
Consolidated financial statements of Toronto District School Board

August 31, 2020

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Management Report

Year ended August 31, 2020

Re: Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Toronto District School Board (the "Board") are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1(a) to the 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 of Trustees. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

9 December 2020

Handwritten signature of Dr. Kathy Witherow in black ink.

Dr. Kathy Witherow
Interim Director of Education

Handwritten signature of Craig Snider in black ink.

Craig Snider
Interim Associate Director,
Business Operations and Service Excellence



Independent Auditor's Report

To the Board of Trustees of
Toronto District School Board

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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

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

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

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

Auditor's Responsibilities for the Audit of the 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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
December 9, 2020


Toronto District School Board
Consolidated statement of financial position

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

	Notes	2020 \$	2019 \$
Financial assets			
Cash	1(i)	391,085	125,195
Temporary investments		731	204,517
Due from City of Toronto	3	667,700	228,362
Accounts receivable (net of allowance of \$6,058 (\$6,087 in 2019))		28,028	42,192
Accounts receivable - Province of Ontario	2	578,903	589,836
Funds on deposit	5(f)	107,087	106,506
Properties held for sale	6	3,009	11,303
Restricted cash	18	111	2,589
		1,776,654	1,310,500
Liabilities			
Short-term borrowing	7	150,000	185,000
Accounts payable and accrued liabilities		252,504	286,336
Due to Province of Ontario	4	553,435	30,909
Accrued vacation pay		19,029	15,128
Deferred revenue	8	232,791	219,769
Deferred capital contributions	9	2,492,990	2,472,629
Retirement and other employee future benefits payable	5	334,338	339,874
Net long-term debt	10	362,127	381,818
		4,397,214	3,931,463
Net debt		(2,620,560)	(2,620,963)
Non-financial assets			
Tangible capital assets	11	2,619,414	2,600,442
Prepaid expenses and supplies		25,712	18,919
		2,645,126	2,619,361
Accumulated surplus (deficit)	12	24,567	(1,602)

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

Approved by the Board

 _____, Interim Director of Education

 _____, Chair of the Board

Toronto District School Board
Consolidated statement of operations

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

	Notes	Budget \$	2020 \$	2019 \$
Revenue				
Provincial grants				
Grants for student needs	16	2,908,146	2,907,545	3,008,224
Other		41,002	48,646	60,904
Federal grants and fees		22,000	19,900	21,911
Other fees and revenues		106,125	93,236	117,990
School fundraising		40,000	24,018	44,115
Amortization of deferred capital contributions	9	209,409	221,175	189,800
		3,326,682	3,314,520	3,442,944
Expenses				
Instruction	15	2,559,028	2,511,763	2,616,891
Administration		81,116	86,454	83,812
Transportation		67,281	62,577	67,950
School operations and maintenance		319,806	315,819	321,211
Pupil accommodation		251,516	287,551	264,742
Other programs		6,625	3,050	5,973
School funded activities		40,000	21,138	42,883
		3,325,372	3,288,352	3,403,462
Annual surplus		1,311	26,168	39,482
Accumulated deficit, beginning of year		(14,577)	(1,602)	(41,084)
Accumulated surplus (deficit), end of year		(13,266)	24,566	(1,602)

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

Toronto District School Board
Consolidated statement of change in net debt

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

	Notes	2020 \$	2019 \$
Annual surplus		26,168	39,482
Acquisition of tangible capital assets	11	(242,995)	(370,265)
Amortization of tangible capital assets	11	222,602	191,227
Net book value of tangible capital asset disposals	11	1,421	16,513
Net book value of tangible capital assets reclassified as properties held for sale during the year	6	—	7,420
		7,196	(115,623)
Acquisition of inventories of supplies		(10,936)	(9,420)
Acquisition of prepaid expenses		(13,575)	(16,038)
Consumption of inventories of supplies		9,371	9,103
Use of prepaid expenses		8,347	7,433
Change in net debt		403	(124,545)
Net debt, beginning of year		(2,620,963)	(2,496,418)
Net debt, end of year		(2,620,560)	(2,620,963)

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

Toronto District School Board
Consolidated statement of cash flows

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

	Notes	2020 \$	2019 \$
Operating activities			
Annual surplus		26,168	39,482
Items not involving cash			
Amortization	11	222,602	191,227
Net book value of tangible capital assets reclassified as properties held for sale during the year (excluding land)	6	—	(7,364)
Disposal of properties held for sale	6	8,294	1,869
Deferred capital contributions recognized	9	(221,175)	(189,800)
Changes in non-cash assets and liabilities			
Due from City of Toronto		(439,338)	(2,022)
Accounts receivable		14,164	(16,202)
Accounts receivable - Province of Ontario			
Operating		(91,447)	(38,354)
Prepaid expenses and supplies		(6,793)	(8,922)
Accounts payable and accrued liabilities and accrued vacation pay		(29,931)	(609)
Due to Province of Ontario		522,526	(9,427)
Deferred revenues - Operating		(2,935)	(3,044)
Retirement and other employee future benefits payable		(5,536)	(7,963)
		(3,401)	(51,129)
Capital activity			
Acquisition of tangible capital assets	11	(242,995)	(370,265)
Investing activities			
Temporary investments		203,786	11,242
Funds on deposit		(581)	(4,261)
		203,205	6,981
Financing activities			
Capital grant contributions	9	242,957	349,384
Deferred revenue - Capital		15,957	53,640
Accounts receivable - Province of Ontario Capital		102,380	52,206
Short-term borrowing - net		(35,000)	35,000
Long-term debt repayments		(19,691)	(18,797)
Decrease in restricted cash	18	2,478	6,394
		309,081	477,827
Net increase in cash		265,890	63,414
Cash, beginning of year		125,195	61,781
Cash, end of year		391,085	125,195

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

Toronto District School Board

Notes to the consolidated financial statements

August 31, 2020

(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 1(a) below.

Significant accounting policies adopted are as follows:

(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 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 consolidated 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, 2020

(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 \$12.90 million (\$12.90 million in 2019) 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, 2020

(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, a number of Employee Life and Health Trusts (ELHTs) were established: 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's employees belong to the following Union groups ELHTs:

- Elementary Teachers' Federation of Ontario (ETFO);
- Ontario Secondary School Teachers' Federation (OSSTF);
- OSSTF Education Workers (OSSTF EW);
- Canadian Union of Public Employees (CUPE);
- Ontario Council of Education Workers (OCEW) (which includes Maintenance & Construction Skilled Trades Council (MCSTC));
- non-unionized employees; and
- Principals and Vice Principals.

The Board is no longer responsible to provide certain benefits to employees who are part of the ELHTs as of June 1, 2018.

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. School boards are required to remit the negotiated amount per full-time equivalency (FTE) on a monthly basis.

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

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(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)

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, which averages 8.36 years.

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, which averages 1.0 year.

- (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, which averages 5.41 years.
- (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.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(g) Tangible capital assets (continued)

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 improvements	Over the lease term

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

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 related tangible capital asset is amortized.

(i) Interest and investment income

Interest and 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.

Interest income also includes interest earned on cash balances held with a Canadian Chartered Bank, which accrues interest income at a rate of prime minus 1.45% as at August 31, 2020.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued)

(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, Education 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 Board of Trustees on June 19, 2019. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

(m) 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. 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, the recognition of deferred amounts related to capital contributions, and deferred revenue. Actual results could differ from these estimates.

2. Accounts receivable - Province of Ontario

The accounts receivable from the Province of Ontario are comprised primarily of amounts related to capital grants in the amount of \$449.10 million (\$551.48 million as at August 31, 2019) and delayed capital grant payments of \$116.05 million (\$38.35 million as at August 31, 2019).

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.

Effective September 1, 2018, the Ministry of Education ("Ministry") introduced a cash management strategy. 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.

Toronto District School Board Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

3. Due from City of Toronto

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 \$664.79 million, and has been included in Due from City of Toronto on the consolidated statement of financial position. This amount will be recovered fully by the Board in the following school year.

4. Due to Province of Ontario

In June 2020, the Province of Ontario announced a 90-day deferral of quarterly remittance of EPT from the municipalities to school boards, to extend payment of the June 30, 2020 instalment to September 30, 2020. 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 approximately 25% of the annual EPT amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$499.26 million and has been included in the Due to Province of Ontario on the consolidated statement of financial position. The amount is gradually repaid through monthly operating grant payment adjustments, upon receipt of the EPT payments from the City of Toronto and will be recovered by the Province in 2021.

5. 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 sick leave credit gratuities to certain groups of employees hired prior to specific 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.

(ii) *Retirement life insurance and health care benefits*

All of the Board's benefit plans for active employees have transitioned to provincial ELHTs. As a result, the Board is no longer providing benefits to employees who retired after the transition dates. The Board, however, continues to provide benefits to ETFO, OSSTF, OSSTF EW, CUPE, and OCEW (which includes MCSTC) members who were enrolled in the Board's retiree benefit plans prior to the transition dates.

For the retired, non-unionized Principals and Vice Principals members who were transitioned to their applicable ELHTs, former Board cost arrangements were maintained.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

5. 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 (continued)*

Employees who retired after the transition dates are not eligible to participate in the ELHT benefit programs, with the exception of Senior Officials, who will be eligible to participate in the retiree benefit plans until December 31, 2020. These Senior Officials will continue to receive the premium subsidy from the Board.

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 disclosed in Note 12, and funds held on deposit, as disclosed in Note 5(f)(iii), 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.

As of August 31, 2018, there are no active 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.

(b) *Retirement and other employee future benefits liabilities*

	Pension benefits	Retirement benefits	Other benefits	2020 Total
	\$	\$	\$	\$
Unfunded accrued benefit obligation	1,819	218,106	175,850	395,775
Unamortized net actuarial losses	—	(38,829)	(22,608)	(61,437)
Accrued benefit liability	1,819	179,277	153,242	334,338

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

5. Retirement and other employee future benefits (continued)

(b) *Retirement and other employee future benefits liabilities (continued)*

	Pension benefits \$	Retirement benefits \$	Other benefits \$	2019 Total \$
Unfunded accrued benefit obligation	2,064	225,126	163,477	390,667
Unamortized net actuarial losses	—	(36,950)	(13,843)	(50,793)
Accrued benefit liability	2,064	188,177	149,634	339,874

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

	Pension benefits \$	Retirement benefits \$	Other benefits \$	2020 Total \$
Current year benefit costs	—	134	32,504	32,638
Interest on accrued benefit obligation	38	4,328	3,206	7,572
Recognition of actuarial losses	34	4,188	3,436	7,658
Employee future benefits expenses	72	8,650	39,146	47,868

	Pension benefits \$	Retirement benefits \$	Other benefits \$	2019 Total \$
Current year benefit costs	—	123	34,287	34,410
Interest on accrued benefit obligation	61	6,357	4,284	10,702
Recognition of actuarial losses	75	2,840	2,406	5,321
Employee future benefits expenses	136	9,320	40,977	50,433

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

The amount of benefits paid during the year were \$0.32 million (\$0.38 million in 2019) for pension benefits, \$17.55 million (\$24.66 million in 2019) for retirement benefits, and \$35.53 million (\$33.36 million in 2019) for other employee future benefits.

(d) *Actuarial assumptions*

The accrued benefit obligations for the retirement and employee future benefit plans as at August 31, 2020 are based on an extrapolation report completed for accounting purposes as at August 31, 2020. The most recent full actuarial valuation for accounting purposes was completed as at August 31, 2018.

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

5. 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:

	2020	2019
	%	%
Estimated inflation		
Health	7.25	7.50
Dental	4.50	4.50
War veterans	1.50	1.50
WSIB	4.00	2.00
LTDI	1.50	1.00
Wages and salary calculation	2.00	2.00
Discount on accrued benefit obligations		
Sick leave credit gratuities	1.40	2.00
Life, health and dental	1.40	2.00
War veterans	1.40	2.00
WSIB	1.40	2.00
LTDI	1.40	2.00
Sick leave top up	N/A	N/A

(e) Multi-employer pension plans

(i) Ontario Teachers' Pension Plan

Employees who are Teacher-certified, regardless of the capacity in which they work, are required to be members of Ontario Teachers' Pension Plan, a multi-employer 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 (OMERS)

Non-teaching employees of the Board are eligible to be members of OMERS, a multi-employer pension plan (the "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, 2020, the Board contributed \$ 52.98 million (\$53.40 million in 2019) to the Plan. As this is a multi-employer 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

August 31, 2020

(Tabular amounts in thousands of dollars)

5. Retirement and other employee future benefits (continued)

(e) Multi-employer pension plans (continued)

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

Each year, an independent actuary determines the funding status of OMERS Primary Pension by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted as at December 31, 2019. The results of this valuation disclosed total actuarial liabilities as at that date of \$107.69 billion in respect of benefits accrued for service with actuarial assets as at that date of \$104.29 billion indicating an actuarial deficit of \$3.40 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employers. As a result, the Board does not recognize any share of the OMERS pension deficit.

(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 Sun Life and Manulife to fund current liabilities for the health and dental plans administered by the Board in the amount of \$4.68 million (\$4.67 million as at August 31, 2019). These funds primarily cover estimated current period claims yet to be submitted by employees. The Board is still responsible for providing coverage to some retiree employee groups until they transition to their applicable ELHT.

(ii) Group Life Funds on deposit

The Board has funds held on deposit with Canada Life to fund current liabilities for the group life insurance plans of the Board in the amount of \$13.78 million (\$12.86 million as at August 31, 2019). The Board is still responsible for providing coverage to some retiree employee groups until they transition to their applicable ELHT.

(iii) Long-term disability funds on deposit

The Board has funds held on deposit with Sun Life and a Canadian Chartered Bank to fund the long-term disability plan of the Board in the amount of \$88.67 million (\$89.02 million as at August 31, 2019). These funds primarily cover the actuarially determined liabilities of the long-term disability plan and cover reduced Board premiums otherwise required by the long-term disability plan.

Toronto District School Board
Notes to the consolidated financial statements

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(Tabular amounts in thousands of dollars)

6. Properties held for sale

As of August 31, 2020, \$3.01 million (\$11.30 million in 2019) related to buildings and nil (\$0.10 million in 2019) 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 nil (\$7.42 million in 2019). Net proceeds of \$45.10 million (\$80 million in 2019) were received on the sale of these properties, which had a carrying value of \$8.29 million (\$1.87 million in 2019), resulting in a gain on sale of \$36.80 million (\$78.13 million in 2019).

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 \$0.35 million (\$2.37 million in 2019) recognized as revenue mainly to fund sale costs and land purchase, with an amount remaining in deferred revenue of \$177.49 million (\$147.07 million in 2019), in accordance with Ontario Regulation 193/10 (See Note 8).

7. Short-term borrowing

	2020	2019
	\$	\$
62 day Bankers Acceptances bearing interest at 1.01% (2.5% in 2019) maturing on September 24, 2020 (September 26, 2019 in 2019)	150,000	185,000

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, 2020 was \$150. million (\$185 million in 2019) and was used to support the Board's capital projects. Upon maturity on September 24, 2020, the credit facility was renewed at an amount of \$205 million, with a new maturity date of November 24, 2020. Subsequent to November 24, 2020, the credit facility was renewed at an amount of \$250 million, with a new maturity date of February 24, 2021. In addition, the Board has outstanding letters of credit in the amount of \$3.10 million as at August 31, 2020 (\$3.60 million as at August 31, 2019).

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 10 (c), (d), (e), (f), (g), (h), (i), (j) and (k)).

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

8. Deferred revenue

The continuity of deferred revenue including those set aside for specific purposes by legislation, regulation or agreement as at August 31, 2020 is as follows:

	Balance, August 31, 2019 \$	Externally restricted revenue and investment income \$	Revenue recognized during the year \$	Transfer to deferred capital contributions \$	Balance, August 31, 2020 \$
Special Education	3,994	344,693	(340,578)	—	8,109
Other Ministry of Education grants	359	36,457	(36,457)	—	359
Other Provincial grants	3,088	32,636	(31,780)	—	3,944
Tuition fees	28,788	23,273	(30,417)	—	21,644
Other (operating)	10,684	30,034	(30,796)	—	9,922
Minor tangible capital assets	—	73,194	(65,537)	(7,657)	—
School renewal	4,464	47,155	(35,867)	(10,288)	5,464
Temporary accommodation	106	673	—	(779)	—
Retrofitting school space for child care	1,426	—	—	—	1,426
Renewable energy	196	—	—	—	196
Proceeds of disposition	147,074	45,096	(350)	(14,330)	177,490
Properties held for sale	11,247	—	(8,238)	—	3,009
Developer contributions (Note 18)	4,103	—	—	(3,509)	594
Other	4,240	26,969	(479)	(30,096)	634
	219,769	660,180	(580,499)	(66,659)	232,791

9. Deferred capital contributions

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with Regulation 395/11 that have been spent by year end. The contributions are amortized into revenue at the rate used to amortize the related asset over its useful life.

	2020 \$	2019 \$
Balance, beginning of year	2,472,629	2,336,922
Additions to deferred capital contributions	242,957	349,384
Revenue recognized during the year	(221,175)	(189,800)
Write-offs due to tangible capital asset disposals	(1,421)	(16,513)
Transfers to deferred revenue relating to properties held for sale (excluding land)	—	(7,364)

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

10. 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	2020 \$	2019 \$
Critical renewal debenture	Note 10(b)	5.07	December 17, 2024	12,756	15,221
Ontario Financing Authority	Note 10(c)	4.56	November 15, 2031	64,479	68,662
Ontario Financing Authority	Note 10(d)	4.90	March 3, 2033	68,209	71,966
Ontario Financing Authority	Note 10(e)	5.06	March 13, 2034	61,835	64,863
Ontario Financing Authority	Note 10(f)	5.23	April 13, 2035	39,935	41,668
Ontario Financing Authority	Note 10(g)	4.83	March 11, 2036	36,943	38,469
Ontario Financing Authority	Note 10(h)	3.59	March 9, 2037	18,627	19,425
Ontario Financing Authority	Note 10(i)	3.66	June 25, 2038	30,852	32,035
Ontario Financing Authority	Note 10(j)	4.00	March 11, 2039	15,665	16,214
Ontario Financing Authority	Note 10(k)	2.99	March 9, 2040	12,826	13,295
Balance as at August 31				362,127	381,818

- (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 5.07% and has a 20 year amortization with semi-annual interest and principal payments of \$1.60 million. The annual debt service of \$3.21 million is funded from the annual Facility Renewal Grant.
- (c) On November 15, 2006, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$107.74 million of the Good Places to Learn ("GPL") program. The loan is repayable by semi-annual installments of principal and interest of \$3.63 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.
- (d) On March 3, 2008, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$103.24 million (GPL of \$93.92 million and Primary Class Size ("PCS") of \$9.32 million). The loan is repayable by semi-annual installments of principal and interest of \$3.62 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.
- (e) On March 13, 2009, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$88.10 million (GPL of \$81.10 million and PCS of \$7 million). The loan is repayable by semi-annual installments of principal and interest of \$3.14 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.
- (f) On April 14, 2010, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$53.83 million (GPL of \$51.73 million and PCS of \$2.10 million). The loan is repayable by semi-annual installments of principal and interest of \$1.95 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.
- (g) On March 11, 2011, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$48.38 million (GPL of \$33.92 million and PCS of \$14.46 million). The loan is repayable by semi-annual installments of principal and interest of \$1.68 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.

Toronto District School Board
Notes to the consolidated financial statements

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(Tabular amounts in thousands of dollars)

10. Net long-term debt (continued)

- (h) On March 9, 2012, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$24.28 million (GPL of \$23.88 million and PCS of \$0.40 million). The loan is repayable by semi-annual installments of principal and interest of \$0.74 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.
- (i) On June 26, 2013, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$37.83 million (GPL of \$21.23 million and Capital Enveloping (ARC) of \$16.60 million). The loan is repayable by semi-annual installments of principal and interest of \$1.17 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.
- (j) On March 12, 2014, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$18.66 million (Prohibit to Repair of \$14.06 million and Capital Priority Program of \$4.60 million). The loan is repayable by semi-annual installments of principal and interest of \$0.60 million based on a 25-year amortization schedule and bears interest of 4.00%. The annual principal and interest costs are funded by the Ministry of Education.
- (k) On March 11, 2015, the Board entered into a loan agreement with the Ontario Financing Authority to finance \$15.03 million (Primary Class Size of \$3.60 million and Capital Priority Program of \$11.43 million). The loan is repayable by semi-annual installments of principal and interest of \$0.43 million based on a 25-year amortization schedule and bears interest of 2.99%. The annual principal and interest costs are funded by the Ministry of Education.
- (l) Principal and interest payments relating to net long-term debt of \$495.53 million (\$532.66 million as at August 31, 2019) outstanding as at August 31, 2020 are due as follows:

	Principal payments \$	Interest \$	Total \$
2021	20,627	16,500	37,127
2022	21,609	15,518	37,127
2023	22,637	14,489	37,126
2024	23,716	13,411	37,127
2025	23,243	12,281	35,524
Thereafter	250,295	61,208	311,503
	362,127	133,407	495,534

- (m) Interest on long-term debt amounted to \$17.15 million (\$18.08 million in 2019).

Toronto District School Board
Notes to the consolidated financial statements
August 31, 2020
(Tabular amounts in thousands of dollars)

11. Tangible capital assets

(a) Opening and closing balances with activities for the year ended August 31, 2020

\$ in 000's	Cost					Balance at August 31, 2020	Accumulated amortization					Balance at August 31, 2020	Balance at August 31, 2020
	Balance at September 1, 2019	Additions	Transfers between Asset Class	Transfers to Held for Sale	Disposals		Balance at September 1, 2019	Amortization	Transfers between Asset Class	Transfers to Held for Sale	Disposal write-offs		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	110,688	39	—	—	—	110,727	—	—	—	—	—	—	110,727
Land improvements	217,726	23,495	—	—	—	241,221	96,969	43,539	—	—	—	140,508	100,713
Buildings (40 years)	3,907,761	177,199	51,233	—	—	4,136,193	1,665,952	168,038	—	—	—	1,833,990	2,302,203
Buildings (20 years)	70	33	—	—	—	103	7	5	—	—	—	12	91
Portable structures	39,018	1,782	—	—	—	40,800	16,241	2,031	—	—	—	18,272	22,528
Construction-in-progress (CIP)	70,886	30,846	(51,233)	—	—	50,499	—	—	—	—	—	—	50,499
Equipment (5 years)	136	29	—	—	(18)	147	71	29	—	—	(18)	82	65
Equipment (10 years)	3,748	307	—	—	(242)	3,813	1,691	373	—	—	(242)	1,822	1,991
Equipment (15 years)	5,515	17	—	—	—	5,532	2,923	271	—	—	—	3,194	2,338
First time equipping (10 years)	7,852	1,357	—	—	(1,055)	8,154	4,286	822	—	—	(1,055)	4,053	4,101
Furniture (10 years)	898	56	—	—	(157)	797	435	85	—	—	(157)	363	434
Computer hardware	29,190	5,471	—	—	(5,450)	29,211	14,320	5,641	—	—	(5,450)	14,511	14,700
Computer software	2,412	842	—	—	(1,039)	2,215	1,403	507	—	—	(1,039)	871	1,344
Vehicles (< 10,000 pounds)	2,495	—	—	—	—	2,495	2,268	77	—	—	—	2,345	150
Vehicles (> 10,000 pounds)	9,614	1,498	—	—	—	11,112	5,290	603	—	—	—	5,893	5,219
Leasehold improvements - building	7,342	24	—	—	—	7,366	5,407	456	—	—	—	5,863	1,503
Leasehold improvements - land	1,328	—	—	—	—	1,328	395	125	—	—	—	520	808
Buildings (PRFS)	4,893	—	—	—	(4,893)	—	3,472	—	—	—	(3,472)	—	—
Total	4,421,572	242,995	—	—	(12,854)	4,651,713	1,821,130	222,602	—	—	(11,433)	2,032,299	2,619,414

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

11. Tangible capital assets (continued)

(b) Assets permanently removed from service

Included in the tangible capital assets balance in 2019 is one building which has been permanently removed from service as of August 31, 2019 with net book value of \$1.42 million. In 2020, the building has been disposed. In addition, the related deferred capital contribution of \$1.42 million was recognized as at August 31, 2020.

(c) Works of art and historic artifacts

TDSB has an art collection in its possession with an insured value of \$7.40 million (\$7.40 million in 2019). In addition, TDSB also has a number of historic artifacts. In accordance with Canadian public sector accounting standards, these works of art and historic artifacts are not recorded as an asset in these consolidated financial statements.

12. Accumulated surplus (deficit)

Accumulated surplus (deficit) consists of the following:

	2020	2019
	\$	\$
Accumulated surplus (deficit)		
Working funds	16,744	29,325
Internal reserves and reserve funds	159,938	147,813
Employee future benefits	(280,513)	(303,989)
Interest accrual	(4,832)	(5,116)
School generated funds	23,527	20,647
Capital grants used on land purchases	110,727	110,743
Liability for contaminated sites	(1,025)	(1,025)
	24,566	(1,602)

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

	2020	2019
	\$	\$
Employee benefit plans	106,190	105,570
School support	34,920	21,513
Committed sinking fund interest earned	15,699	17,126
Other	3,129	3,604
	159,938	147,813

Toronto District School Board
Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

13. Contractual obligations and commitments

(a) Capital, facility renewals and renovations

The Board's commitments for approved capital and facility renewal programs as at August 31, 2020 amounted to \$78.10 million (\$111.69 million as at August 31, 2019).

(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 \$62.99 million (\$59.60 million in 2019).
- (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, 2022. The estimated outstanding costs of these contracts are \$8.52 million (\$11.51 million in 2019).
- (iii) The Board is committed to a Wide Area Network contract which expires in August 2022. The estimated annual commitment under this contract is \$5.38 million (\$5.38 million in 2019).
- (iv) The Board is committed to a Multi-Functional Devices contract which expires in June 2021. The estimated remaining commitment under the contract to its expiry date is \$2.45 million (\$0.49 million in 2019).

14. Contingent liabilities

Legal claims

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

August 31, 2020

(Tabular amounts in thousands of dollars)

15. Expenses by object

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

	2020	2019
	\$	\$
Expenses		
Salary and wages	2,312,981	2,382,960
Employee benefits	408,446	420,037
Staff development	1,274	3,391
Supplies and services	143,273	185,793
Interest	21,041	23,239
Rental expenses	14,707	13,449
Fees and contract services	138,306	127,013
Other	4,584	13,470
Amortization of tangible capital assets	222,602	191,227
School funded activities	21,138	42,883
	3,288,352	3,403,462

16. Grants for student needs

Included in grants for student needs is an amount of \$1.719 billion (\$1.701 billion in 2019) raised through local property taxation by the Province and allocated to the Board.

17. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$275.10 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 \$20.50 million (\$20.50 million in 2019) in grants in respect of the above agreement for the year ended August 31, 2020, is not recorded in these consolidated financial statements.

Toronto District School Board

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(Tabular amounts in thousands of dollars)

18. 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, 2020, the total levy amount in these joint trust accounts is \$34 million (\$37.10 million in 2019). The Board's current share of this amount is \$0.11 million (\$2.59 million in 2019) as reflected in the consolidated statement of financial position. The Board's financial interest in the remaining un-apportioned balance in the joint trust accounts has not been reflected 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 at August 31, 2020, the joint account has allotted a total of \$40.48 million (\$40.48 million in 2019) for construction of school facilities at Jean Lumb Public School with \$20.85 million (\$20.85 million in 2019) representing the Board's share of the approved project costs.

During fiscal 2020, payments related to construction cost for both school boards totalled \$4.84 million (\$16.38 million in 2019). Of this, \$2.48 million (8.59 million in 2019) represents the Board's payment of project costs and has been reflected in the Board's consolidated statement of financial position as follows: \$2 million (\$7.08 million in 2019) has been capitalized for a total of \$20.26 million (\$16.75 million in 2019), and \$0.48 million (\$1.51 million in 2019) has been recorded as prepaid expenses.

19. 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 of Toronto. 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.

20. Liability for contaminated sites

As at August 31, 2020, the Board has a liability for contaminated sites of \$1.03 million (\$1.03 million in 2019). 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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Notes to the consolidated financial statements

August 31, 2020

(Tabular amounts in thousands of dollars)

21. 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 \$121.50 million.

Further, a Memorandum of Understanding was signed on December 15, 2016, committing the developer to build a 30,000 square feet community hub conditional on cost recoverable funding from the Province and City. The Provincial contribution of \$7 million towards a childcare component of the hub 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, 2020, the sale continues to be subject to severance and the applicable 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.

22. Comparative information

Certain prior year's comparative amounts have been reclassified to conform to the current year's presentation. Accounts reclassified in the current year include Accounts receivable – Province of Ontario and Due to Province of Ontario.

23. Significant event

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