
Consolidated financial statements of
Toronto Catholic District
School Board

August 31, 2020

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Management Report

Year ended August 31, 2020

Re: Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Toronto Catholic District School Board are the responsibility of the School 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 consolidated 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 consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by Deloitte 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 School Board's consolidated financial statements.

Director of Education

Chief Financial Officer

_____, 2020

Independent Auditor's Report

To the Board of Trustees of the
Toronto Catholic District School Board

Opinion

We have audited the consolidated financial statements of Toronto Catholic District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2020, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements of the Board 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 ("Canadian GAAS"). 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 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

Without modifying our opinion, we draw attention to Note 1(a) of 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 the 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 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 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.

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 GAAS 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 GAAS, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Chartered Professional Accountants
Licensed Public Accountants
_____, 2020

Toronto Catholic District School Board
Consolidated statement of financial position

As at August 31, 2020
(In thousands of dollars)

	Notes	2020 \$	2019 \$
Assets			
Cash and cash equivalents		145,906	78,347
Accounts receivable	3	189,450	74,413
Account receivable – Government of Ontario	2	382,420	376,931
Investments		15,000	15,170
Restricted cash	12	649	2,232
		733,425	547,093
Liabilities			
Accounts payable and accrued liabilities	4	230,460	78,179
Net long-term debt	8	271,641	289,674
Deferred revenue	5	109,040	103,582
Retirement and other employee future benefits payable	11	61,265	63,625
Deferred capital contributions	6	846,769	865,603
		1,519,175	1,400,663
Net debt		(785,750)	(853,570)
Non-financial assets			
Prepaid expenses		1,707	2,586
Tangible capital assets	10	1,301,207	1,284,706
		1,302,914	1,287,292
Commitments and contingencies	14		
Accumulated surplus		517,164	433,722

The accompanying notes are an integral part of the consolidated financial statements.

Approved on behalf of the Board

_____, Chair of the Board

_____, Director of Education

Toronto Catholic District School Board
Consolidated statement of operations

Year ended August 31, 2020
(In thousands of dollars)

	Notes	Budget \$	2020 Actual \$	2019 Actual \$
Revenue				
Provincial grants				
Student needs		1,072,529	1,078,211	1,092,248
Amortization of deferred capital contributions	6	61,570	63,140	59,698
Other		13,669	11,523	18,037
School generated funds		30,265	34,271	40,941
Investment income		58	1,078	1,297
Other fees and revenue		110,592	79,550	118,660
		1,288,683	1,267,773	1,330,881
Expenses				
Instruction	13	944,600	907,808	920,105
Administration		28,339	30,157	29,206
Transportation		37,390	35,026	37,325
Pupil accommodation		170,334	164,125	167,698
School generated funds		30,265	32,115	40,094
Other		10,335	15,100	20,675
		1,221,263	1,184,331	1,215,103
Annual surplus		67,420	83,442	115,778
Accumulated surplus, beginning of year		433,722	433,722	317,944
Accumulated surplus, end of year		501,142	517,164	433,722

The accompanying notes are an integral part of the consolidated financial statements.

Toronto Catholic District School Board
Consolidated statement of change in net debt
Year ended August 31, 2020
(In thousands of dollars)

	Budget	2020	2019
	\$	Actual	Actual
		\$	\$
Annual surplus	67,420	83,442	115,778
Tangible capital asset activities			
Purchase of tangible capital assets	(113,234)	(79,699)	(169,851)
Amortization of tangible capital assets	61,268	63,198	59,756
	(51,966)	(16,501)	(110,095)
Other non-financial asset activities			
Acquisition of prepaid expenses	—	(1,707)	(2,586)
Use of prepaid expenses	—	2,586	2,773
	—	879	187
Change in net debt	15,454	67,820	5,870
Net debt, beginning of year	(853,570)	(853,570)	(859,440)
Net debt, end of year	(838,116)	(785,750)	(853,570)

The accompanying notes are an integral part of the consolidated financial statements.

Toronto Catholic District School Board**Consolidated statement of cash flows**

Year ended August 31, 2020

(In thousands of dollars)

	Notes	2020 \$	2019 \$
Operating activities			
Annual surplus		83,442	115,778
Items not involving cash			
Amortization of tangible capital assets		63,198	59,756
Amortization of deferred capital contributions		(63,140)	(59,698)
Changes in non-cash assets and liabilities			
Accounts receivable		(115,037)	4,135
Prepaid expenses		879	187
Accounts payable and accrued liabilities		152,281	(15,837)
Deferred revenue – operating		(335)	(1,425)
Retirement and other employee future benefits payable		(2,360)	(5,102)
		118,928	97,794
Capital activity			
Purchase of tangible capital assets, net of disposals		(79,699)	(169,851)
Investing activity			
Redemption (acquisition) of investments, net		170	(14,840)
Financing activities			
Increase in account receivable – Government of Ontario, net		(5,489)	(41,185)
Debt repayment and sinking fund contributions		(18,033)	(17,171)
Repayment of obligations under capital lease		–	(154)
Decrease in restricted cash held in joint bank account	18	1,583	18,607
Additions to deferred capital contributions		23,209	56,410
Change in deferred revenue – capital		26,890	(25,027)
		28,160	(8,520)
Increase (decrease) in cash and cash equivalents		67,559	(95,417)
Cash and cash equivalents, beginning of year		78,347	173,764
Cash and cash equivalents, end of year		145,906	78,347
Cash and cash equivalents consists of:			
Cash		516	755
Cash equivalents		145,390	77,592
		145,906	78,347

The accompanying notes are an integral part of the consolidated financial statements.

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

1. Significant accounting policies

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

(a) Basis of accounting

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

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario ("Province"). A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian Public Sector Accounting Standards ("PSAS") 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 passed Regulation 395/11 of the Financial Administration Act. Regulation 395/11 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 consolidated statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. Regulation 395/11 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 PSAB, which requires that:

- (i) government transfers, including amounts previously recognized as tax revenue, 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 PSAS PS3410;
- (ii) 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 PSAS PS3100; and
- (iii) property taxation revenue be reported as revenue when received or receivable in accordance with PSAS PS3510.

As a result, revenue recognized in the consolidated statement of operations and certain related deferred revenue and deferred capital contributions would be recorded differently under PSAS.

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity comprises all organizations which are controlled by the Toronto Catholic District School Board ("Board").

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

1. Significant accounting policies (continued)

(b) Reporting entity (continued)

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

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(c) Trust funds

Trust funds and their related operations administered by the Board, amounting to \$529 (\$557 in 2019), have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations, as they are not controlled by the Board.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of 90 days or less.

(e) Investments

Temporary investments consist of marketable securities, which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the consolidated statement of financial position at the lower of cost or fair value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost and assessed regularly for permanent impairment.

(f) Deferred revenue

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 are performed.

(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 assets received or receivable for use in providing services, are recorded as deferred capital contributions, as defined in Regulation 395/11. These amounts are recognized as revenue in the consolidated statement of operations at the same rate as related tangible capital assets are amortized. The following items fall under this category:

- (i) government transfers received or receivable for capital purposes;
- (ii) other restricted contributions received or receivable for capital purposes; and
- (iii) amounts previously recognized as property taxation revenue which were historically used to fund capital assets.

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

1. Significant accounting policies (continued)

(h) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, dental benefits, retirement gratuity, worker's compensation, accumulated sick leave and long-term disability 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: Elementary Teachers' Federation of Ontario (ETFO), Ontario English Catholic Teachers' Association (OECTA), Education Workers' Alliance of Ontario (EWAO), Canadian Union of Public Employees (CUPE), and Ontario Non-union Education Trust for non-unionized employees including principals, vice-principals, directors and supervisory officers. The ELHTs provide health, dental and life insurance 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 being 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) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

The Board continues to provide health, dental and life insurance benefits for retired individuals in the following employee groups: CUPE and EWAO(APPSP) and continues to have a liability for payment of benefits for those who are on long-term disability and for some who are retired under these plans.

The 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 salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities were 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 benefits method prorated on service. Under this method, the costs are recognized over the expected average service life of each employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' 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 cost of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, 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.

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

1. Significant accounting policies (continued)

(i) *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 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.

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

Asset class	<u>Estimated useful life in years</u>
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-15
Leasehold improvements	Over lease term

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale 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 consolidated statement of financial position.

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

(j) *Government transfers*

Government transfers, which include legislative grants, are recognized in the consolidated 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 consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

1. Significant accounting policies (continued)

(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, educational development charges and special education is added to the deferred revenue 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 Board of Trustees ("Trustees"). The budget approved annually 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. The approved operating budget for 2019–2020 is reflected on the consolidated statement of operations. The budget was approved on July 2, 2019.

(m) Use of estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the year. 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. Accounts subject to significant estimates include accrued liabilities, retirement and other employee future benefits payable, useful lives of tangible capital assets and the recognition of deferred amounts related to capital contributions.

(n) Property tax revenue

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

2. Account receivable – Government of Ontario

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

The Board has an account receivable from the Province of \$256,619 as at August 31, 2020 (\$300,485 in 2019) 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 of Education 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 of Education. The balance of delayed grant payments included account receivable – Government of Ontario as at August 31, 2020 is \$125,801 (\$76,446 in 2019).

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

3. Account receivable

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 \$183,595 (\$65 in 2019) 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.

4. Accounts payable and accrued liabilities

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay 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 \$147,248 (nil in 2019) and has been included in Accounts payable and accrued liabilities on the statement of financial position. This amount will be recovered by the Province during the year ending August 31, 2021.

5. Deferred revenue

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 consolidated statement of financial position.

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

	Balance, August 31, 2019 \$	Externally restricted revenue and investment income \$	Revenue recognized during the year \$	Transfers to deferred capital contributions \$	Balance, August 31, 2020 \$
Pupil accommodation	29,795	59,775	(38,791)	(17,939)	32,840
Education development charges	—	48,762	(44,719)	—	4,043
Proceeds of disposition	40,789	881	—	—	41,670
Financial contributions	2,419	—	—	—	2,419
Other	30,579	165,617	(164,970)	(3,158)	28,068
	103,582	275,035	(248,480)	(21,097)	109,040

6. 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 asset acquired.

	2020 \$	2019 \$
Balance, beginning of year	865,603	847,024
Transfers from deferred revenue	21,097	21,867
Additions to deferred capital contributions	23,209	56,410
Revenue recognized in the year	(63,140)	(59,698)
Balance, end of year	846,769	865,603

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

7. Temporary borrowing

The Board has an operating line of credit available to a maximum of \$65,000 to address operating requirements. No amounts have been drawn as at August 31, 2020 (nil in 2019).

Interest on the operating facility is at the bank's prime lending rate minus 0.65%, which is due on demand.

8. Net long-term debt

Net long-term debt reported on the consolidated statement of financial position comprises the following:

	Interest rate	Maturity date	2020 \$	2019 \$
Deventure CIBC Mellon Trust Series 2002-A2	5.900	October 11, 2027	46,379	51,172
Deventure CIBC Mellon Trust Series 2003-A2	5.800	November 7, 2028	25,442	27,701
Debenture Ontario Financing Authority ("OFA") Series 2009-A2	5.347	November 15, 2033	16,549	17,368
Debenture OFA Series 2009-A4	5.105	May 15, 2029	12,600	13,678
Debenture OFA Series 2007	4.560	November 15, 2031	8,642	9,203
Debenture OFA Series 2009-A3	5.062	March 13, 2034	9,055	9,498
Debenture OFA Series 2010-A345	5.232	April 13, 2035	8,609	8,983
Debenture OFA Series 2008	4.900	March 3, 2033	7,812	8,242
Debenture OFA Series 2009-A5	4.672	May 15, 2024	1,846	2,257
Debenture CIBC Mellon Trust Series 2000-A1	7.200	June 9, 2025	2,321	2,695
Debenture OFA Series 2010-A1	4.762	November 15, 2029	2,450	2,650
Debenture OFA Series 2009-A1	4.766	November 15, 2024	1,445	1,726
Debenture OFA Series 2010-A2	4.337	November 15, 2024	611	732
Debenture OFA Series 2013	3.663	June 25, 2038	47,321	49,135
Debenture OFA Series 2014	4.037	October 30, 2028	19,913	21,852
Debenture OFA Series 2014B	4.033	March 11, 2039	29,448	30,480
Debenture OFA Series 2015	2.993	March 9, 2040	20,850	21,611
Debenture OFA Series 2016	3.242	November 16, 2040	10,121	10,457
Debenture OFA Series 2017	3.594	March 14, 2042	227	234
Balance, end of year			271,641	289,674

Principal contributions and interest payments on the debenture debt due over the next five years and thereafter are as follows:

Fiscal year	Principal contributions \$	Interest payments \$	Total \$
2020/2021	18,940	12,335	31,275
2021/2022	19,895	11,380	31,275
2022/2023	20,899	10,376	31,275
2023/2024	21,957	9,318	31,275
2024/2025	22,298	8,211	30,509
Thereafter	167,652	37,120	204,772
	271,641	88,740	360,381

Interest on net long-term debt amounted to \$13,088 (\$13,974 in 2019).

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

9. Debt repayment

The expenditure for debt charges, capital loans and capital leases include principal payments.

	2020	2019
	\$	\$
Principal payments on net debt, including contributions to sinking funds	18,033	17,171
Principal payments on capital leases	—	154
Interest payments on net debt	13,088	13,974
	31,121	31,299

Draft

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

10. Tangible capital assets

	Balance, September 1, 2019 \$	Additions and transfers \$	Disposals \$	Cost	Balance, September 1, 2019 \$	Accumulated amortization			Net book value	
				Balance, August 31, 2020 \$		Amortization \$	Disposals \$	Balance, August 31, 2020 \$	August 31, 2020 \$	August 31, 2019 \$
Land	405,411	31,432	5,591	442,434	—	—	—	—	442,434	405,411
Land improvements	38,785	4,483	—	43,268	11,967	2,901	—	14,868	28,400	26,818
Buildings	1,417,922	27,531	33,757	1,479,210	662,178	54,624	—	716,802	762,408	755,744
Furniture and equipment	41,501	6,352	(4,075)	43,778	20,263	5,673	(4,075)	21,861	21,917	21,238
Construction in progress	75,495	9,901	(39,348)	46,048	—	—	—	—	46,048	75,495
	<u>1,979,114</u>	<u>79,699</u>	<u>(4,075)</u>	<u>2,054,738</u>	<u>694,408</u>	<u>63,198</u>	<u>(4,075)</u>	<u>753,531</u>	<u>1,301,207</u>	<u>1,284,706</u>

Assets under construction

Assets under construction of \$46,048 (\$58,618 in 2019) have not been amortized. Amortization of these assets will commence when the asset is put into service.

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(In thousands of dollars)

11. Retirement and other employee future benefits

				2020	2019
	Pension Benefits	Retirement benefits	Other employee future benefits	Total	Total
	\$	\$	\$	\$	\$
Accrued benefit obligation					
Balance, beginning of year	3,747	54,178	10,024	67,949	70,957
Employer current service cost	121	—	3,956	4,077	4,696
Interest on accrued benefit obligation	72	1,027	210	1,309	1,953
Benefits paid	(384)	(5,681)	(2,207)	(8,272)	(12,864)
Change due to Plan Amendment	—	—	—	—	849
Actuarial, losses	225	557	—	782	2,358
Balance, end of year	3,781	50,081	11,983	65,845	67,949
Unamortized actuarial (losses) gains	(819)	(3,761)	—	(4,580)	(4,324)
Accrued benefit liability	2,962	46,320	11,983	61,265	63,625
Retirement and other employee future benefits expense(i)					
Current year benefit costs	121	—	3,956	4,077	4,696
Interest on accrued benefit obligation	72	1,026	210	1,308	1,953
Change due to Plan Amendment	—	—	—	—	849
Amortization of actuarial (gains) losses	71	457	—	528	264
Employee future benefits expense (recovery)(i)	264	1,483	4,166	5,913	7,762

(i) Excluding pension contributions to OMERS, a multi-employer pension plan described below.

The amounts of the employee future benefit liabilities for the other post-employment benefits 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 and the Board's best estimates of expected rates are as follows:

	Retirement benefits		Other employee future benefits	
	2020	2019	2020	2019
Discount on accrued benefit obligations	1.40%	2.00%	1.40%	2.00%
Wage and salary escalation	—	—	—	—
Dental costs escalation	4.50%	4.50%	4.50%	4.50%
Insurance and health care cost escalation	7.25% per annum grading down to an ultimate rate of 4.50%	7.50% per annum grading down to an ultimate rate of 4.50%	7.25% per annum grading down to an ultimate rate of 4.50%	7.50% per annum grading down to an ultimate rate of 4.50%

(a) Retirement gratuity plans

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

The amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days and years of service at August 31, 2012.

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(In thousands of dollars)

11. Retirement and other employee future benefits (continued)

(b) Long-term disability benefits

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date to employees up to the transition to the ELHT or to employees who are not yet members of an ELHT. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(c) Retirement life insurance and health care benefits

The 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 Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

(d) Life insurance benefits

The Board provides a separate life insurance benefits plan for certain retirees. The premiums are based on the Board experience or the rate for active employees. Depending on the year in which a retiree has retired and the board's prior arrangements, retirees' premiums could be subsidized by the 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.

(e) Sick leave top-up benefits

A maximum of 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 illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$108 (\$341 in 2019).

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, 2018 (the date at which probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2020.

(f) Workplace Safety and Insurance Board ("WSIB")

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("WSI Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the WSI Act. The Board does not fund these obligations in advance of payment made under the WSI Act. School boards are required to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. WSIB amounts paid in the year were \$2,207 (\$2,871 in 2019).

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

11. Retirement and other employee future benefits (continued)

(g) Post-employment benefits

Certain senior staff who retire or leave under a voluntary exit plan may elect, if their contractual arrangements permit, to continue coverage of health insurance and/or dental insurance and life insurance. The Board will pay 100% of the cost and the coverage terminates when the employee reaches age 65. In addition, supervisory office, non-union, office, clerical, technical and custodial staff are eligible for a \$5 life insurance benefit if they retire on or after age 65. Post-employment benefits paid in the year were \$384 (\$411 in 2019). The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(h) 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. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

(i) Ontario Municipal Employees Retirement System ("OMERS")

All non-teaching employees of the Board are eligible to be members of OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Employees contribute up to 8.8% of their earnings and the Board matches the employee contributions to the plan. During the year ended August 31, 2020, the Board contributed \$15,303 (\$15,223 in 2019) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

12. Restricted cash

The Board has restricted cash in a Joint bank account with the Toronto District School Board for \$649 (\$2,232 in 2019) (See Note 18).

13. Expenses by object

The following is a summary of the expenses reported on the consolidated statement of operations by object:

	Budget	Actual	Actual
	2020	2020	2019
	\$	\$	\$
Salary and wages	842,153	817,308	826,035
Employee benefits	144,870	141,413	141,549
Staff development	1,612	966	986
Supplies and services	90,417	90,466	102,305
Debt charges and interest	13,316	13,088	13,974
Rental	3,297	6,087	6,965
Fees and contract services	63,805	47,657	59,686
Other	165	4,148	3,847
Amortization of tangible capital assets	61,628	63,198	59,756
	1,221,263	1,184,331	1,215,103

Toronto Catholic District School Board
Notes to the consolidated financial statements

August 31, 2020

(In thousands of dollars)

14. Commitments and contingencies

(a) Commitments

(i) Construction commitments

Commitments on incomplete construction contracts for various school building projects amounted to approximately \$20,726 (\$31,050 in 2019) as at August 31, 2020.

(ii) Letters of credit

The Board has 61 (63 in 2019) bank letters of credit outstanding in favour of the local government totaling \$8,095 (\$8,133 in 2019) as at August 31, 2020, pertaining to construction projects. The latest expiry date is August 30, 2021.

(iii) Operating leases and maintenance contracts

The Board has operating leases and maintenance contracts with the following annual payments:

	\$
2020/2021	6,573
2021/2022	5,427
2022/2023	2,920
2023/2024	1,716
2024/2025	1,697
Thereafter	<u>31,281</u>
	<u>49,614</u>

(b) Contingencies

(i) 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 consolidated financial statements.

15. Ontario School Board Insurance Exchange ("OSBIE")

The Board is a member of OSBIE, a reciprocal insurance company licensed under the Insurance Act that is funded by the member boards across Ontario. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24,000 per occurrence.

The ultimate premiums over a five year period are based on both the reciprocals 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 in December 2021.

Toronto Catholic District School Board
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August 31, 2020

(In thousands of dollars)

16. Repayment of The "55 School Board Trust" funding

On June 1, 2003, the Board received \$50,415 from The "55 School Board Trust" (the "Trust") for its capital-related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the Trust. The Trust was created to refinance the outstanding not permanently financed ("NPF") debt of participating boards that are beneficiaries of the Trust. Under the terms of the agreement, the Trust repaid the Board's debt in consideration for the assignment by the Board to the Trust of future provincial grants payable to the Board in respect of the NPF debt.

The flow-through of \$3,765 (\$3,765 in 2019) in grants in respect of the above agreement for the year ended August 31, 2020, is recorded in these consolidated financial statements.

17. Toronto Transportation Group

On September 21, 2011, the Toronto Transportation Group was created as a Membership Agreement between the Board and the TDSB in order to provide common administration of student transportation in the City. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the school boards. Under the agreement, decisions related to the financial and operating activities of the Toronto Transportation Group are shared. No party is in a position to exercise unilateral control.

The Board's portion of transportation expenses has been included in the consolidated statement of operations.

18. Financial contribution agreements

During 2001-2002, the Board established three joint trust accounts with the TDSB pertaining to Education Development Levy Agreements. These Agreements pertain to building developments that pre-date the passing of the Education Development Charges provisions of the Education Act. The total levy amount in these joint trust accounts as at August 31, 2020 is \$34,022. These funds must be used for construction of school facilities in specific designated areas of the City of Toronto once funds are allocated by the Ministry of Education. On June 26, 2017 the Ministry of Education approved a capital funding allocation from the joint trust of \$19,625 for the construction of an elementary school. As at August 31, 2020 \$18,975 of the allocated funds has been spent and included in construction in progress and deferred capital contributions, the remaining \$649 has remained in restricted cash in joint trust accounts. The remaining Board's financial interest in these joint trust accounts has not been reflected in the consolidated financial statements, as the amounts are determined jointly and will be apportioned at the time the funds are required for school construction.

19. COVID-19 Pandemic

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Board in future periods.