



**York Catholic District School Board
Consolidated Financial Statements
Year ended August 31, 2020**



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Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the York Catholic District School Board are the responsibility of the Board 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 to the consolidated financial statements.

The preparation of 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.

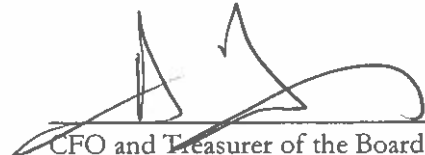
The consolidated financial statements have been audited by Grant Thornton LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Original Signed by



Interim Director of Education

Original Signed by



CFO and Treasurer of the Board

November 10, 2020

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of York 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 flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated 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 Consolidated 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 consolidated 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

We draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting used in the preparation of these consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of

consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 consolidated 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.

Grant Thornton LLP

Toronto, Canada
November 10, 2020

Chartered Professional Accountants
Licensed Public Accountants



York Catholic District School Board
Consolidated Statement of Financial Position

As at August 31,

2020

2019

Financial assets

Cash and cash equivalents	\$ 66,669,371	\$ 77,700,843
Temporary investments (Note 2)	30,000,000	25,000,000
Accounts receivable	13,521,249	5,261,397
Accounts receivable – Government of Ontario (Note 3)	335,426,266	320,420,413
Accounts receivable – Municipalities (Note 4)	73,823,790	23,626,435
Assets held for sale (Note 6)	-	3,671,864
Other financial assets	<u>684,812</u>	<u>835,018</u>

Total financial assets

520,125,488 456,515,970

Liabilities

Accounts payable and accrued liabilities	40,184,152	39,659,762
Accounts payable – Government of Ontario (Note 5)	58,809,475	-
Deferred revenue (Note 7)	117,517,932	92,163,092
Other liabilities	4,459,527	5,783,048
Deferred capital contributions (Note 8)	660,250,530	673,515,125
Retirement and other employee future benefits (Note 9)	18,943,203	19,107,681
Net long-term debt and capital lease (Note 10)	<u>267,387,393</u>	<u>293,965,799</u>

Total liabilities

1,167,552,212 1,124,194,507

Net debt

(647,426,724) (667,678,537)

Non-financial assets

Tangible capital assets (Note 14)	<u>884,371,706</u>	<u>897,634,945</u>
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Accumulated surplus (Note 15)

\$ 236,944,982 \$ 229,956,408

Contractual obligations and contingent liabilities (Note 17)

Signed on behalf of the Board:

Original Signed by

Interim Chief Executive Officer

Original Signed by

Chair of the School Board



York Catholic District School Board
Consolidated Statement of Operations

For the year ended August 31

2020

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Provincial grants	\$ 574,750,455	\$581,925,759	\$ 598,726,668
Deferred capital contribution revenue	<u>34,166,368</u>	<u>34,458,481</u>	<u>33,094,379</u>
Provincial grants – grants for student needs	608,916,823	616,384,240	631,821,047
Provincial grants – other	8,422,573	15,981,717	10,755,292
School generated funds	26,850,000	17,584,437	26,570,904
Investment income	1,650,000	1,216,398	1,478,789
Other fees and revenues	<u>44,166,709</u>	<u>12,306,071</u>	<u>22,397,721</u>
Total revenues	<u>690,006,105</u>	<u>663,472,863</u>	<u>693,023,753</u>
Expenses (Note 13)			
Instruction	490,528,272	498,449,923	511,966,715
Administration	16,884,173	15,447,934	16,978,920
Transportation	19,512,722	18,129,947	19,873,093
Pupil accommodation	105,708,254	105,215,066	107,778,666
School generated funds	26,850,000	17,306,194	25,612,709
Other	<u>-</u>	<u>1,935,225</u>	<u>207,233</u>
Total expenses	<u>659,483,421</u>	<u>656,484,289</u>	<u>682,417,336</u>
Annual surplus	30,522,684	6,988,574	10,606,417
Accumulated surplus at beginning of year	<u>225,412,925</u>	<u>229,956,408</u>	<u>219,349,991</u>
Accumulated surplus at end of year	<u>\$ 255,935,609</u>	<u>\$236,944,982</u>	<u>\$ 229,956,408</u>



York Catholic District School Board
Consolidated Statement of Cash Flows

For the year ended August 31

2020

2019

Operating transactions

Annual surplus	\$ 6,988,574	\$ 10,606,417
Sources and (uses)		
Non-cash items including:		
Amortization, write downs, and gain on disposal	34,458,481	33,094,379
Deferred capital contributions amortization (Note 8)	(34,458,481)	(33,094,379)
(Increase) in accounts receivable (Note 4)	(58,457,207)	(392,759)
(Increase) in accounts receivable – Delayed Grant Payment (Note 3)	(45,531,208)	(15,557,472)
Decrease (Increase) in other financial assets	150,206	(54,059)
Increase (Decrease) in accounts payable and accrued liabilities (Note 5)	59,333,865	(87,893)
Increase in deferred revenue – operating (Note 7)	2,118,829	628,384
(Decrease) in retirement and other employee future benefits	(164,478)	(134,243)
(Decrease) Increase in other liabilities	<u>(1,323,521)</u>	<u>80,690</u>
Cash applied to operating transactions	<u>(36,884,940)</u>	<u>(4,910,935)</u>
Capital transactions		
Proceeds on sale of assets held for sale/tangible capital assets	20,481,409	42,352,181
Cash used to acquire tangible capital assets	<u>(21,195,242)</u>	<u>(29,848,211)</u>
Cash provided by (applied to) capital transactions	<u>(713,833)</u>	<u>12,503,970</u>
Investing transactions		
Purchase of investments	<u>(5,000,000)</u>	<u>(25,000,000)</u>
Cash applied to investing transactions	<u>(5,000,000)</u>	<u>(25,000,000)</u>
Financing		
Decrease in accounts receivable – Government of Ontario	30,525,355	27,962,048
Additions to deferred capital contributions (Note 8)	21,193,886	22,311,048
Increase (Decrease) in deferred revenue - Capital	6,426,466	(3,151,732)
Debt repayment and sinking fund contributions (Note 12)	<u>(26,578,406)</u>	<u>(24,812,611)</u>
Cash provided by financing transactions	<u>31,567,301</u>	<u>22,308,753</u>
Change in cash and cash equivalents	(11,031,472)	4,901,788
Opening cash and cash equivalents	<u>77,700,843</u>	<u>72,799,055</u>
Closing cash and cash equivalents	<u>\$ 66,669,371</u>	<u>\$ 77,700,843</u>



York Catholic District School Board
Consolidated Statement of Changes in Net Debt

For the year ended August 31

2020

2019

Annual surplus	\$ <u>6,988,574</u>	\$ <u>10,606,417</u>
Non-financial asset activity		
Acquisition of tangible capital assets	(21,195,242)	(29,848,211)
Amortization and write downs of tangible capital assets	34,458,481	33,094,379
Proceeds on sale of tangible capital assets	6,391	42,352,181
Less: Gain on sale allocated to deferred revenue	(6,391)	(38,476,457)
Transfer to assets held for sale	<u>-</u>	<u>3,671,864</u>
Total non-financial asset activity	<u>13,263,239</u>	<u>10,793,756</u>
Decrease in net debt	<u>20,251,813</u>	<u>21,400,173</u>
Net debt at beginning of year	(667,678,537)	(689,078,710)
Net debt at end of year	<u>\$(647,426,724)</u>	<u>\$(667,678,537)</u>

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

Guided by Gospel Values and Catholic Virtues, in partnership with home and Church, the mission of the York Catholic District School Board (“the Board”) is to educate and inspire all students to reach their full potential in a safe and caring environment.

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 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. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards 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 passed Ontario Regulation 395/11 of the Financial Administration Act. 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 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. 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 public sector accounting standard PS3410;
- 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 public sector accounting standard PS3100; 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 certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

1. Significant accounting policies (continued)

b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the 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 Board are reflected in the consolidated financial statements.

The Board's consolidated financial statements reflect the proportionate consolidation of the Student Transportation Services - York Region Consortium whereby they include the assets that the Consortium controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses.

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 are not included in the consolidated financial statements as they are not controlled by the Board.

d) Cash and Cash Equivalents

Cash and cash equivalents comprise of 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 less than 90 days.

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 market 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 expenditures 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, shall be recognized as deferred capital contribution 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 purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

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, health care benefits, dental benefits, retirement gratuity, worker's compensation 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: OECTA, CUPE, OSSTF and trust for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding 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. The Board is no longer responsible to provide certain benefits to OECTA effective February 1, 2017, OSSTF effective February 1, 2018, CUPE effective March 1, 2018, principals and vice principals effective April 1, 2018 and non-union employees effective June 1, 2018. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards are required to remit 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), additional ministry funding in the form of a Crown contribution as well as Stabilization Adjustment.

Depending on prior arrangements and employee group, the Board provides health, dental and life insurance benefits for retired individuals and for some retirees who are retired under these plans.

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

- 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, health care cost trends, disability recovery rates, long-term inflation rates and discount rates.
- The cost of retirement gratuities are 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 those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, 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.

York Catholic District School Board
Notes to the Consolidated Financial Statements
 August 31, 2020

1. Significant accounting policies (continued)

h) Retirement and Other Employee Future Benefits (continued)

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

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 which transfer substantially all 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:

<u>Asset</u>	<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	5-10
Leasehold Improvements	Over the 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.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

1. Significant accounting policies (continued)

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 (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is 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 forms part of the respective deferred revenue balances.

l) Long-term Debt and Capital Leases

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

m) 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.

n) 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 revenues and expenses during the year. Accounts subject to significant estimates include retirement and other future employee benefits and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

o) 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 Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

York Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2020

2. Temporary investments

Temporary investments are comprised as follows:

	<u>2020</u>		<u>2019</u>	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Flexible GIC 1.575% (Due Mar 16, 2021)	\$30,000,000	\$30,218,774	-	-
Flexible GIC 2.53% (Due Nov 29, 2019)	-	-	\$25,000,000	\$25,476,541
	<u>\$30,000,000</u>	<u>\$30,218,774</u>	<u>\$25,000,000</u>	<u>\$25,476,541</u>

3. Accounts receivable - Government of Ontario

The Province of Ontario (Province) replaced variable capital funding with a one-time debt support grant in 2009-10. York Catholic 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 Board receives 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 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.

	<u>2020</u>	<u>2019</u>
Account receivable – capital grant	\$ 274,337,586	\$ 304,862,941
Account receivable – delayed grant payments	<u>61,088,680</u>	<u>15,557,472</u>
Closing balance	<u>\$ 335,426,266</u>	<u>\$ 320,420,413</u>

4. Accounts receivable - Municipalities

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$73,823,790 (2019 - \$23,626,435) and has been included in accounts receivable on the statement of financial position. This amount will be recovered fully by the Board in the following school year.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

5. Accounts payable – Government of Ontario

Due to the response to COVID-19, the Province of Ontario extended the deadline for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$58,809,475 (2019 - \$0). This amount will be recovered by the Province in 2021.

6. Assets held for sale

During the year, net proceeds of \$20,475,018 was received on the sale of property classified as assets held for sale, which had a carrying value of \$ 3,671,864 resulting in a gain of \$16,803,154. The gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

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

	Balance as at August 31, 2019	Externally restricted revenue and investment income	Transfers to Deferred Capital Contributions	Revenue Recognized and adjustments in the period	Balance as at August 31, 2020
Legislative Grants - operating	\$ 3,012,358	76,316,529		75,308,408	4,020,479
Other Ministry of Education	618,170	5,238,717		4,137,268	1,719,619
Third Party	320,155	1,704,470		1,695,210	329,415
Other Provincial Grants	-	336,561		336,561	-
Deferred revenue – operating	<u>3,950,683</u>	<u>83,596,277</u>		<u>81,477,447</u>	<u>6,069,513</u>
Legislative Grants – capital	6,888,797	37,035,405	6,006,109	28,851,395	9,066,698
Proceeds of disposition	61,073,004	17,318,059	5,061,809	-	73,329,254
Education development charges	20,250,608	8,557,312		(244,547)	29,052,467
Third party	-				-
Deferred revenue – capital	<u>88,212,409</u>	<u>62,910,776</u>	<u>11,067,918</u>	<u>28,606,848</u>	<u>111,448,419</u>
Total deferred revenue	<u>\$ 92,163,092</u>	<u>\$146,507,053</u>	<u>\$11,067,918</u>	<u>\$110,084,295</u>	<u>\$117,517,932</u>

York Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2020

7. Deferred revenue (continued)

Property with a carrying value of \$ 3,671,864 (2019 - \$ 3,875,724) was sold for net proceeds of \$20,475,018 (2019- \$42,352,181) resulting in a gain on disposal of \$16,803,154 (2019 - \$38,476,457). The gain on disposal has been deferred in accordance with Ontario Regulation 193/10.

8. 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.

	<u>2020</u>	<u>2019</u>
Opening balance	\$ 673,515,125	\$ 691,034,843
Additions to deferred capital contributions	21,193,886	22,311,048
Recognition of Deferred Revenue		
Disposals and transfer to Financial Assets	-	(6,736,387)
Revenue recognized in the period	<u>(34,458,481)</u>	<u>33,094,379</u>
Closing balance	\$ <u>660,250,530</u>	\$ <u>673,515,125</u>

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

9. Retirement and other employee future benefits

Retirement and other employee future benefits liabilities and expense as of August 31, 2020 is comprised of:

	<u>August 31, 2020</u>		
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>
Accrued employee future benefit obligations	\$ 10,519,724	\$ 8,423,479	\$ 18,943,203
Current year benefit cost	\$ 30,113	\$ 2,301,188	\$ 2,331,301
Change due to data correction	16,895	-	16,895
Amortization of actuarial gains/(losses)	162,416	(117,273)	45,143
Interest on accrued benefit obligation	241,677	151,929	393,606
Employee future benefits expenses	\$ 451,101	\$ 2,335,844	\$ 2,786,945

Retirement and other employee future benefits liabilities and expense as of August 31, 2019 is comprised of:

	<u>August 31, 2019</u>		
	<u>Retirement Benefits</u>	<u>Other Employee Future Benefits</u>	<u>Total Employee Future Benefits</u>
Accrued employee future benefit obligations	\$ 11,391,724	\$ 7,715,957	\$ 19,107,681
Current year benefit cost	\$ 66,048	\$ 1,913,501	\$ 1,979,549
Amortization of actuarial losses	111,118	(35,916)	75,202
Interest on accrued benefit obligation	370,232	196,941	567,173
Employee future benefits expenses	\$ 547,398	\$ 2,074,526	\$ 2,621,924

¹ Excluding pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

9. Retirement and other employee future benefits (continued)

(a) Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2020. Actuarial probabilities were determined and based on updated average daily salary and banked sick days as at August 31, 2020. The economic assumptions used in these valuations are the Board's best estimates of expected rates as follows:

	<u>2020</u>	<u>2019</u>
	%	%
Inflation		
Workplace Safety and Insurance Boards Obligation ("WSIB")	2.0	2.0
General inflation for all benefits	1.5	1.5
Wage and salary escalation		
Sick leave benefits	2.0	2.0
Insurance and health care cost escalation		
WSIB health care costs	4.0	4.0
Health care cost escalation	7.25	7.5
Dental benefit care escalation	4.5	3.5
Discount on accrued benefit obligation		
WSIB obligation	1.4	2.0
Sick leave benefits, life insurance, health care and long-term disability	1.4	2.0

(b) Retirement Benefits

(i) Ontario Teacher's Pension Plan (OTPP)

Teachers and related employee groups are eligible to be members of OTPP. 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. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

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

All non-teaching employees of the Board are eligible to be members of the 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 Board contributions equal the employee contributions to the plan. During the year ended August 31, 2020, the Board contributed \$8,697,183 (2019 - \$8,653,822) 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.

(iii) Retirement Gratuities

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 based on their salary, accumulated sick days, and years of service at August 31, 2012.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

9. Retirement and other employee future benefits (continued)

(b) Retirement Benefits (continued)

(iv) Retirement life insurance and health care benefits

The Board provides life insurance, health care and dental benefits to certain employee groups after retirement until the members reach 65 years of age depending on prior arrangements. The premiums are based, on the Board experience for those who have not transitioned to the ELHT, and retiree or active rates for those who have transitioned to the ELHT. Depending on the year of retirement, retiree premiums may be subsidized by the Board as defined by individual service contracts. The benefit costs and liabilities related to the subsidization are included in the Board's consolidated financial statements. In accordance with the Broader Public Sector Executive Compensation Act, 2014, employees with these benefits are no longer eligible for post-retirement benefits under the board's compensation plan except for the transition period (i.e., by the third anniversary of the effective date of the new executive compensation plan). Employees must have retired before August 31, 2019 to be eligible for post-retirement benefits and February 14, 2021 for Designated Executives.

(c) Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

- a. The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("WSIB") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.
- b. The Workplace Safety and Insurance Board obligations for employee future benefit plans as at August 31, 2020 are based on actuarial valuations for accounting purposes as at August 31, 2020. These actuarial valuations were based on assumptions about future events.

(ii) Long-Term Disability

- a. The Board provides long-term disability benefits to certain employee groups. The costs of salary compensation paid to employees on long-term disability are fully insured and not included in this plan.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

9. Retirement and other employee future benefits (continued)

(iii) Sick Leave Top-up Benefits

A maximum of eleven 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 relating to this are \$305,577(2019 - \$335,806).

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

10. Net long-term debt and capital lease

Debenture debt, capital loans and obligation under capital leases reported on the Consolidated Statement of Financial Position is comprised of the following:

Debenture/Loan	Interest	Maturity	2020	2019
#179	7.200	09-Jun-25	\$ 17,927,102	\$20,812,535
#182	6.550	19-Oct-26	14,215,318	15,920,549
#186	5.800	07-Nov-28	12,377,631	13,476,804
#188	4.789	08-Aug-30	28,942,289	31,152,762
#189	4.560	15-Nov-31	6,238,212	6,642,937
#190	5.376	25-Jun-32	39,684,550	41,988,252
#191	4.900	03-Mar-33	12,557,138	13,248,840
#192	5.347	15-Nov-33	4,479,478	4,701,026
#193	5.062	13-Mar-34	2,718,106	2,851,208
#196	5.047	15-Nov-34	27,537,736	28,800,816
#197	5.232	13-Apr-35	908,868	948,317
#198	3.942	19-Sep-25	35,405,584	41,244,262
#199	4.833	11-Mar-36	1,138,315	1,185,345
#200	2.425	15-Nov-21	1,429,962	2,354,947
#201	3.564	09-Mar-37	13,982,751	14,581,142
#202	3.799	19-Mar-38	9,296,937	9,655,769
#203	4.037	30-Oct-28	9,687,710	10,631,105
#204	4.003	11-Mar-39	9,747,673	10,089,477
#206	2.993	09-Mar-40	167,360	173,471
#207	3.242	15-Mar-41	6,606,901	6,826,092
			255,049,621	277,285,657
Capital lease	10.000	01-May-22	12,337,772	16,680,142
Balance as at August 31			\$ 267,387,393	\$ 293,965,799

York Catholic District School Board Notes to the Consolidated Financial Statements

August 31, 2020

10. Net long-term debt and capital lease (continued)

Principal and interest payments relating to net debenture debt, capital loans and leases of \$267,387,393 outstanding as at August 31, 2020 are due as follows:

	<u>Principal</u>	<u>Interest Payments</u>	<u>Capital Lease Payments</u>	<u>Total</u>
2021	\$ 23,349,021	\$ 12,225,385	\$ 6,510,722	\$ 42,085,128
2022	24,033,195	11,052,951	6,913,461	41,999,607
2023	24,762,358	9,835,528	5,421,993	40,019,879
2024	26,039,744	8,558,143	-	34,597,887
2025	27,386,711	7,211,176	-	34,597,887
Thereafter	129,478,592	27,338,757	-	156,817,349
Total	<u>\$255,049,621</u>	<u>\$ 76,221,940</u>	<u>\$ 18,846,176</u>	<u>\$350,117,737</u>

Interest on long-term debt amounted to \$14,848,989 (2019 - \$16,271,617).

11. Temporary borrowing

The Board has lines of credit available to a maximum of \$75 million on revolving facilities to address operating requirements to bridge capital expenditures.

Interest on the operating facilities range from the bank's prime lending rate minus 0.75%, while banker's acceptance facilities range from the banker's acceptance rate plus 0.75%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts.

12. Debt charges and capital loans and leases interest

	<u>2020</u>	<u>2019</u>
Principal payments on long-term liabilities	\$ 26,578,406	\$ 24,812,611
Interest payments on long-term liabilities	13,059,919	14,130,652
Capital lease interest	<u>1,789,070</u>	<u>2,140,965</u>
Balance as at August 31	<u>\$ 41,427,395</u>	<u>\$ 41,084,228</u>

York Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2020

13. Expenses by object

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object:

	<u>2020</u> Budget	<u>2020</u> Actual	<u>2019</u> Actual
Salary and wages	\$ 447,375,652	\$452,590,222	\$ 462,699,898
Employee benefits	71,043,932	77,419,405	74,821,767
Staff development	493,983	247,148	866,101
Supplies and services	59,215,888	44,908,711	60,322,811
Interest charges on capital	15,127,436	14,848,989	16,271,617
Rental expenses	634,044	526,420	630,171
Fees and contract services	30,672,280	29,318,504	32,926,589
Amortization and write-downs of tangible capital assets	34,166,367	34,458,481	33,094,379
Other	<u>753,839</u>	<u>2,166,409</u>	<u>784,003</u>
Total expenses	\$ <u>659,483,421</u>	\$ <u>656,484,289</u>	\$ <u>682,417,336</u>

14. Tangible capital assets

<u>Cost</u>	<u>Balance at</u> <u>August 31,</u> <u>2019</u>	<u>Additions</u> <u>and</u> <u>Transfers</u>	<u>Disposals,</u> <u>write-offs,</u> <u>Adjustments</u>	<u>Balance</u> <u>August 31,</u> <u>2020</u>
Land	\$224,119,823	\$ 1,356	\$ -	\$224,121,179
Land improvements	31,048,337	5,775,860	-	36,824,197
Buildings	1,019,714,731	12,763,414	2,017,886	1,030,460,259
Furniture and equipment	21,143,989	1,959,065	5,323,438	17,779,616
Construction in progress	105,278	695,547	-	800,825
Capital lease assets	<u>23,454,316</u>	<u>-</u>	<u>-</u>	<u>23,454,316</u>
Total cost	\$ <u>1,319,586,474</u>	\$ <u>21,195,242</u>	\$ <u>7,341,324</u>	\$ <u>1,333,440,392</u>

<u>Accumulated</u> <u>Amortization</u>	<u>Balance at</u> <u>August 31,</u> <u>2019</u>	<u>Additions</u> <u>and</u> <u>Transfers</u>	<u>Disposals,</u> <u>write-offs,</u> <u>Adjustments</u>	<u>Balance</u> <u>August 31,</u> <u>2020</u>
Land improvements	\$ 9,940,713	\$ 2,888,326	\$ -	\$ 12,829,039
Buildings	383,613,957	28,473,918	2,017,886	410,069,989
Furniture and equipment	14,166,132	2,412,497	5,323,438	11,255,191
Capital lease assets	<u>14,230,727</u>	<u>683,740</u>	<u>-</u>	<u>14,914,467</u>
Total amortization	\$ <u>421,951,529</u>	\$ <u>34,458,481</u>	\$ <u>7,341,324</u>	\$ <u>449,068,686</u>

York Catholic District School Board
Notes to the Consolidated Financial Statements
August 31, 2020

14. Tangible capital assets (continued)

<u>Net book value</u>	<u>2020</u>	<u>2019</u>
Land	\$ 2 24,121,179	\$ 224,119,823
Land improvements	23,995,158	21,107,624
Buildings	620,390,270	636,100,774
Furniture and equipment	6,524,425	6,977,857
Construction in progress	800,825	105,278
Capital lease assets	<u>8,539,849</u>	<u>9,223,589</u>
Total net book value	\$ <u>884,371,706</u>	\$ <u>897,634,945</u>

a) Assets under construction

Assets under construction having a value of \$800,825 (2019 - \$105,278) have not been amortized. Amortization of these assets will commence when the assets are put into service.

b) Write-down of Tangible Capital Assets

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

15. Accumulated surplus	<u>2020</u>	<u>2019</u>
Accumulated surplus consists of the following:		
Invested in non-depreciable tangible capital assets	\$ 224,121,177	\$ 224,628,337
Employee future benefits to be covered in the future	(11,377,315)	(12,741,587)
Interest accrual	(3,095,785)	(3,374,234)
School Generated Funds	9,322,436	9,044,193
Unrestricted	<u>19,980,833</u>	<u>12,399,699</u>
Total accumulated surplus	\$ <u>238,951,346</u>	\$ <u>229,956,408</u>

16. 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 \$24,000,000 per occurrence.

The ultimate premiums over a five year period are based on 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 December 31, 2021.

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

17. Contractual obligations and contingent liabilities

Contractual obligations

The Board enters into contracts for construction and renovation of various new and existing schools. As at August 31, the Board's commitment under these contracts as at August 31, 2020 is \$1,350,000.

Contingent liabilities

The Board is contingently liable with respect to litigation and claims, which arise from time to time in the normal course of business. In the opinion of management, the liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the Board.

18. Transportation consortium

In September 2010, the Board renewed its agreement with York Region 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 the 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.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information.

	2020 Total	2020 Board Portion	2019 Total	2019 Board Portion
Expenses	\$ <u>2,000,939</u>	\$ <u>989,189</u>	\$ <u>1,816,576</u>	\$ <u>932,441</u>

19. Repayment of "55 school board trust" funding

On June 1, 2003, the Board received \$3,007,847 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 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. As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.

Related to this capital debt, the Board has recorded revenues from the Province of Ontario and the corresponding interest expense of \$224,087 (2019 - \$224,087).

York Catholic District School Board

Notes to the Consolidated Financial Statements

August 31, 2020

20. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

21. COVID-19

As of March 11, 2020, the World Health Organization declared a global pandemic (the “pandemic”) as a result of the spread of COVID-19. Since that time, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Board for future periods.