
Consolidated financial statements of Toronto District School Board

August 31, 2018

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Management Report

Year ended August 31, 2018

Re: Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Toronto District School Board (the 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(a) 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 management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to recommending 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 Board's consolidated financial statements.

December 12, 2018

John Malloy
Director of Education

Craig Snider
Acting Associate Director,
Operations and Service Excellence

Independent Auditor's Report

To the Board of Trustees of
The Toronto District School Board

We have audited the accompanying consolidated financial statements of Toronto District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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(a) 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of Toronto District School Board for the year ended August 31, 2018 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the consolidated financial statements.

Emphasis of Matter

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

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Professional Accountants
Licensed Public Accountants
December 12, 2018

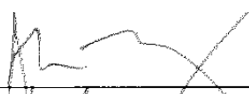
Toronto District School Board
Consolidated statement of financial position

As at August 31, 2018
(In thousands of dollars)

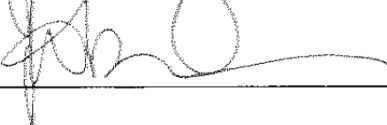
	Notes	2018	2017
		\$	\$
Financial assets			
Cash		61,781	74,009
Temporary investments		215,759	88,742
Due from City of Toronto		226,340	238,262
Accounts receivable (net of allowance of \$5,400 (2017 - \$11,046))		25,990	22,011
Accounts receivable - Province of Ontario	2	603,688	562,533
Funds on deposit	3(f)	102,245	105,330
Properties held for sale	4	5,752	310
Restricted cash	16	8,983	16,273
		1,250,538	1,107,470
Liabilities			
Short-term borrowing	5	150,000	66,000
Accounts payable and accrued liabilities		286,998	270,803
Due to Province of Ontario		40,336	29,606
Accrued vacation pay		15,075	15,972
Deferred revenue	6	169,173	144,094
Deferred capital contributions	7	2,336,922	2,078,657
Retirement and other employee future benefits payable	3	347,837	362,419
Net long-term debt	8	400,615	420,950
		3,746,956	3,388,501
Net debt		(2,496,418)	(2,281,031)
Non-financial assets			
Tangible capital assets	9	2,445,337	2,174,210
Prepaid expenses and supplies		9,997	9,377
		2,455,334	2,183,587
Accumulated deficit	10	(41,084)	(97,444)

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

Approved by the Board



Director of Education



Chair of the Board

Toronto District School Board
Consolidated statement of operations

Year ended August 31, 2018
(In thousands of dollars)

	Notes	Budget	2018	2017
		\$	\$	\$
Revenue				
Provincial grants				
Grants for student needs	14	2,904,999	2,901,497	2,809,985
Other		45,653	82,682	60,819
Federal grants and fees		25,000	21,855	20,950
Other fees and revenues		96,505	113,926	109,799
School fundraising		40,000	43,987	43,447
Amortization of deferred capital contributions	7	129,043	153,340	128,369
		3,241,200	3,317,287	3,173,369
Expenses				
Instruction	13	2,556,746	2,561,674	2,460,777
Administration		82,336	81,101	76,258
Transportation		61,698	65,046	62,394
School operations and maintenance		303,704	308,002	311,166
Pupil accommodation		193,220	203,272	182,175
Other programs		4,471	(405)	4,067
School funded activities		40,000	42,237	42,079
		3,242,175	3,260,927	3,138,916
Annual (deficit) surplus		(975)	56,360	34,453
Accumulated deficit, beginning of year		(121,078)	(97,444)	(131,897)
Accumulated deficit, end of year		(122,053)	(41,084)	(97,444)

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

Toronto District School Board

Consolidated statement of change in net debt

Year ended August 31, 2018

(In thousands of dollars)

	Notes	2018	2017
		\$	\$
Annual surplus		56,360	34,453
Acquisition of tangible capital assets	9	(433,869)	(263,552)
Amortization of tangible capital assets	9	154,768	129,795
Net book value of tangible capital asset disposals	9	2,222	—
Net book value of tangible capital assets reclassified as properties held for sale during the year	4	5,752	—
		(214,767)	(99,304)
Acquisition of inventories of supplies		(9,363)	(9,041)
Acquisition of prepaid expenses		(7,362)	(6,851)
Consumption of inventories of supplies		9,321	8,973
Use of prepaid expenses		6,784	6,222
Change in net debt		(215,387)	(100,001)
Net debt, beginning of year		(2,281,031)	(2,181,030)
Net debt, end of year		(2,496,418)	(2,281,031)

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

Toronto District School Board
Consolidated statement of cash flows

Year ended August 31, 2018
(In thousands of dollars)

	Notes	2018	2017
		\$	\$
Operating activities			
Annual surplus		56,360	34,453
Items not involving cash			
Amortization	9	154,768	129,795
Net book value of tangible capital assets reclassified as properties held for sale during the year	4	(5,752)	—
Disposal of properties held for sale	4	310	—
Net book value of land disposals	9	1,006	—
Deferred capital contributions recognized	7	(153,340)	(128,369)
Changes in non-cash assets and liabilities			
Due from City of Toronto		11,922	(9,743)
Accounts receivable		(3,979)	10,958
Accounts receivable - Province of Ontario			
Operating		1	(1)
Prepaid expenses and supplies		(620)	(697)
Accounts payable and accrued liabilities and accrued vacation pay		15,298	28,896
Due to Province of Ontario		10,730	(12,247)
Deferred revenues - Operating		13,693	4,016
Retirement and other employee future benefits payable		(14,582)	(7,166)
		85,815	49,895
Capital activity			
Acquisition of tangible capital assets	9	(433,869)	(263,552)
Investing activities			
Temporary investments		(127,017)	66,996
Funds on deposit		3,085	8,340
		(123,931)	75,336
Financing activities			
Capital grant contributions	7	418,573	263,387
Deferred revenue - Capital		11,386	2,457
Accounts receivable - Province of Ontario Capital		(41,156)	(77,310)
Short term borrowing - net		84,000	20,000
Long-term debt repayments		(20,335)	(23,556)
Decrease (increase) in restricted cash	16	7,290	(16,273)
		459,758	168,705
Net (decrease) increase in cash		(12,227)	30,384
Cash, beginning of year		74,009	43,625
Cash, end of year		61,781	74,009

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

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

1. Significant accounting policies

The consolidated financial statements are the representations of management and are prepared in accordance with the basis of accounting as described in Note 1a) below.

Significant accounting policies adopted are as follows:

(a) Basis of accounting

The 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 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 consolidated statement of operations over the periods during which the tangible capital asset is used to provide service at the same rate that amortization is recognized in respect of the related tangible capital asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

- 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 Canadian public sector accounting standard PS 3410; and
- Externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with Canadian public sector accounting standard PS 3100.

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.

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity includes all organizations which are controlled by the Toronto District School Board (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 included in the consolidated financial statements.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(b) Reporting entity (continued)

The Board established the Toronto Lands Corporation ("TLC") in 2008, a wholly owned subsidiary. Its mandate is to manage designated real estate holdings of the Board to maximize rental income and dispose of surplus sites. This entity which is controlled by the Board is included in the consolidated financial statements.

The Board is a unit owner in Toronto Standard Condominium Corporation No. 2234, which was established for the management of common elements (consisting of the separation walls, sprinkler system, and fire alarm system) of the property located at 840 Coxwell and 555 Mortimer Avenues, which is jointly owned by the Board and Toronto East Health Network. The Board's share of activities relating to this entity is included in the consolidated financial statements.

All inter-departmental and inter-entity transactions and balances between these organizations are eliminated on consolidation.

(c) Trust funds

Trust funds and their related operations administered by the Board amounting to \$12.0 million (2017 - \$9.3 million) are not included in the consolidated financial statements.

(d) 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 will be recognized as revenue in the fiscal year the related qualifying expenditures are incurred or services are performed.

(e) 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 for use in providing services, is recognized as deferred capital contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(f) Retirement and other employee future benefits

Employee life and health trusts

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: ETFO, OSSTF, and OSSTF EW. The following ELHTs were established in 2017-18: CUPE, OCEW (which includes MCSTC), non-unionized employees, Principals and Vice Principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff starting with 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 ETFO, OSSTF and OSSTF EW, CUPE, OCEW, non-unionized employees, Principals and Vice Principals as of June 1, 2018.

School boards are required to remit a negotiated amount per full-time equivalent (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 and Stabilization Adjustment.

Depending on prior arrangement and the employee group, the Board provides health, dental and life insurance benefits for retired individual 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.

Defined retirement and other future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health, sick leave credit gratuity, workers' compensation and long-term disability benefits.

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 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 self-insured retirement and other employee future benefits that vest and 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 benefit costs are recognized over the expected average service life of the employee group.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(f) Retirement and other employee future benefits (continued)

Defined retirement and other future benefits (continued)

- (ii) For self-insured workers' compensation benefit obligations that arise from specific events that occur from time to time, the cost is recognized immediately in the period the events occur. Actuarial gains and losses that are related to obligations for workers' compensation are recognized immediately in the period they arise. For long-term disability, life insurance and health care benefits for those on disability leave, actuarial gains and losses are amortized over the expected average service life of the employee group.
- (iii) The Board's contributions to multiemployer defined benefit pension plans, such as the Ontario Municipal Employees Retirement System (OMERS) pensions, are recorded in the period in which they become payable.
- (iv) The costs of insured benefits for active employees reflected in these consolidated financial statements are the Board's portion of insurance premiums owed for coverage of employees during the period.

(g) Tangible capital assets

Tangible capital assets are recorded at cost which includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

Leases which 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 the estimated useful life of the assets. Amortization rates are as follows:

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

Assets under construction are not amortized until the asset is available for productive use.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(g) Tangible capital assets (continued)

Land permanently removed from service (PRFS) is recorded at the lower of cost and net realizable value. Cost includes amounts to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized and are recorded at the lower of carrying value and net realizable value. Land and building permanently removed from service that meet the criteria for inventory held for resale are recorded as "properties held for sale" on the consolidated statement of financial position. Those that do not meet these criteria continue to be recorded as part of "tangible capital assets" on the consolidated statement of financial position.

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

(h) 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, all 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.

(i) Investment income

Investment income is reported as revenue in the period earned.

Interest income earned on monies invested specifically for externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balances.

(j) Long-term debt

Long-term debt includes debentures and Ontario Financing Authority ("OFA") loans which were arranged for financing the Board's capital projects or high priority renewal projects.

(k) 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 City of Toronto is recorded as part of Provincial grants for student needs.

(l) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees on April 13, 2017. 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.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(m) Use of estimates

The preparation of financial statements in conformity with the basis of accounting described in Note 1a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Estimates are reviewed periodically by management and, as adjustments become necessary, they are reported in the period in which they became known. Accounts subject to estimates include allowance for doubtful accounts receivable, certain accrued liabilities including legal claims and pay equity accruals, liability for contaminated sites, employee future benefits, useful lives of tangible capital assets and the recognition of deferred amounts related to capital contributions. Actual results could differ from these estimates.

2. Accounts receivable - Province of Ontario

The account receivable from the Province of Ontario is comprised mainly of amounts related to capital grants in the amount of \$603.7 million (2017 - \$562.5 million).

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-2010. The Board recorded 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 be entitled to yearly capital grants to support capital programs which would be reflected in this account.

3. Retirement and other employee future benefits

(a) A brief overview of the Board's benefit plans is set out below

Pension benefits

(i) Supplementary War Veterans Allowance

The Supplementary War Veterans Allowance Plan (the "Plan") consists of allowances to be paid to retired employees of the former Board of Education for the City of Toronto. The Plan is closed to new members. The Plan includes survivor benefits of 66 2/3% for the surviving spouse. The pension is subject to indexing at 100% of the increase in CPI. This Plan is unfunded. The benefit costs and liability related to this plan are recorded in the Board's consolidated financial statements.

Retirement benefits

(i) Sick leave credit 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 recorded 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.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

3. Retirement and other employee future benefits (continued)

(a) *A brief overview of the Board's benefit plans is set out below (continued)*

Retirement benefits (continued)

(ii) Retirement life insurance and health care benefits

Employees are able to continue coverage for life insurance, dental and health care benefits after retirement until the members reach 65 years of age; however, the retirees pay the full premium associated with this coverage. For those employees retiring before September 1, 2004 the premiums are partially subsidized by the Board, as the retirees are in the same experience group as the active employees. These future benefits are unfunded. All retirees on or after September 1, 2004 are not subsidized by the Board, other than retired senior officials as noted below.

In 2017-18, the Board reinstated post-retirement benefits for active and retired senior officials. These include health, dental and life insurance coverage until age 65. Only active senior officials who retire between September 2018 and December 2020 will be eligible to receive post-retirement benefits. The reinstatement of these benefits have resulted in a plan amendment as disclosed in note 3(c).

Other benefits

(i) Workplace safety and insurance board obligations

The Board is a Schedule II employer under the Workplace Safety and Insurance Act 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 actuarially determined liabilities related to this plan based on management's best estimate are recorded in the Board's consolidated financial statements. Plan changes made in 2012 require school boards 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.

(ii) Long-term disability benefits

The Board provides long term disability insurance coverage for non-teaching employees. The benefit costs and actuarially determined liabilities related to this plan are included in the Board's consolidated financial statements. The Board has an internally restricted reserve as well as associated funds held on deposit to fund these liabilities.

Teaching staff have their own long-term disability plans through their Federations and are responsible for the entire cost. Accordingly, no costs or liabilities related to these plans are included in the Board's consolidated financial statements.

During 2017-18, the Board provided life insurance, dental and health care benefits from the date of disability for employees who were not yet members of an ELHT and who were on long-term disability leave. As of August 31, 2018, there are no employee groups remaining for which the Board is responsible for providing health, dental and life insurance benefits.

(iii) 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 illnesses paid through the short term leave and disability plan in that year.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

3. Retirement and other employee future benefits (continued)

(b) Retirement and other employee future benefits liabilities

	2018			
	Pension benefits	Retirement benefits	Other benefits	Total
	\$	\$	\$	\$
Unfunded accrued benefit obligation	2,306	231,485	148,659	382,450
Unamortized net actuarial losses	—	(27,968)	(6,645)	(34,613)
Accrued benefit liability	2,306	203,517	142,014	347,837
	2017			
	Pension benefits	Retirement benefits	Other benefits	Total
	\$	\$	\$	\$
Unfunded accrued benefit obligation	3,149	238,767	160,304	402,220
Unamortized net actuarial losses	—	(28,973)	(10,828)	(39,801)
Accrued benefit liability	3,149	209,794	149,476	362,419

(c) Retirement and other employee future benefits expenses

	2018			
	Pension benefits	Retirement benefits	Other benefits	Total
	\$	\$	\$	\$
Current year benefit costs	—	—	27,584	27,584
Interest on accrued benefit obligation	75	5,876	4,038	9,989
Change due to plan amendment	—	1,905	—	1,905
Recognition of actuarial (gains) losses	(500)	2,601	(10,295)	(8,194)
Employee future benefits expenses	(425)	10,382	21,327	31,284

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

3. Retirement and other employee future benefits (continued)

(c) *Retirement and other employee future benefits expenses (continued)*

				2017
	Pension benefits	Retirement benefits	Other benefits	Total
	\$	\$	\$	\$
Current year benefit costs	—	—	27,732	27,732
Interest on accrued benefit obligation	69	5,205	3,238	8,512
Recognition of actuarial (gains) losses	(45)	3,564	2,161	5,680
Employee future benefits expenses	24	8,769	33,131	41,924

These amounts are included in the respective expense categories on the consolidated statement of operations.

The amount of benefits paid during the year were \$416 (2017 - \$456) for pension benefits, \$16,660 (2017 - \$21,923) for retirement benefits, and \$28,790 (2017 - \$26,710) for other employee future benefits.

(d) *Actuarial assumptions*

The accrued benefit obligations for employee future benefit plans as at August 31, 2018 are based on the most recent full actuarial valuation completed for accounting purposes as at August 31, 2018.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

3. Retirement and other employee future benefits (continued)

(d) Actuarial assumptions (continued)

These valuations take into account any plan changes and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2018	2017
	%	%
Estimated inflation		
Health	7.50	7.75
Dental	4.50	3.75
War veterans	1.50	1.50
WSIB	2.00	2.00
LTDI	0.50	0.50
Wages and salary calculation	2.00	2.00
Discount on accrued benefit obligations		
Sick leave credit gratuity	2.90	2.55
Life, health and dental	2.90	2.55
War veterans	2.90	2.55
WSIB	2.90	2.55
LTDI	2.90	2.55
Sick leave accumulation	N/A	N/A

(e) Multiemployer pension plans

(i) Ontario Teachers' Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

Non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System, a multiemployer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board's contributions equal the employees' contributions to the Plan. During the year ended August 31, 2018, the Board contributed \$52.5 million (2017 - \$51.2 million) to the plan. As this is a multiemployer pension plan, these contributions are the Board's pension benefit expenses and are included in the respective expense categories on the consolidated statement of operations. No pension liability for this type of plan is included in the Board's consolidated statement of financial position.

Toronto District School Board
Notes to the consolidated financial statements

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(Tabular amounts in thousands of dollars)

3. Retirement and other employee future benefits (continued)

(f) *Funds held on deposit for employee benefit plans are represented by the following*

(i) Health and dental funds on deposit

The Board has funds held on deposit with Sunlife and Manulife to fund current liabilities for the health and dental plans of the Board in the amount of \$4.1 million (2017 - \$11.3 million). These funds primarily cover estimated current period claims yet to be submitted by employees.

(ii) Group Life Funds on deposit

The Board has funds held on deposit with Great West Life to fund current liabilities for the group life insurance plans of the Board in the amount of \$12.1 million (2017 - \$11.5 million).

(iii) Long-term disability funds on deposit

The Board has funds held on deposit with Sunlife and CIBC to fund the long-term disability plan of the Board in the amount of \$86.0 million (2017 - \$82.5 million). These funds primarily cover the actuarially determined liabilities of the Plan and cover reduced Board premiums otherwise required by the Plan.

4. Properties held for sale

As of August 31, 2018, \$5.75 million (2017 - \$0.3 million) related to buildings and \$Nil (2017 - \$Nil) related to land were recorded as properties held for sale. The net book value of properties reclassified to properties held for sale during the year was \$5.75 million (2017 - \$Nil). Net proceeds of \$10.1 million (2017 - \$Nil) were received on the sale of these properties, which had a carrying value of \$0.3 million (2017 - \$Nil), resulting in a gain on sale of \$9.79 million (2017 - \$Nil).

The proceeds from the sale of properties held for sale and from tangible capital asset have been used to fund in-year capital projects, as well as \$15.3 million (2017 - \$1.27 million) recognized as revenue mainly to fund sale costs and land purchase, with an amount remaining in deferred revenue of \$88.1 million (2017 - \$69.2 million), in accordance with Ontario Regulation 193/10.

5. Short-term borrowing

60 day Bankers Acceptances bearing interest at 2.6% (2017 - 1.85%) maturing on September 21, 2018 (2017 - October 4, 2017)

2018	2017
\$	\$
150,000	66,000

Toronto District School Board
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(Tabular amounts in thousands of dollars)

5. Short-term borrowing (continued)

The Board has a \$300 million credit facility with a Canadian chartered bank for operating and capital improvement purposes. The amount outstanding as at August 31, 2018 was \$150.0 million (2017 - \$66.0 million) and was used to support the Board's capital projects. Upon maturity on September 21, 2018, the bankers acceptances were renewed at an amount of \$200 million, with a new maturity date of December 21, 2018. In addition, the Board has outstanding letters of credit in the amount of \$2.7 million as at August 31, 2018.

The Ministry funds the interest cost incurred on the short-term borrowing. For Ministry arranged permanent financing under a long-term financing arrangement see Note 8 (d), (e), (f), (g), (h), (i), (j), (k) and (l)).

6. Deferred revenue

The continuity of deferred revenue including those set aside for specific purposes by legislation, regulation or agreement as at August 31, 2018 is as follows:

	Balance, August 31, 2017	Externally restricted revenue and investment income	Revenue recognized in the period	Transfer to/(from) deferred capital contributions	Balance, August 31, 2018
	\$	\$	\$	\$	\$
Special Education	384	330,063	326,265	—	4,182
Other Ministry of Education grants	628	46,727	46,804	—	551
Other Provincial grants	2,676	40,298	36,631	—	6,343
Tuition fees	26,425	32,487	28,896	—	30,016
Other (operation)	6,148	40,478	37,761	—	8,865
Minor tangible capital assets	—	72,013	61,650	10,363	—
School renewal	16,373	47,115	31,353	19,883	12,252
Temporary accommodation	—	1,680	—	1,378	302
Retrofitting school space for child care	2,703	—	—	1,277	1,426
Renewable energy	197	—	—	1	196
Ministry of Health – Pool grants	31	—	—	—	31
Proceeds of disposition	69,242	50,268	15,341	16,108	88,061
Properties held for sale	310	5,442	—	—	5,752
Developer contributions (Note 16)	17,098	—	—	6,568	10,530
Other	1,879	3,041	—	4,254	666
	144,094	669,612	584,701	59,832	169,173

Toronto District School Board
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(Tabular amounts in thousands of dollars)

7. 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 spent by year end. The contributions are amortized into revenue at the rate used to amortize the related asset over its useful life.

	2018	2017
	\$	\$
Balance, beginning of year	2,078,657	1,943,639
Additions to deferred capital contributions	418,573	263,387
Revenue recognized in the period	(153,340)	(128,369)
Write-offs due to tangible capital asset disposals	(1,216)	—
Transfers to deferred revenue relating to properties held for sale	(5,752)	—
Balance, end of year	2,336,922	2,078,657

8. Net long-term debt

(a) Net long-term debt reported in the consolidated statement of financial position is comprised of the following:

	Interest rate	Maturity date	2018	2017
	%		\$	\$
Critical renewal debenture Note 8(b)	5.07	December 17, 2024	17,565	19,796
Sinking Fund (City of Toronto Note 8(c))	6.10	December 12, 2017	—	75,846
Less: sinking fund assets Note 8(c)	—	—	—	(73,457)
Ontario Financing Authority Note 8(d)	4.56	November 15, 2031	72,661	76,484
Ontario Financing Authority Note 8(e)	4.90	March 3, 2033	75,546	78,957
Ontario Financing Authority Note 8(f)	5.06	March 13, 2034	67,744	70,484
Ontario Financing Authority Note 8(g)	5.23	April 13, 2035	43,314	44,878
Ontario Financing Authority Note 8(h)	4.83	March 11, 2036	39,924	41,311
Ontario Financing Authority Note 8(i)	3.59	March 9, 2037	20,194	20,937
Ontario Financing Authority Note 8(j)	3.66	June 25, 2038	33,176	34,275
Ontario Financing Authority Note 8(k)	4.00	March 11, 2039	16,742	17,249
Ontario Financing Authority Note 8(l)	2.99	March 9, 2040	13,749	14,190
Balance as at August 31			400,615	420,950

(b) On December 17, 2004 the Board issued a \$40 million debenture to fund an equivalent amount of major renovation projects. The debenture bears interest at 5.071% and has a 20-year amortization with semi-annual interest and principal payments of \$1.6 million. The annual debt service of \$3.2 million is funded from the annual Facility Renewal Grant.

(c) City of Toronto Debenture in the amount of \$75.8 million matured December 12, 2017, with an interest rate of 6.1%. The debenture was paid off using funds which had accumulated in the related sinking fund. The excess of sinking fund assets over the outstanding debenture at retirement was \$0.7 million and has been recognized in the consolidated statement of operations.

Toronto District School Board
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(Tabular amounts in thousands of dollars)

8. Net long-term debt (continued)

- (d) On November 15, 2006, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$107.7 million of the GPL program. The loan is repayable by semi-annual installments of principal and interest of \$3.6 million based on a 25 year amortization schedule and bears interest of 4.56%. The annual principal and interest costs are funded by the Ministry of Education.
- (e) On March 3, 2008, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$103.2 million (GPL of \$93.9 million and PCS of \$9.3 million). The loan is repayable by semi-annual installments of principal and interest of \$3.6 million based on a 25 year amortization schedule and bears interest of 4.90%. The annual principal and interest costs are funded by the Ministry of Education.
- (f) On March 13, 2009, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$88.1 million (GPL of \$81.1 million and PCS of \$7.0 million). The loan is repayable by semi-annual installments of principal and interest of \$3.1 million based on a 25 year amortization schedule and bears interest of 5.06%. The annual principal and interest costs are funded by the Ministry of Education.
- (g) On April 14, 2010, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$53.8 million (GPL of \$51.7 million and PCS of \$2.1 million). The loan is repayable by semi-annual installments of principal and interest of \$1.9 million based on a 25 year amortization schedule and bears interest of 5.23%. The annual principal and interest costs are funded by the Ministry of Education.
- (h) On March 11, 2011, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$48.4 million (GPL of \$33.9 million and PCS of \$14.5 million). The loan is repayable by semi-annual installments of principal and interest of \$1.7 million based on a 25 year amortization schedule and bears interest of 4.83%. The annual principal and interest costs are funded by the Ministry of Education.
- (i) On March 9, 2012, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$24.3 million (GPL of \$23.9 million and PCS of \$0.4 million). The loan is repayable by semi-annual installments of principal and interest of \$0.7 million based on a 25 year amortization schedule and bears interest of 3.59%. The annual principal and interest costs are funded by the Ministry of Education.
- (j) On June 26, 2013, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$37.8 million (GPL of \$21.2 million and Capital Enveloping (ARC) of \$16.6 million). The loan is repayable by semi-annual installments of principal and interest of \$1.2 million based on a 25 year amortization schedule and bears interest of 3.66%. The annual principal and interest costs are funded by the Ministry of Education.
- (k) On March 12, 2014, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$18.7 million (Prohibit to Repair of \$14.1 million and Capital Priority Program of \$4.6 million). The loan is repayable by semi-annual installments of principal and interest of \$0.6 million based on a 25 year amortization schedule and bears interest of 4.003%. The annual principal and interest costs are funded by the Ministry of Education.
- (l) On March 11, 2015, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$15.0 million (Primary Class Size of \$3.6 million and Capital Priority Program of \$11.4 million). The loan is repayable by semi-annual installments of principal and interest of \$0.4 million based on a 25 year amortization schedule and bears interest of 2.993%. The annual principal and interest costs are funded by the Ministry of Education.

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(Tabular amounts in thousands of dollars)

8. Net long-term debt (continued)

(m) Principal and interest payments relating to net long-term debt of \$400.6 million (2017 - \$420.9 million) outstanding as at August 31, 2018 are due as follows:

	Principal payments	Interest	Total
	\$	\$	\$
2019	18,797	18,330	37,127
2020	19,691	17,436	37,127
2021	20,627	16,500	37,127
2022	21,609	15,518	37,127
2023	22,637	14,489	37,126
Thereafter	297,254	86,900	384,154
	<u>400,615</u>	<u>169,173</u>	<u>569,788</u>

(n) Interest on long-term debt amounted to \$19.0 million (2017 - \$23.0 million).

Toronto District School Board
Notes to the consolidated financial statements
August 31, 2018
(Tabular amounts in thousands of dollars)

9. Tangible capital assets

(a) Opening and closing balances with activities for the year ended August 31, 2018

\$ in 000's	Gross Book Value						Accumulated Amortization						Net Book Value	
	Balance at	Transfers		Disposal	Balance at	Balance at	Amortization	Transfers		Disposal	Balance at	Balance at	Balance at	
	September 1, 2017	Addition	between Asset Class			to Held for Sale		September 1, 2017	Asset Class		to Held for Sale	August 31, 2018	August 31, 2018	August 31, 2017
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Land	75,572	15,296	—	—	(1,006)	89,862	—	—	—	—	—	89,862	—	75,572
Land Improvements	133,215	48,991	1,664	—	(473)	183,397	48,870	17,991	—	—	(203)	66,658	116,739	84,345
Buildings (40 Years)	3,348,505	325,197	7,838	(2,504)	(2,732)	3,676,304	1,426,177	125,672	(1,329)	(1,426)	(1,787)	1,547,307	2,128,997	1,922,328
Buildings (20 Years)	22	—	—	—	—	22	4	1	—	—	—	5	17	18
Portable Structures	36,245	1,707	—	—	—	37,952	12,379	1,887	—	—	—	14,266	23,686	23,866
Construction in Progress (CIP)	34,041	29,579	(11,849)	—	—	51,771	—	—	—	—	—	—	51,771	34,041
Equipment (5 Years)	156	7	—	—	(17)	146	48	31	—	—	(17)	62	84	108
Equipment (10 Years)	3,585	578	62	—	(243)	3,982	1,723	373	—	—	(243)	1,853	2,129	1,862
Equipment (15 Years)	4,121	499	—	—	—	4,620	2,473	200	—	—	—	2,673	1,947	1,648
First time Equipping (10 Years)	7,854	311	315	—	(114)	8,366	3,938	793	—	—	(114)	4,617	3,749	3,916
Furniture (10 Years)	1,052	105	12	—	(145)	1,024	667	105	—	—	(145)	627	397	385
Computer Hardware	27,392	7,122	97	—	(2,319)	32,292	12,056	5,853	2	—	(2,319)	15,592	16,700	15,336
Computer Software	2,236	1,100	—	—	(313)	3,023	1,199	556	—	—	(312)	1,443	1,580	1,037
Vehicles (< 10,000 pounds)	2,230	265	—	—	—	2,495	1,906	200	—	—	—	2,106	389	324
Vehicles (> 10,000 pounds)	6,220	2,024	(171)	—	—	8,073	4,468	298	(2)	—	—	4,764	3,309	1,752
Leasehold improvement – Building	6,471	473	—	—	—	6,944	3,873	737	—	—	—	4,610	2,334	2,598
Leasehold improvement – land Building (PRFS)	609	615	—	—	—	1,224	208	71	—	—	—	279	945	401
	10,925	—	2,032	(10,925)	—	2,032	6,252	—	1,329	(6,251)	—	1,330	702	4,673
	3,700,451	433,869	—	(13,429)	(7,362)	4,113,529	1526,241	154,768	—	(7,677)	(5,140)	1,668,192	2,445,337	2,174,210

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

9. Tangible capital assets (continued)

(b) Assets permanently removed from service

Included in the tangible capital assets balance is one building which has been permanently removed from service as of August 31, 2018 with net book value of \$0.7 million (2017 - \$4.63 million). Amortization of this building ceased upon its permanent removal from service.

(c) Works of art and historic artifacts

TDSB has an art collection in its possession with an insured value of \$7.4 million (2017 - \$7.4 million). In addition, TDSB also has a number of historic artifacts. In accordance with public sector accounting standards, these works of art and historic artifacts are not recorded as an asset in these consolidated financial statements.

10. Accumulated deficit

Accumulated deficit consists of the following:

	2018	2017
	\$	\$
Accumulated deficit		
Working Funds	40,817	26,398
Internal reserves and reserve funds	142,678	141,504
Employee future benefits	(327,467)	(350,943)
Interest accrual	(5,364)	(6,615)
School generated funds	19,415	17,665
Capital grants used on land purchases	89,862	75,572
Liability for contaminated sites	(1,025)	(1,025)
	(41,084)	(97,444)

Internal reserves and reserve funds set aside for specific purposes by the Board of Trustees consist of the following:

	2018	2017
	\$	\$
Special education	101	101
Employee benefit plans	100,780	96,450
School support	19,401	21,318
Sinking fund interest	18,553	19,884
Other	3,843	3,751
	142,678	141,504

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Notes to the consolidated financial statements

August 31, 2018

(Tabular amounts in thousands of dollars)

11. Contractual obligations and commitments

(a) Capital, facility renewals and renovations

The Board's commitments for approved capital and facility renewal programs as of August 31, 2018 amounted to \$129.4 million (2017 - \$146.9 million).

(b) Other significant obligations

- (i) The Board awarded contracts for student transportation ending August 31, 2022 with two one-year extensions. The estimated annual commitment under these contracts is \$59.6 million (2017 - \$56.8 million).
- (ii) The Board is committed to purchase natural gas including transportation through supply contracts with various expiry dates; the latest contract expires on October 31, 2021. The estimated outstanding costs of these contracts are \$19.56 million (2017 - \$21.76 million).
- (iii) The Board is committed to a Wide Area Network contract which expires August 2022. The estimated annual commitment under this contract is \$ 5.34 million (2017 - \$4.7 million).
- (iv) The Board is committed to a Multi-Functional Devices contract which expires October 2019. The estimated annual commitment under the contract is \$2.9 million (2017 - \$2.9 million).

12. Contingent liabilities

Legal claims

The Board has been named as the defendant in certain legal actions, in which damages have been sought. Any losses arising from these actions are recorded in the year that the related litigation is settled or when any likely amounts are measurable. Where the outcomes of actions are not determinable as at August 31, 2018, no provision is made in the consolidated financial statements.

Pay equity

The Board is continuing to negotiate several pay equity claims with employee groups. Management records any future pay equity settlements in the year in which the claim is settled, or earlier, if the amount is determined to be likely and the liability is measurable.

Toronto District School Board
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(Tabular amounts in thousands of dollars)

13. Expenses by object

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

	2018	2017
	\$	\$
Expenses		
Salary and wages	2,365,026	2,267,020
Employee benefits	378,329	363,300
Staff development	2,266	2,497
Supplies and services	181,697	189,743
Interest	23,851	25,167
Rental expenses	12,568	11,826
Fees and contract services	117,040	109,783
Other	(16,854)	(2,294)
Amortization and loss on disposal of tangible capital assets	154,768	129,795
School funded activities	42,237	42,079
	3,260,927	3,138,916

14. Grants for student needs

Included in grants for student needs is an amount of \$1.315 billion (2017 - \$1.580 billion) raised through local property taxation by the Province and transferred to the Board.

15. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$275.1 million 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.

The flow-through of \$20.5 million (2017 - \$20.5 million) in grants in respect of the above agreement for the year ended August 31, 2018, is not recorded in these consolidated financial statements.

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16. Financial contribution agreements

During 2001 - 2002, the Board established three joint trust accounts with the Toronto Catholic District School Board 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. As at August 31, 2018, the total levy amount in these joint trust accounts is \$51.7 million (2017 - \$64.6 million). The Board's current share of this amount is \$8.98 million (2017 - \$16.27 million) as reflected in the consolidated statement of financial position. The Board's financial interest in the remaining unapportioned balance in the joint trust accounts has not been reflected in these accounts in the consolidated statement of financial position.

The funds in the joint trust accounts must be used for construction of school facilities in specific designated areas of the City of Toronto.

As of August 31, 2018, the joint account has allotted a total of \$36.2 million for construction of school facilities at Block 31 Railway Land with \$18.65 million representing the Board's share of the approved project costs.

During fiscal 2018, payments related to construction cost for both school boards totalled \$14.35 million (2017 - \$3.82 million). Of this, \$7.29 million represents the Board's payment of project costs and has been reflected in the Board's consolidated statement of financial position as follows: \$5.74 million (2017 - \$1.56 million) has been capitalized in construction-in-progress in the current year for a total of \$8.12 million in construction-in-progress at year end, \$1.55 million (2017 - \$0.82 million) recorded as prepaid expenses, and the remaining \$8.98 million (2017- \$16.27 million) recorded as restricted cash representing funds in the trust accounts already apportioned to the Board for this project.

17. Transportation agreement

In 2011, the Board entered into an agreement with the Toronto Catholic District School Board 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 Boards. Under the agreement, decisions related to the financial and operating activities of Toronto Transportation group are shared. No partner 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. Liability for contaminated sites

As at August 31, 2018, the Board has a liability for contaminated sites of \$1.0 million (2017 - \$1.0 million). The liability relates to contamination at two Board properties that are no longer in productive use, and was estimated based on a baseline phase II environmental site assessment performed by an environmental consulting firm. No recoveries are expected.

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August 31, 2018

(Tabular amounts in thousands of dollars)

19. Sale of Bloor and Dufferin property

On December 7, 2016, the Board entered into a Purchase and Sale Agreement with a developer to sell 7.3 acres of land for a multi-use development at the corner of Bloor and Dufferin. The gross sale proceeds of the land is \$121.5 million.

Further, a Memorandum of Understanding was signed on December 15, 2016, committing the developer to build a 30,000 square feet childcare/community centre conditional on cost recoverable funding from the Province and City. The Provincial contribution of \$7 million was previously announced and will be flowed from the Ministry of Education to the Board, and in turn to the developer upon construction.

As of August 31, 2018, the sale continues to be subject to severance and the appropriate planning and zoning approvals from the City of Toronto. The developer has submitted a Site Plan Application along with rezoning and official plan amendments. The developer is working through this process with City officials.