

Financial statements of

York Region District School Board

August 31, 2019

York Region District School Board

August 31, 2019

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Management Report

Year ended August 31, 2019

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 10, 2019
Date

December 10, 2019
Date

Independent Auditor's Report

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

Opinion

We have audited the financial statements of York Region District School Board ("the School Board"), which comprise the statement of financial position as at August 31, 2019, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the School Board as at and for the year ended August 31, 2019 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1(a) to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the School Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1(a) to the financial statements, which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the School 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 School Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 School 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 School Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School Board to cease to continue as a going concern.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
December 10, 2019

York Region District School Board

Statement of financial position as at August 31, 2019

	2019	2018
	\$	\$
Financial assets		
Cash	257,741,059	103,182,960
Short-term investments (Note 2)	-	298,000,000
Accounts receivable	91,969,190	89,588,131
Accounts receivable - Government of Ontario (Note 3)	595,976,097	635,271,501
Accounts receivable - Delayed Grant Payment (Note 3)	187,323,628	
Assets held for sale (Note 4)	-	35,469
	1,133,009,974	1,126,078,061
Liabilities		
Accounts payable and accrued liabilities (Note 11)	131,831,821	108,190,081
Other liability (Note 5)	1,776,177	1,923,278
Net long-term borrowings (Note 6)	596,505,125	643,113,097
Deferred revenue	36,669,740	38,346,380
Deferred revenue - other (Note 7)	81,534,738	49,523,824
Retirement and other employee future benefit liabilities (Note 8)	71,224,333	70,625,001
Deferred capital contributions (Note 9)	1,336,179,979	1,328,163,720
	2,255,721,913	2,239,885,381
Net debt	(1,122,711,939)	(1,113,807,320)
Non-financial assets		
Tangible capital assets (Note 10)	1,870,795,370	1,854,223,542
Accumulated surplus (Note 19)	748,083,431	740,416,222

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, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Revenues			
Legislative grants	1,381,943,844	1,393,358,836	1,344,260,173
Government of Ontario - other	8,871,440	13,625,751	20,673,405
Government of Canada (Note 14)	194,844	869,819	638,479
Other fees and revenue	68,509,000	53,868,710	100,758,248
Investment income	5,693,195	12,140,506	10,997,922
School fundraising	34,141,000	33,861,653	33,425,643
Amortization of deferred capital contributions (Note 9)	63,955,535	63,909,001	61,738,475
	1,563,308,858	1,571,634,276	1,572,492,345
Expenses (Note 13)			
Instruction	1,183,056,562	1,214,856,965	1,159,634,159
Administration	40,744,745	40,047,226	37,355,327
Pupil transportation	43,224,095	42,681,510	40,410,888
Pupil accommodation	228,173,291	225,020,528	220,846,170
Other	4,397,827	7,268,481	14,558,582
School funded activities	34,141,000	34,092,357	33,763,728
	1,533,737,520	1,563,967,067	1,506,568,854
Annual surplus	29,571,338	7,667,209	65,923,491
Accumulated surplus, beginning of year	706,863,915	740,416,222	674,492,731
Accumulated surplus, end of year (Note 19)	736,435,253	748,083,431	740,416,222

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, 2019

	Budget	2019	2018
	\$	\$	\$
Annual surplus	29,571,338	7,667,209	65,923,491
Acquisition of tangible capital assets (Note 10)	(95,962,891)	(84,434,266)	(83,768,869)
Amortization of tangible capital assets (Note 10)	67,636,839	67,785,722	64,533,518
Loss (Gain) on sale of tangible capital assets		-	-
Proceeds on sale of tangible capital assets		5,274,825	-
Less: Gain on sale allocated to deferred revenue		(5,233,254)	-
Transfer to assets held for sale (Note 4)		-	35,469
Write-downs of tangible capital assets (Note 10)		35,143	850,518
	(28,326,052)	(16,571,830)	(18,349,364)
Change in net debt	1,245,286	(8,904,621)	47,574,127
Net debt, beginning of the year	(1,113,807,320)	(1,113,807,320)	(1,161,381,447)
Net debt, end of year	(1,112,562,034)	(1,122,711,941)	(1,113,807,320)

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, 2019

	2019	2018
	\$	\$
Operating transactions		
Annual surplus	7,667,209	65,923,491
Items not involving cash		
Amortization of tangible capital assets (Note 10)	67,785,722	64,533,518
Write-down of tangible capital assets (Note 10)	35,143	850,518
Deferred Gain on Disposal of Assets	(5,233,254)	-
Proceeds on Sale of tangible capital assets	5,274,825	-
Amortization of deferred capital contributions (Note 9)	(63,909,001)	(61,738,475)
Changes in non-cash working capital		
Short-term investments	298,000,000	(56,000,000)
Accounts receivable	(189,704,682)	1,384,228
Accounts receivable - Government of Ontario	39,295,404	55,944,771
Accounts payable and accrued liabilities - including liability for contaminated sites	23,641,742	(4,143,766)
Deferred revenue	(1,823,741)	1,206,294
Deferred revenue - other	32,010,914	(5,132,230)
Retirement and other employee future benefit liabilities	599,332	(330,813)
	213,639,613	62,497,536
Capital transactions		
Acquisition and transfer of tangible capital assets	(84,398,802)	(83,768,869)
Proceeds on sale of tangible capital assets	-	-
	(84,398,802)	(83,768,869)
Financing transactions		
Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings and sinking fund contributions	(46,607,972)	(44,371,221)
Additions to (disposals from) deferred capital contributions (Note 9)	71,925,260	66,323,528
	25,317,288	21,952,307
Net change in cash	154,558,099	680,974
Cash, beginning of the year	103,182,960	102,501,986
Cash, end of year	257,741,059	103,182,960

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, 2019

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, 2019

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, 2019

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 provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and 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, 2019

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 and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (ii) The 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, 2019

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

There are no short-term investments as at August 31, 2019 (2018 - \$298,000,000).

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 \$595,976,097 (2018 - \$635,271,501) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry 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. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2019 is \$187,323,628.

4. Assets held for sale

As of August 31, 2019, there was \$Nil (2018 - \$35,469) assets held for sale.

5. Other liability

Other liabilities 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, 2019

5. Other liability (continued)

The transactions to date for the projects are as follows:

	2019	2018
	\$	\$
Balance, beginning of year	1,923,278	1,923,278
Expenses on behalf of projects	(147,101)	-
Balance, end of year	1,776,177	1,923,278

6. Net long-term debt

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

	\$	\$
Debenture	554,786,890	592,976,531
Sinking Fund Debenture	150,000,000	150,000,000
	704,786,890	742,976,531
Less: Sinking Fund Assets	(108,281,765)	(99,863,434)
	596,505,125	643,113,097

Principal repayments and sinking fund contributions relating to net long-term borrowings of \$596,505,125 outstanding as at August 31, 2019 (2018 - \$643,113,097) are due as follows:

	Principal and sinking fund contributions	Interest	Total
	\$	\$	\$
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
2023-2024	49,490,719	17,370,843	66,861,562
Thereafter	331,132,319	85,212,946	416,345,265
	565,794,061	235,166,184	800,960,245

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.

York Region District School Board

Notes to the financial statements

August 31, 2019

6. Net long-term debt (continued)

Debentures mature between April 2023 and March 2041 (2018 - 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 (2018 - \$150,000,000) secured by sinking fund assets with a carrying value of \$108,281,767 (market value - \$119,317,062) (2018 - \$99,863,437 (market value - \$108,852,787)). 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 (2018 - March 2022 and November 2023) and interest rates between 2.0224% to 6.65% (2018 - 2.0224% to 6.65%).

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

	2019	2018
	\$	\$
Principal payments on long-term borrowings		
including contributions to sinking funds	46,607,972	44,371,223
Interest payments on long-term borrowings	37,912,797	39,941,159
	84,520,769	84,312,382

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, 2019 is comprised of:

	Balance as at August 31 2018	Externally restricted revenue and investment income	Revenue in the year/ Transfers to deferred capital contributions	Balance as at August 31 2019
	\$	\$	\$	\$
Proceeds of disposition of				
land and buildings	26,979,259	6,312,232	(205,328)	33,086,163
Education Development Charges	-	34,066,448	(7,516,203)	26,550,245
Schools first child care retrofit	4,748,976	-	(4,390)	4,744,586
Special Education	7,193,108	4,504,998	(3,385,721)	8,312,385
Student Achievement	1,862,058	7,805,723	(7,150,763)	2,517,018
School Renew al	6,993,309	17,309,738	(18,036,825)	6,266,222
Temporary Accommodation	518,896	1,200,000	(1,718,896)	-
Education Program Other grants	1,228,218	6,615,286	(7,785,385)	58,119
Total	49,523,824	77,814,425	(45,803,511)	81,534,738

York Region District School Board

Notes to the financial statements

August 31, 2019

8. Retirement and other employee future benefit liabilities

Retirement and other employee future benefit liabilities

	2019			2018
	Retirement and sick leave benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligations	53,316,045	23,648,421	76,964,466	72,631,678
Unamortized actuarial loss	(5,670,682)	(69,450)	(5,740,132)	(2,006,677)
Employee future benefit liabilities	47,645,363	23,578,971	71,224,334	70,625,001

Retirement and other employee future benefit expenses

	2019			2018
	Retirement and sick leave benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
	\$	\$	\$	\$
Current year benefit cost	732,979	10,018,503	10,751,482	7,156,501
Interest on accrued benefit obligation	1,477,982	583,432	2,061,414	1,857,297
Cost of plan amendments	-	-	-	166,546
Change due to				
Voluntary Early Gratuity Payout	-	-	-	-
Amortization of actuarial (gain) losses	388,425	(64,966)	323,459	545,133
Employee future benefits expense	2,599,386	10,536,969	13,136,355	9,725,477

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 \$7,683,079 (2018 - \$6,523,348) for retirement and sick leave benefits and \$4,853,944 (2018 - \$3,532,942) 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, 2019

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, 2019, the School Board contributed \$19,599,012 (2018 - \$18,164,417) 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 \$732,979 (2018 - \$695,904).

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, 2019 (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, 2019.

York Region District School Board

Notes to the financial statements

August 31, 2019

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

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on actuarial valuations for accounting purposes as at August 31, 2019. 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:

	2019	2018
	%	%
Inflation	1.50	1.50
Inflation (WSIB)	2.00	2.00
Salary grid placement	0.00	0.00
Health care cost escalation	7.25	7.75
Health care cost escalation (WSIB)	4.00	4.00
Dental costs escalation	4.50	3.75
Discount on accrued benefit obligations	2.00	2.90

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.

	2019	2018
	\$	\$
Balance, beginning of year	1,328,163,720	1,323,578,674
Additions to deferred capital contributions	71,925,260	66,323,521
Disposals from deferred capital contributions	-	-
Revenue recognized in the period	(63,909,001)	(61,738,475)
Balance, end of year	1,336,179,979	1,328,163,720

York Region District School Board

Notes to the financial statements

August 31, 2019

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

	Balance at August 31, 2018	Additions and transfers		Disposals	Balance at August 31, 2019	Amortization and write-off	Accumulated amortization Disposals and adjustments	Balance at August 31, 2019	Net book value August 31, 2019	Net book value August 31, 2018
		\$	\$							
Land	453,412	6,406	42	459,776	-	-	-	-	459,776	453,412
Land improvements	33,538	10,341	-	43,879	5,796	2,367	-	8,163	35,716	27,742
Buildings (40 years)	1,995,373	44,922	-	2,040,295	673,503	55,776	-	729,279	1,311,017	1,321,871
Portable structures	23,015	2,823	-	25,838	6,044	1,227	-	7,271	18,567	16,971
Equipment	8,614	2,751	407	10,958	4,684	982	407	5,259	5,699	3,930
First-time equipping	33,034	1,363	4,284	30,113	17,505	3,141	4,284	16,362	13,751	15,529
Furniture	650	86	54	682	264	67	54	277	405	386
Computer hardware	16,437	6,696	2,757	20,376	8,516	3,681	2,757	9,440	10,936	7,921
Computer software	800	383	-	1,183	189	166	-	355	828	611
Vehicles	1,952	234	112	2,074	1,294	203	112	1,385	689	658
Construction in progress	4,035	7,628	-	11,663	-	-	-	-	11,663	4,035
Pre-construction costs	512	554	-	1,066	-	-	-	-	1,066	512
Pre-acquisition costs	646	36	-	682	-	-	-	-	682	646
Asset Permanently Removed from Service	4,364	212	3,767	809	4,364	212	3,767	809	-	-
	2,576,382	84,435	11,423	2,649,394	722,159	67,822	11,381	778,600	1,870,795	1,854,224

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 \$35,143 (2018 - \$850,518).

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

The School Board has reclassified from tangible capital assets \$212,000 (2018 - \$2,354,866) tangible capital assets with a net book value of \$Nil (2018 - \$Nil) that qualifies as "assets permanently removed from service".

York Region District School Board

Notes to the financial statements

August 31, 2019

11. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at August 31, 2019 is comprised of:

	2019	2018
	\$	\$
Due to Province of Ontario	33,859,912	14,683,282
Liability for contaminated sites	-	-
Trade payables and accruals	97,971,909	93,506,799
	131,831,821	108,190,081

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:

	2019	2018
	\$	\$
Salaries and wages	1,091,798,145	1,054,087,358
Employee benefits	178,538,350	163,080,158
Staff development	4,206,053	3,957,649
Supplies and services	85,050,077	86,350,387
Interest & payments on long-term borrowing	37,912,796	39,941,159
Rental expenditures	4,168,792	4,444,163
Fee and contract services	57,415,325	52,245,883
Other	2,964,309	3,314,326
Amortization of tangible capital assets (incl. writedowns & losses)	67,820,863	65,384,041
School funded activities	34,092,357	33,763,728
	1,563,967,067	1,506,568,852

14. Government of Canada

The Government of Canada on behalf of Chippewas of Georgina Island paid \$214,915 (2018 - \$224,371) for tuition fees for First Nations pupils attending York Region District School Board schools as per the Tuition Agreement, and \$135,060 (2018 - \$201,865) 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 \$519,844 (2018 - \$212,243) from Government of Canada for the Language Instruction for New Canadians ("LINC") program and Youth Mentorship.

York Region District School Board

Notes to the financial statements

August 31, 2019

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, 2019 was \$851,827 (2018 - \$851,827).

16. Contractual obligations

The School Board has awarded tenders for capital projects to various builders for a total of \$37,202,000 (2018 - \$41,600,000). As at August 31, 2019, approximately \$35,057,000 (2018 - \$17,600,000) has been applied against these contracts, leaving a balance of \$2,145,000.

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, 2019, 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 (2018 - \$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:

	2019		2018	
	Total	Board portion	Total	Board portion
	\$	\$	\$	\$
Expenses	1,816,576	884,135	1,711,655	856,528

York Region District School Board

Notes to the financial statements

August 31, 2019

19. Accumulated Surplus

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Employee future benefits	-	-
School generated funds	13,758,858	13,989,562
Revenues recognized for land	460,458,715	453,204,506
Other	(10,992,552)	(11,576,676)
	463,225,021	455,617,392
Available for compliance - unappropriated	72,007,004	141,614,787
Available for compliance - internally appropriated	212,851,406	143,184,043
	748,083,431	740,416,222

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