(In thousands of dollars)

14. GOVERNMENT OF CANADA TUITION AND FUNDING AGREEMENTS

The Government of Canada on behalf of Chippewas of Georgina Island paid \$159 (2020 - \$199) for tuition fees for First Nations pupils attending York Region District School Board schools as per the Tuition Agreement, and \$73 (2020 - \$67) 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 \$293 (2020 - \$419) from Government of Canada for the Language Instruction for New Canadians ("LINC") program and Youth Mentorship.

The Board received new federal funds for 2020-21 to support the continued safe operation of schools: \$1,231 Climate Action Incentive Funding (CAIF) and COVID-19 Resilience Infrastructure Stream (CVRIS) 80%, and \$6,945 COVID-19 related Federal Priorities and Partnerships Funding (PPF).

15. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On June 1, 2003, the School Board received \$11,434 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, 2021 was \$852 (2020 - \$852).

16. CONTRACTUAL OBLIGATIONS

The School Board has awarded tenders for capital projects to various builders for a total of \$23,165 (2020 - \$21,810). As at August 31, 2021, approximately \$19,373 (2020 - \$9,093) has been applied against these contracts, leaving a balance of \$3,792.

17. 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, 2021, 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 \$209 (2020 - \$81) as at year end.

18. 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, 2021

(In thousands of dollars)

18. TRANSPORTATION CONSORTIUM (CONTINUED)

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

	2021		2020	
	Total	Board portion	Total	Board portion
	\$	\$	\$	\$
Expenses	1,650	824	1,978	1,012

19. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
School generated funds	13,476	14,876
Revenues recognized for land	556,013	525,105
Debenture interest accrual	(9,918)	(10,476)
	<u>559,571</u>	<u>529,505</u>
Available for compliance - unappropriated	127,524	96,242
Available for compliance - internally appropriated	243,205	227,105
	<u>930,300</u>	<u>852,852</u>

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

20. IN-KIND TRANSFERS FROM THE MINISTRY OF GOVERNMENT AND CONSUMER SERVICES

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The 2020-21 in-kind revenue recorded for these transfers is \$7,128 with associated expenses based on use of \$7,128 for a \$Nil net impact.

York Region District School Board

Notes to the financial statements

August 31, 2021

(In thousands of dollars)

21. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$7,000 per occurrence.

The ultimate premiums over a five-year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five-year term expires on January 1, 2024.

22. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19") as a global pandemic which had a significant impact on the global economy and the education system. A series of public health and emergency measures have been put in place to combat the spread of the virus. The short term financial impact of COVID-19 is reflected in the Statement of operation including decreased enrollment due to decreases in both immigration and migration, additional one time stabilization funding and COVID-19 support funding from Ministry of Education and Federal government, as well as savings due to school closures throughout the school year. Given the dynamic nature of these circumstances, the long-term duration and financial impact of COVID-19 is unknown and cannot be reasonably estimated at this time.

23. COMPARATIVE FIGURES

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