

Financial statements of

**York Region District School Board**

For the year ended August 31, 2018

# York Region District School Board

August 31, 2018

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**THE EDUCATION CENTRE**

60 Wellington Street West  
Box 40, Aurora, Ontario L4G 3H2  
Tel: 905.722.3201 905.895.7216 905.727.3141 416.969.8131  
Automated 905.727.0022 895.7227 722.6255 416.969.7170

Fax: 905.727.1931  
Website: [www.yrdsb.edu.on.ca](http://www.yrdsb.edu.on.ca)

## Management Report

Year ended August 31, 2018

### Re: Management's Responsibility for the Financial Statements

The accompanying financial statements of the York Region District School Board are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1(a) to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

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

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

\_\_\_\_\_  
Original signed by  
Director of Education

\_\_\_\_\_  
Original signed by  
Chief Financial Officer

\_\_\_\_\_  
December 11, 2018  
Date

\_\_\_\_\_  
December 11, 2018  
Date

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## Independent Auditor's Report

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### To the Board of Trustees of the York Region District School Board

We have audited the accompanying financial statements of York Region District School Board, which comprise the statement of financial position as at August 31, 2018, and the statements of operations and accumulated surplus, 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 Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 1(a) to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the 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 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 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 financial statements of York Region District School Board as at and 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 financial statements.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) to the financial statement, which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

*BDO Canada LLP*

BDO Canada LLP  
Chartered Professional Accountants, Licensed Public Accountants  
December 11, 2018

# York Region District School Board

## Statement of financial position as at August 31, 2018

	2018	2017
	\$	\$
<b>Financial assets</b>		
Cash	103,182,960	102,501,986
Short-term investments (Note 2)	298,000,000	242,000,000
Accounts receivable	89,588,131	90,972,363
Accounts receivable - Government of Ontario (Note 3)	635,271,501	691,216,273
Assets held for sale (Note 4)	35,469	-
	<b>1,126,078,061</b>	<b>1,126,690,622</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 11)	108,190,081	112,333,847
Other liability (Note 5)	1,923,278	1,923,278
Net long-term borrowings (Note 6)	643,113,097	687,484,318
Deferred revenue	38,346,380	37,140,089
Deferred revenue - other (Note 7)	49,523,824	54,656,054
Retirement and other employee future benefit liabilities (Note 8)	70,625,001	70,955,814
Deferred capital contributions (Note 9)	1,328,163,720	1,323,578,674
	<b>2,239,885,381</b>	<b>2,288,072,074</b>
<b>Net debt</b>	<b>(1,113,807,320)</b>	<b>(1,161,381,452)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	1,854,223,542	1,835,874,183
<b>Accumulated surplus (Note 19)</b>	<b>740,416,222</b>	<b>674,492,731</b>

Approved on behalf of the Board

Original signed by \_\_\_\_\_ Chair of the School Board

Original signed by \_\_\_\_\_ Director of Education

# York Region District School Board

## Statement of operations and accumulated surplus year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
<b>Revenues</b>			
Legislative grants	1,344,189,604	1,344,260,173	1,288,307,047
Government of Ontario - other	5,611,986	20,673,405	11,737,901
Government of Canada (Note 14)	211,821	638,479	533,971
Other fees and revenue	65,930,988	100,758,248	92,672,807
Investment income	6,354,426	10,997,922	8,594,867
School fundraising	30,641,000	33,425,643	34,141,075
Amortization of deferred capital contributions (Note 9)	60,505,873	61,738,475	59,487,498
	<b>1,513,445,698</b>	<b>1,572,492,345</b>	<b>1,495,475,166</b>
<b>Expenses (Note 13)</b>			
Instruction	1,147,232,247	1,159,634,159	1,098,632,832
Administration	37,561,972	37,355,327	33,771,167
Pupil transportation	40,643,188	40,410,888	38,288,591
Pupil accommodation	220,150,182	220,846,170	214,411,868
Other	4,767,827	14,558,582	6,246,214
School funded activities	30,641,000	33,763,728	33,841,936
	<b>1,480,996,416</b>	<b>1,506,568,854</b>	<b>1,425,192,608</b>
Annual surplus	32,449,282	65,923,491	70,282,558
Accumulated surplus, beginning of year	632,662,931	674,492,731	604,210,173
<b>Accumulated surplus, end of year (Note 19)</b>	<b>665,112,213</b>	<b>740,416,222</b>	<b>674,492,731</b>

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

# York Region District School Board

## Statement of change in net debt year ended August 31, 2018

	Budget	2018	2017
	\$	\$	\$
<b>Annual surplus</b>	32,449,282	<b>65,923,491</b>	70,282,558
Acquisition of tangible capital assets (Note 10)	(60,462,457)	<b>(83,768,869)</b>	(108,502,006)
Amortization of tangible capital assets (Note 10)	64,151,105	<b>64,533,518</b>	61,829,229
Loss (Gain) on sale of tangible capital assets		-	403,889
Proceeds on sale of tangible capital assets		-	655,186
Less: Gain on sale allocated to deferred revenue		-	(637,845)
Transfer to assets held for sale (Note 4)		<b>35,469</b>	-
Write-downs of tangible capital assets (Note 10)		<b>850,518</b>	901,987
	3,688,648	<b>(18,349,364)</b>	(45,349,560)
Change in net debt	36,137,930	<b>47,574,127</b>	24,932,998
Net debt, beginning of the year	(1,161,381,447)	<b>(1,161,381,447)</b>	(1,186,314,445)
<b>Net debt, end of year</b>	<b>(1,125,243,517)</b>	<b>(1,113,807,320)</b>	<b>(1,161,381,447)</b>

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



# York Region District School Board

## Statement of cash flows year ended August 31, 2018

	2018	2017
	\$	\$
<b>Operating transactions</b>		
Annual surplus	65,923,491	70,282,558
Items not involving cash		
Amortization of tangible capital assets (Note 10)	64,533,518	61,829,229
Write-down of tangible capital assets (Note 10)	850,518	901,987
Loss on disposal of tangible capital assets	-	403,889
Deferred Gain on Sale of tangible capital assets	-	(637,845)
Amortization of deferred capital contributions (Note 9)	(61,738,475)	(59,118,984)
Changes in non-cash working capital		
Short-term investments	(56,000,000)	(4,000,000)
Accounts receivable	1,384,228	(2,642,320)
Accounts receivable - Government of Ontario	55,944,771	25,733,996
Accounts payable and accrued liabilities - including liability for contaminated sites	(4,143,766)	10,777,978
Other liability (Note 5)	-	-
Deferred revenue	1,206,294	2,485,531
Deferred revenue - other	(5,132,230)	1,630,114
Retirement and other employee future benefit liabilities	(330,813)	(6,705,155)
	<b>62,497,536</b>	<b>100,940,978</b>
<b>Capital transactions</b>		
Acquisition and transfer of tangible capital assets	(83,768,869)	(108,502,006)
Proceeds on sale of tangible capital assets	-	655,186
	<b>(83,768,869)</b>	<b>(107,846,820)</b>
<b>Financing transactions</b>		
Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings and sinking fund contributions	(44,371,221)	(43,026,005)
Additions to (disposals from) deferred capital contributions	66,323,528	87,700,840
	<b>21,952,307</b>	<b>44,674,835</b>
Net change in cash	<b>680,974</b>	<b>37,768,993</b>
Cash, beginning of the year	<b>102,501,986</b>	<b>64,732,993</b>
<b>Cash, end of year</b>	<b>103,182,960</b>	<b>102,501,986</b>

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

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 1. Significant accounting policies

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

#### (a) Basis of accounting

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

The Financial Administration Act requires that the financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards in Ontario to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the Government of Ontario passed Ontario Regulation 395/11 of the Financial Administration Act (the "Regulation"). The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations and accumulated surplus over the periods during which the tangible capital asset is used to provide service at the same rate that amortization is recognized in respect of the related tangible capital asset. The Regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

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

- Government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with Canadian public sector accounting standard PS 3410;
- Externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with Canadian public sector accounting standard PS 3100; and
- Property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and accumulated surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

#### (b) Reporting entity

The financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations which are controlled by the York Region District School Board (the "School Board").

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

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 1. Significant accounting policies (continued)

#### (c) Short-term investments

Investments consist of marketable securities which are liquid short-term investments with maturities of one year or less at the date of acquisition, and are carried on the statement of financial position at the lower of cost or market value.

#### (d) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the tangible capital asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
Other buildings	20 years
First-time equipping	10 years
Equipment	5-15 years
Furniture	10 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5-10 years

Tangible capital assets under construction and tangible capital assets that relate to pre-acquisition and pre-construction costs are not amortized until the tangible capital assets are available for productive use.

Land permanently removed from service and held for sale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare land for sale or servicing. Buildings permanently removed from service and held for sale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the statement of financial position.

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

#### (e) Deferred revenue

The School Board defers revenue received which relates to future years. These amounts are recognized in the fiscal year in which the services are provided or the related expenses are incurred.

#### (f) Deferred revenue - other

Certain amounts are received pursuant to legislation, regulation, or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 1. Significant accounting policies (continued)

#### (g) *Deferred capital contributions*

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible capital assets received or receivable for use in providing services, is recognized as deferred capital contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

#### (h) *Retirement and other employee future benefit liabilities*

The School Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity, sick days and worker's compensation benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals' associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: ETFO, OSSTF. The following ELHTs were established in 2017-18: CUPE and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are 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 and OSSTF effective June 1, 2017; CUPE and principals-vice-principals effective April 1, 2018; and non-unionized employees effective June 1, 2018. Upon transition of the employee groups' health, dental and life benefit plans to the ELHT, school boards are required to remit a centrally negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

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

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

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 1. Significant accounting policies (continued)

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

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

#### (i) Reserves and reserve funds

Certain amounts, as approved by the Trustees, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

#### (j) Government transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions and recognized as revenue in the statement of operations at the same rate and over the same periods as the tangible capital assets are amortized.

#### (k) Investment income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education is added to the balance and forms part of the respective deferred revenue balances.

#### (l) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

#### (m) Long-term Debt

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

#### (n) Liability for contaminated sites

The Board annually reviews its sites which are no longer in productive use, to assess whether contamination has occurred that would require the recording of a liability in the financial statements.

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 1. Significant accounting policies (continued)

#### (o) Use of estimates

The preparation of these financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year.

Accounts subject to significant estimates include certain accrued liabilities, deferred revenue, the useful lives of tangible capital assets and related amortization as well as assumptions related to employee future benefits. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

#### (p) Property Tax Revenue

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

### 2. Short-term investments

Short-term investments are comprised of \$298,000,000 (2017 - \$242,000,000) in commercial Guaranteed Investment Certificates ("GIC's") bearing interest at 1.85%, 2.05%, 2.07%, 2.10%, 2.18% and 2.41% (2017 - 1.10%, 1.55%, 1.59%, 1.60%, 1.61% and 1.80%) per annum, with maturities as follows: September 28, 2018 - \$20,000,000, October 3, 2018 - \$40,000,000, January 9, 2019 - \$20,000,000, April 3, 2019 - \$80,000,000, April 3, 2019 - \$20,000,000, July 26, 2019 - \$20,000,000 and July 31, 2019 - \$98,000,000.

### 3. Accounts receivable - Government of Ontario

The Province of Ontario replaced variable capital funding with a one-time debt support grant in fiscal 2009-10. York Region District School Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The School Board receives this grant in cash over the remaining term of the existing capital debt instruments. The School Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The School Board has an account receivable from the Province of Ontario of \$635,271,501 (2017 - \$691,216,273) with respect to capital grants.

### 4. Assets held for sale

As of August 31, 2018, there was \$35,469 (2017 - \$Nil) assets held for sale.

### 5. Other liability

Other liability pertain to funds received for the Capacity Building, The Literacy and Numeracy Secretariat Initiative and Lead Teacher and Principal Training Projects managed on behalf of the Ministry. The School Board was named the Coordinating Board who acts as the financial administrator and co-ordinator of the projects. As a result, the amounts received on behalf of the projects and the expenses incurred are not recorded on the School Board's Statement of operations and accumulated surplus. At the end of the projects, any unspent funds must be returned to the Ministry.

# York Region District School Board

## Notes to the financial statements

August 31, 2018

### 5. Other liability (continued)

The transactions to date for the projects are as follows:

	2018	2017
	\$	\$
Balance, beginning of year	1,923,278	1,923,278
Expenses on behalf of projects	-	-
<b>Balance, end of year</b>	<b>1,923,278</b>	<b>1,923,278</b>

### 6. Net long-term debt

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

	2018	2017
	\$	\$
Debentures	592,976,531	629,243,336
Sinking fund debenture	150,000,000	150,000,000
	742,976,531	779,243,336
Less: sinking fund assets	(99,863,437)	(91,759,018)
	<b>643,113,094</b>	<b>687,484,318</b>

Principal repayments and sinking fund contributions relating to net long-term borrowings of \$643,113,094 outstanding as at August 31, 2018 (2017 - \$687,484,318) are due as follows:

	Principal and sinking fund contributions	Interest	Total
	\$	\$	\$
2018-2019	41,858,698	38,496,920	80,355,618
2019-2020	43,885,940	36,469,679	80,355,619
2020-2021	46,023,374	34,332,244	80,355,618
2021-2022	48,277,121	32,078,498	80,355,619
2022-2023	46,984,588	29,701,974	76,686,562
Thereafter	380,623,038	102,583,817	483,206,855
	<b>607,652,759</b>	<b>273,663,132</b>	<b>881,315,891</b>

Retirement of sinking funds in the year that they mature (April 2023) are not included as payments in the above chart. Interest on sinking fund contributions together with remaining contributions and internal appropriations is expected to be sufficient to retire the outstanding sinking fund debenture at maturity.

Debentures mature between April 2023 and March 2041 (2017 - April 2023 and March 2041) and carry interest rates ranging from 2.993% to 6.45% (2017 - 2.993% to 6.45%). Included in the net long-term debt are outstanding sinking fund debentures of \$150,000,000 (2017 - \$150,000,000) secured by sinking fund assets with a carrying value of \$99,863,437 (market value - \$108,852,787) (2017 - \$91,759,018 (market value - \$104,614,226)). Sinking fund assets are comprised of bonds from Province of Ontario, Ontario Hydro, Hydro Quebec, Province of Quebec and Province of Manitoba with maturity dates between March 2022 and November 2023 (2017 - March 2022 and November 2023) and interest rates between 2.0224% to 6.65% (2017 - 2.0252% to 6.65%).

# York Region District School Board

## Notes to the financial statements

August 31, 2018

### 6. Net long-term debt (continued)

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

	2018	2017
	\$	\$
Principal payments on long-term borrowings including contributions to sinking funds	44,371,223	43,026,005
Interest payments on long-term borrowings	39,941,159	41,833,818
	<b>84,312,382</b>	<b>84,859,823</b>

### 7. Deferred revenue - other

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the statement of financial position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2018 is comprised of:

	Balance as at August 31, 2017	Externally restricted revenue and investment income	Revenue recongized in the year/ Transfers to deferred capital contributions	Balance as at Augst 31, 2018
	\$	\$	\$	\$
Proceeds of disposition of land and buildings	29,660,742	480,504	(3,161,987)	26,979,259
Schools first child care retrofit	4,900,987	-	(152,011)	4,748,976
Special education	7,846,703	4,419,439	(5,073,034)	7,193,108
Student Achievement	903,022	8,191,225	(7,232,189)	1,862,058
Reserve for school renewal	10,581,829	16,971,929	(20,560,449)	6,993,309
Temporary Accommodation	344,822	1,560,000	(1,385,926)	518,896
Education Program Other grants	417,949	15,238,979	(14,428,710)	1,228,218
<b>Total</b>	<b>54,656,054</b>	<b>46,862,076</b>	<b>(51,994,306)</b>	<b>49,523,824</b>



# York Region District School Board

## Notes to the financial statements

August 31, 2018

### 8. Retirement and other employee future benefit liabilities

#### *Retirement and other employee future benefit liabilities*

	<b>2018</b>			2017
	<b>Retirement and sick leave benefits</b>	<b>Other employee future benefits</b>	<b>Total employee future benefits</b>	Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligations	55,095,641	17,536,037	72,631,678	74,856,371
Unamortized actuarial loss	(2,366,586)	359,909	(2,006,677)	(3,900,557)
<b>Employee future benefit liabilities</b>	<b>52,729,055</b>	<b>17,895,946</b>	<b>70,625,001</b>	<b>70,955,814</b>

#### *Retirement and other employee future benefit expenses*

	<b>2018</b>			2017
	<b>Retirement and sick leave benefits</b>	<b>Other employee future benefits</b>	<b>Total employee future benefits</b>	Total employee future benefits
	\$	\$	\$	\$
Current year benefit cost	695,904	6,460,597	7,156,501	1,129,004
Interest on accrued benefit obligation	1,454,460	402,837	1,857,297	1,622,242
Cost of plan amendments	-	166,546	166,546	-
Change due to				
Voluntary Early Gratuity Payout	-	-	-	-
Amortization of actuarial (gain) losses	556,898	(11,765)	545,133	765,825
<b>Employee future benefits expense</b>	<b>2,707,262</b>	<b>7,018,215</b>	<b>9,725,477</b>	<b>3,517,071</b>

The employee future benefits expense above excludes pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

The amount of benefits paid during the year were \$6,523,348 (2017 - \$7,559,795) for retirement and sick leave benefits and \$3,532,942 (2017 - \$2,662,431) for other employee future benefits.

#### *Retirement benefits*

##### *(i) Ontario Teachers' Pension Plan*

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

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 8. Retirement and other employee future benefit liabilities (continued)

#### (ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the School Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The School Board contributions equal the employee contributions to the plan. During the year ended August 31, 2018, the School Board contributed \$18,164,417 (2017 - \$17,254,007) to the plan. As this is a multi-employer pension plan, these contributions are the School Board's pension benefit expense for the fiscal year. No pension liability for this plan is included in the School Board's financial statements. For information on OMERS, visit <https://www.omers.com>

#### (iii) Retirement gratuities

The School Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The School Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the School Board's financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days and years of service at August 31, 2012.

#### (iv) Post Retirement life insurance, dental and health care benefits

The School Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the School Board's experience and retirees' premiums are subsidized by the School Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the School Board's financial statements.

#### *Other employee future benefits*

#### (i) Workplace Safety and Insurance Board

The School Board is a Schedule 2 employer under the Workplace Safety and Insurance Act (the "Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The benefit costs and liabilities related to this plan are included in the School Board's financial statements. School boards are required to provide salary top-up to a maximum of 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

#### (ii) Sick leave top-up benefits

A maximum of eleven (11) unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$695,904 (2017 - \$600,641).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2018 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2018.

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 8. Retirement and other employee future benefit liabilities (continued)

#### *Actuarial assumptions*

The accrued benefit obligations for employee future benefit plans as at August 31, 2018 are based on actuarial valuations for accounting purposes as at August 31, 2018. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the School Board's best estimates of expected rates of:

	<b>2018</b>	2017
	%	%
Inflation	<b>1.50</b>	1.50
Inflation (WSIB)	<b>2.00</b>	2.00
Salary grid placement	<b>0.00</b>	0.00
Health care cost escalation	<b>7.75</b>	8.00
Health care cost escalation (WSIB)	<b>4.00</b>	4.00
Dental costs escalation	<b>3.75</b>	4.00
Discount on accrued benefit obligations	<b>2.90</b>	2.55

### 9. Deferred capital contributions

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with Regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the tangible capital asset acquired.

	<b>2018</b>	2017
	\$	\$
Balance, beginning of year	<b>1,323,578,674</b>	1,294,996,818
Additions to deferred capital contributions	<b>66,323,521</b>	88,069,354
Disposals from deferred capital contributions	-	(368,514)
Revenue recognized in the period	<b>(61,738,475)</b>	(59,118,984)
Balance, end of year	<b>1,328,163,720</b>	1,323,578,674

# York Region District School Board

## Notes to the financial statements

August 31, 2018

### 10. Tangible capital assets (all values in table are in '000s)

	Cost			Accumulated amortization			Net book value	Net book value	
	Balance at August 31, 2017	Additions and transfers	Disposals	Balance at August 31, 2018	Balance at August 31, 2018	Amortization and write-off	Disposals, and adjustments	Balance at August 31, 2018	August 31, 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	436,534	16,878	-	453,412	-	-	-	453,412	436,534
Land improvements	24,361	9,177	-	33,538	3,954	1,842	-	5,796	20,407
Buildings (40 years)	1,917,091	78,282	-	1,995,373	621,325	52,178	-	673,503	1,295,766
Portable structures	21,883	1,132	-	23,015	4,916	1,128	-	6,044	16,967
Equipment	8,412	363	161	8,614	3,967	878	161	4,684	4,445
First-time equipping	34,900	2,179	4,045	33,034	18,232	3,318	4,045	17,505	16,668
Furniture	533	117	-	650	205	59	-	264	328
Computer hardware	17,187	2,501	3,251	16,437	8,405	3,362	3,251	8,516	8,782
Computer software	341	465	6	800	114	81	6	189	227
Vehicles	1,848	361	257	1,952	1,368	183	257	1,294	480
Construction in progress	34,521	(30,486)	-	4,035	-	-	-	4,035	34,521
Pre-construction costs	207	305	-	512	-	-	-	512	207
Pre-acquisition costs	541	105	-	646	-	-	-	646	541
Asset Permanently Removed from Service	2,009	2,355	-	4,364	2,009	2,355	-	4,364	-
	2,500,368	83,734	7,720	2,576,382	664,495	65,384	7,720	722,159	1,835,873

a) *Assets under construction, pre-construction and pre-acquisition costs*

Assets under construction, pre-construction costs, and pre-acquisition costs have not been amortized. Amortization of these tangible capital assets will commence when the asset is put into service.

b) *Write-down of tangible capital assets*

The write-down of tangible capital assets during the year was \$850,518 (2017 - \$901,987).

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

The School Board has reclassified \$2,354,866 (2017 - \$2,008,615) tangible capital assets with a net book value of \$Nil (2017 - \$Nil) that qualifies as "assets permanently removed from service" from tangible capital assets at the year-end date.

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 11. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at August 31, 2018 is comprised of:

	2018	2017
	\$	\$
Due to Province of Ontario	14,683,282	14,160,395
Liability for contaminated sites	-	-
Trade payables and accruals	93,506,799	98,173,452
	<b>108,190,081</b>	<b>112,333,847</b>

### 12. Bank and short-term borrowing

The School Board has two available credit facilities which include a \$60,000,000 general operating facility and a \$10,000,000 facility to provide interim funding for capital projects pending receipt of the Ministry of Education capital grants. The capital borrowing facility can be increased to \$60,000,000 on an optional basis if required. The facilities bear interest at the banks' prime lending rate minus 0.5% for the general operating facility and at the banks' prime lending rate minus 0.25% for the facility relating to funds for capital projects. At year end, none of the facilities were utilized.

### 13. Expenses by object

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

	2018	2017
	\$	\$
Salaries and wages	1,054,087,358	995,642,023
Employee benefits	163,080,158	144,818,333
Staff development	3,957,649	3,217,081
Supplies and services	86,350,387	84,417,455
Interest & payments on long-term borrowing	39,941,159	41,833,818
Rental expenditures	4,444,163	4,835,999
Fee and contract services	52,245,883	50,370,152
Other	3,314,326	3,080,707
Amortization of tangible capital assets (incl. writedowns & losses)	65,384,041	63,135,104
School funded activities	33,763,728	33,841,936
	<b>1,506,568,852</b>	<b>1,425,192,608</b>

### 14. Government of Canada

The Government of Canada on behalf of Chippewas of Georgina Island paid \$224,371 (2017 - \$194,814) for tuition fees for First Nations pupils attending York Region District School Board schools as per the Tuition Agreement, and \$201,865 (2017 - \$97,631) for the costs of operating Waabgon Gamig First Nation School including seconded staff as per the Education Services Agreement. The Board also collected revenues of \$212,243 (2017 - \$241,526) from Government of Canada for the Language Instruction for New Canadians ("LINC") program.

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 15. Repayment of "55 School Board Trust" funding

On June 1, 2003, the School Board received \$11,433,816 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the School Board's debt in consideration for the assignment by the School Board to the trust of future provincial grants payable to the School Board in respect of the NPF debt. As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the School Board's statement of financial position.

The flow-through in grants in respect of the above agreement for the year ended August 31, 2018 was \$851,827 (2017 - \$851,827).

### 16. Contractual obligations

The School Board has awarded tenders for capital projects to various builders for a total of \$41,600,000 (2017 - \$56,700,000). As at August 31, 2018, approximately \$17,600,000 (2017 - \$40,201,000) has been applied against these contracts.

### 17. Contingent liabilities

#### *Legal claims*

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

#### *Other contingent liabilities*

The Board has provided letters of credit related to construction projects amounting to approximately \$81,193 (2017 - \$81,193) as at year end.

### 18. Transportation Consortium

On September 2008, the School Board renewed its agreement with the York Catholic District School Board in order to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under this agreement, decisions related to the financial and operating activities of Student Transportation Services of York Region Consortium are shared. No partner is in a position to exercise unilateral control.

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

	2018		2017	
	Total	Board portion	Total	Board portion
	\$	\$	\$	\$
Expenses	1,711,655	856,528	1,673,370	837,683

# York Region District School Board

## Notes to the financial statements

August 31, 2018

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### 19. Accumulated Surplus

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Employee future benefits	-	146,591
School generated funds	<b>13,989,562</b>	14,327,647
Revenues recognized for land	<b>453,204,506</b>	402,109,432
Other	<b>(11,576,676)</b>	(12,055,276)
	<b>455,617,392</b>	404,528,394
Available for compliance - unappropriated	<b>141,614,787</b>	131,005,180
Available for compliance - internally appropriated	<b>143,184,043</b>	138,959,156
	<b>740,416,222</b>	674,492,730

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