

Trillium Lakelands
District School Board
Consolidated Financial Statements
For the year ended August 31, 2020

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

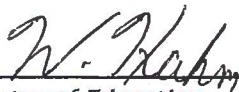
The accompanying consolidated financial statements of the Trillium Lakelands District School Board are the responsibility of the Board's management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario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

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

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

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

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



Director of Education



Treasurer

November 26, 2020



Independent Auditor's Report

To the Board of Trustees of the
Trillium Lakelands District School Board

Opinion

We have audited the consolidated financial statements of Trillium Lakelands District School Board and its controlled entities (the Board), which comprise the consolidated statement of financial position as at August 31, 2020, and the consolidated statements of operations, consolidated changes in net debt and consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1(a) to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

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

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

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



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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Ontario
November 26, 2020

Trillium Lakelands District School Board

Consolidated Statement of Financial Position

August 31	2020	2019
	(in thousands of dollars)	
Financial Assets		
Cash and cash equivalents (Note 6)	\$ 16,346	\$ 5,351
Accounts receivable		
Government of Ontario (Note 2)	23,534	26,702
Municipalities (Note 3)	29,600	9,615
Other (Note 2)	7,727	11,389
	<u>77,207</u>	<u>53,057</u>
Financial Liabilities		
Accounts payable		
Government of Ontario (Note 4)	21,284	21
Trade payables and accrued liabilities	14,818	18,005
Net long-term debt (Note 9)	20,236	21,204
Deferred revenue (Note 7)	6,673	5,558
Employee future benefits liability (Note 8)	8,513	7,339
Deferred capital contributions (Note 5)	154,958	151,462
	<u>226,482</u>	<u>203,589</u>
Net Debt	<u>(149,275)</u>	<u>(150,532)</u>
Impact of COVID-19 (Note 17)		
Non-Financial Assets		
Prepaid expenses	497	5,601
Tangible capital assets (Note 14)	162,768	159,463
	<u>163,265</u>	<u>165,064</u>
Accumulated Surplus (Note 15)	\$ 13,990	\$ 14,532

Signed on behalf of the Board



Director of Education



Chair of the Board

The accompanying notes are an integral part of these consolidated financial statements.

Trillium Lakelands District School Board

Consolidated Statement of Operations

For the year ended August 31	Budget 2020	Actual 2020	Actual 2019
	(in thousands of dollars)		
Revenues			
Provincial legislative grants	\$ 193,577	\$ 194,449	\$ 198,740
Provincial grants - other	1,878	2,391	2,527
Federal grants and fees	165	808	325
Other revenues - school boards	2,035	2,116	1,944
Investment income	-	38	101
Other fees and revenues	1,451	1,229	1,227
School generated funds	5,250	3,246	5,359
Amortization of deferred capital contributions	10,637	8,350	7,915
	214,993	212,627	218,138
Expenses (Note 13)			
Instruction	156,351	154,994	160,672
Administration	6,403	6,861	6,807
Transportation	17,166	17,542	17,119
Pupil accommodation	29,544	29,156	29,812
School generated funds	5,162	3,040	5,372
Other	1,623	1,576	638
	216,249	213,169	220,420
Annual deficit	(1,256)	(542)	(2,282)
Accumulated surplus, beginning of year	17,202	14,532	16,814
Accumulated surplus, end of year	\$ 15,946	\$ 13,990	\$ 14,532

The accompanying notes are an integral part of these consolidated financial statements.

Trillium Lakelands District School Board

Consolidated Statement of Cash Flow

For the year ended August 31	2020	2019
	(in thousands of dollars)	
Operations		
Annual deficit	\$ (542)	\$ (2,282)
Sources and (uses)		
Changes in non-cash items:		
Amortization of tangible capital assets	8,541	8,105
Amortization of deferred capital contributions	(8,350)	(7,915)
Gain on sale of tangible capital assets	(13)	(2)
	(364)	(2,094)
Change in non-cash working capital balances		
Accounts receivable	(13,155)	(7,204)
Accounts payable and accrued liabilities	18,076	3,942
Deferred revenues - operating	472	(141)
Employee future benefits liability	1,174	(1,933)
Prepaid expenses	5,104	(162)
	11,307	(7,592)
Net increase (decrease) in cash from operations	11,307	(7,592)
Capital Transactions		
Proceeds on sale of tangible capital assets	13	2
Cash used to acquire tangible capital assets	(11,846)	(11,619)
	(11,833)	(11,617)
Financing		
Additions to deferred capital contributions	11,846	11,346
Debt repayments	(968)	(925)
Decrease in deferred revenues - capital	643	(402)
	11,521	10,019
Increase (decrease) in cash and equivalents during the year	10,995	(9,190)
Cash and equivalents, beginning of year	5,351	14,541
Cash and equivalents, end of year	\$ 16,346	\$ 5,351

The accompanying notes are an integral part of these consolidated financial statements.

Trillium Lakelands District School Board

Consolidated Statement of Changes in Net Debt

For the year ended August 31	Budget 2020	Actual 2020	Actual 2019
	(in thousands of dollars)		
Annual Deficit	\$ (1,256)	\$ (542)	\$ (2,282)
Tangible Capital Asset Activity			
Acquisition of tangible capital assets	(9,665)	(11,846)	(11,619)
Amortization of tangible capital assets	10,687	8,541	8,105
Proceeds on sale of tangible capital assets	-	13	2
Less: Gain on sale of tangible capital assets	-	(13)	(2)
	1,022	(3,305)	(3,514)
Other Non-Financial Asset Activity			
Change in prepaid expenses	-	5,104	(162)
Change in net debt	(234)	1,257	(5,958)
Net debt, beginning of year	(150,532)	(150,532)	(144,574)
Net debt, end of year	\$ (150,766)	\$ (149,275)	\$ (150,532)

The accompanying notes are an integral part of these consolidated financial statements.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

1. Significant Accounting Policies

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

(a) Basis of Accounting

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

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

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

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(b) Reporting Entity

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

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

(c) Trust Funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

(d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments.

(e) Deferred Revenue

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

(f) Deferred Capital Contributions

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

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Property taxation revenues which were historically used to fund capital assets

Trillium Lakelands District School Board

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August 31, 2020

(g) Retirement and other employee future benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees (CUPE), Education Workers' Benefits Trust (EWBT) and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers, and other school board staff. Currently AEFO and ONE-T ELHTs also provide benefits to individuals who retired prior to the school board's participation date in 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 continues to provide health, dental and life insurance benefits for eligible retired individuals for all groups 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 Board has adopted the following policies with respect to accounting for these employee benefits:

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

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

For those self insurance benefit obligations that arise from specific events that occur from time to time, such as obligations for workers compensation and, 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.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(h) Tangible Capital Assets

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

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

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

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

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

(i) Government Transfers

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

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(tabular amounts in thousands of dollars)

(j) Investment Income

Investment income is reported as revenue in the period earned.

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

(k) Long-term Debt

Long-term debt is recorded net of related sinking fund asset 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) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in (a) above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include the determination of the liability for post-retirement benefits and the estimated useful life of tangible capital assets. Actual results could differ from these estimates.

(n) Property Tax Revenue

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

2. Accounts Receivable

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

The Board has an account receivable from the Province of Ontario of \$23,533,666 as at August 31, 2020 (2019 - \$26,702,338) with respect to capital grants.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(tabular amounts in thousands of dollars)

2. Accounts Receivable - continued

Other accounts receivable as at August 31, 2020 is comprised of:

	2020	2019
Province of Ontario	\$ 6,033	\$ 9,823
Other	1,694	1,566
	<u>\$ 7,727</u>	<u>\$ 11,389</u>

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 Province of Ontario at August 31, 2020 is \$2,861,393 (2019 - \$4,332,693).

3. Accounts Receivable - Municipalities

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$19,989,724 (2019 - \$Nil) and has been included in accounts receivable on the statement of financial position. This amount was recovered fully by the Board in the following school year.

4. Accounts Payable - Government of Ontario

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$21,185,104 (2019 - \$Nil). This amount will be recovered by the Province in 2021.

5. Deferred Capital Contributions

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

	2020	2019
Opening balance	\$ 151,462	\$ 148,031
Additions to deferred capital contributions	11,846	11,346
Revenue recognized in the year	(8,350)	(7,915)
	<u>\$ 154,958</u>	<u>\$ 151,462</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(tabular amounts in thousands of dollars)

6. Credit Facilities

The Board has authorized credit facilities of \$20,000,000 which bears interest at prime less 0.75%. During the year the Board utilized the credit facility as part of its cash management strategy. On August 31, 2020 this credit facility was not drawn on.

7. Deferred Revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

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

	Balance as at August 31 2019	Externally Restricted Revenue and Investment Income	Revenue Recognized in the Period	Transferred to DCC	Balance as at August 31 2020
Capital					
School renewal	\$ 3,730	\$ 3,410	\$ -	\$ 2,767	\$ 4,373
Child care retrofitting	503	-	-	-	503
Proceeds of disposition - school	1,057	-	-	-	1,057
Proceeds of disposition - other	14	-	-	-	14
	<u>5,304</u>	<u>3,410</u>	<u>-</u>	<u>2,767</u>	<u>5,947</u>
Operating					
Legislative Grants - Operating	4	27,810	27,167	-	647
EPO/PPF Grants	194	1,778	1,972	-	-
Other	56	328	305	-	79
	<u>254</u>	<u>29,916</u>	<u>29,444</u>	<u>-</u>	<u>726</u>
	<u>\$ 5,558</u>	<u>\$ 33,326</u>	<u>\$ 29,444</u>	<u>\$ 2,767</u>	<u>\$ 6,673</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(tabular amounts in thousands of dollars)

8. Retirement and Other Employee Future Benefit Liabilities

Liabilities

	2020			2019	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued benefit obligation	\$ 10,480	\$ 130	\$ 709	\$ 11,319	\$ 11,572
Unamortized actuarial gains (losses)	(1,797)	-	-	(1,797)	(1,785)
Employee future benefits liability	\$ 8,683	\$ 130	\$ 709	\$ 9,522	\$ 9,787

The Board has determined that the liability related to the identified retirees amounts to \$1,008,680 (2019 - \$2,447,880). This portion of the total employee future benefit liability is included in accounts payable and accrued liabilities.

Change in Employee Future Benefit Liability

	2020			2019	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ 130	\$ 9	\$ 139	\$ 118
Interest on accrued benefit obligation	208	-	12	220	310
Benefit payments ¹	(984)	(110)	(73)	(1,167)	(2,582)
Change due to plan curtailment / amendment	-	-	-	-	613
Change due to data correction	100	-	-	100	-
Amortization of actuarial (gains)/losses	315	(8)	136	443	180
Net change	\$ (361)	\$ 12	\$ 84	\$ (265)	\$ (1,361)

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(tabular amounts in thousands of dollars)

8. Retirement and Other Employee Future Benefits - continued

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2019 and based on updated average daily salary and banked sick days as at August 31, 2020. These valuations take into account the plan changes and the economic assumptions used in these valuation as the Board's best estimates of expected rates of:

	2020	2019
Inflation	1.50 %	1.50 %
Wage and salary escalation	- %	- %
Insurance and health care cost escalation	7.25 %	7.25 %
Dental cost escalation	4.50 %	4.50 %
Discount rate	1.40 %	2.00 %

Retirement Benefits

(i) Ontario Teacher's Pension Plan

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

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the 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. Each year an independent actuary determines the funding status of the plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the plan was conducted at December 31, 2019. The results of this valuation disclosed an actuarial deficit of \$3.397 billion as at that date. During the year ended August 31, 2020, the Board contributed \$2,764,979 (2019 - \$2,828,635) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's financial statements.

(iii) Retirement Gratuities

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

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(tabular amounts in thousands of dollars)

8. Retirement and Other Employee Future Benefits - continued

(iv) Retirement Life Insurance and Health Care Benefits

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

Other Employee Future Benefits

(i) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such provision. The actuarially determined future benefit obligation for WSIB claims is \$3,620,982 (2019 - \$3,470,693). This liability is included in accounts payable and accrued liabilities. The Board holds funds on account with National Bank in the amount of \$3,008,967 (2019 - \$2,352,340) with the purpose of meeting this obligation when necessary.

(ii) Long-Term Disability Life Insurance and Health Care Benefits

The Board provided life insurance, dental and health care benefits to employees on long-term disability leave to employees who were not yet members of an ELHT. The Board was responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provided these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave were fully insured and not included in this plan. The Board is not anticipated to provide these benefits in the future as all employees have become members of an ELHT.

(iii) Sick Leave Top-Up Benefits

A maximum of eleven unused sick 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 \$129,429 (2019 - \$117,584).

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

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(tabular amounts in thousands of dollars)

9. Net Long-Term Debt

Net long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2020	2019
Ontario Financing Authority (OFA) loan payable - Bylaw #2006-1, for Stage 1 of the Good Places to Learn Initiative, 4.560% per annum, repayable \$172,259 semi-annually principal and interest, due November 2031	\$ 3,057	\$ 3,255
Ontario Financing Authority (OFA) loan payable - Bylaw #2008-1 for Stage 1 and 2 of the Good Places to Learn Initiative; Primary Class Size and Prohibitive to Repair Programs, 4.90% per annum, repayable in semi-annual blended payments of \$223,432, maturing March 2033	4,211	4,443
Ontario Financing Authority (OFA) loan payable - Bylaw #2009-1 for Stage 2 of the Good Places to Learn Initiative and Primary Class Size, 5.062% per annum, repayable in semi-annual blended payments of \$86,865, maturing March 2034	1,712	1,796
Ontario Financing Authority (OFA) loan payable - Bylaw #2010-1 for Stage 2 and 3 of the Good Places to Learn Initiative, 5.232% per annum, repayable in semi-annual blended payments of \$112,878, maturing April 2035	2,317	2,418
Ontario Financing Authority (OFA) loan payable - By-law #2011-1 for Stage 3 and Stage 4 of the Good Places to Learn initiative, 4.833% per annum, repayable in semi-annual blended payments of \$88,615, maturing March 2036	1,945	2,025
Ontario Financing Authority (OFA) loan payable - By-law #2012-1 for Stage 4 of the Good Places to Learn initiative, 3.564% per annum, repayable in semi-annual blended payments of \$23,168, maturing March 2037	582	607
Ontario Financing Authority (OFA) loan payable - Bylaw #2013-1 for New Pupil Places, 3.799% per annum, repayable in semi-annual blended payments of \$249,083, maturing March 2038	6,412	6,660
	<u>\$ 20,236</u>	<u>\$ 21,204</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(tabular amounts in thousands of dollars)

9. Net Long-Term Debt - continued

Payments relating to net long-term debt outstanding as at August 31, 2020 are due as follows:

	Principal	Interest	Total
2021	\$ 1,012	\$ 901	\$ 1,913
2022	1,059	854	1,913
2023	1,108	805	1,913
2024	1,159	754	1,913
2025	1,212	700	1,912
Thereafter	14,686	3,665	18,351
	<u>\$ 20,236</u>	<u>\$ 7,679</u>	<u>\$ 27,915</u>

10. Debt Charges and Capital Loan Interest

	2020	2019
Principal payments on long-term liabilities	\$ 968	\$ 925
Interest payments on long-term liabilities	944	988
	<u>\$ 1,912</u>	<u>\$ 1,913</u>

11. Ontario School Board Insurance Exchange (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rate share of claims experience. The current five year term expires December 31, 2021.

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(tabular amounts in thousands of dollars)

12. Trust Funds

Trust funds administered by the Board amounting to \$241,471 (2019 - \$240,345) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

13. Expenditures by Object

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

	Budget 2020	Actual 2020	Actual 2019
Current expenses			
Salary and wages	\$ 142,380	\$ 139,835	\$ 144,953
Employee benefits	22,225	25,586	24,934
Staff development	229	341	682
Supplies and services	20,268	16,625	20,218
Interest	973	932	977
Rental expenses	23	28	100
Fees and contract services	18,754	20,528	19,651
Other	710	753	799
Amortization of tangible capital assets	10,687	8,541	8,106
	<u>\$ 216,249</u>	<u>\$ 213,169</u>	<u>\$ 220,420</u>

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

August 31, 2020

(tabular amounts in thousands of dollars)

14. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	Net Book Value
	Opening	Additions	Disposals	Closing	Opening	Additions	Disposals	Closing	2020	2019
Land	\$ 2,838	\$ -	\$ -	\$ 2,838	\$ -	\$ -	\$ -	\$ -	\$ 2,838	\$ 2,838
Land improvements	2,035	991	-	3,026	841	170	-	1,011	2,015	1,194
Buildings	266,760	8,027	-	274,787	112,821	7,642	-	120,463	154,324	153,939
Computer hardware	1,165	1,562	(535)	2,192	732	336	(535)	533	1,659	433
Computer software	542	1,035	(246)	1,331	336	187	(246)	277	1,054	206
Equipment - 5 year	16	-	(16)	-	15	1	(16)	-	-	1
Equipment - 10 year	358	167	(40)	485	133	42	(40)	135	350	225
Equipment - 15 year	98	-	-	98	57	7	-	64	34	41
Furniture	48	-	-	48	27	5	-	32	16	21
First-time equipping - 10 year	996	-	-	996	554	100	-	654	342	442
Vehicles	543	64	-	607	420	51	-	471	136	123
	\$ 275,399	\$ 11,846	\$ (837)	\$ 286,408	\$ 115,936	\$ 8,541	\$ (837)	\$ 123,640	\$ 162,768	\$ 159,463

a) Assets permanently removed from service

Included above is one property that The Board has permanently removed from service with a net book value of \$52,722 (2019 - \$53,012).

Trillium Lakelands District School Board

Notes to Consolidated Financial Statements

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(tabular amounts in thousands of dollars)

15. Accumulated Surplus

Accumulated surplus consists of the following:

	2020	2019
Available for Compliance - Unappropriated		
Operating accumulated surplus	\$ 2,211	\$ 5,062
Available for Compliance - Internally Appropriated		
Retirement gratuities	500	500
Committed capital projects	4,972	5,163
Capital reserve	3,600	3,600
Benefit surplus reserve	346	346
Total Internally Appropriated	9,418	9,609
Unavailable for Compliance		
Invested in tangible capital assets	2,838	2,838
School generated funds	2,339	2,132
Interest to be accrued	(267)	(280)
Employee future benefits	(2,549)	(4,829)
Total Unavailable for Compliance	2,361	(139)
Total Accumulated Surplus	\$ 13,990	\$ 14,532

16. Repayment of "55 School Board Trust" Funding

On June 1, 2003, the Board received \$7,875,666 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.

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Notes to Consolidated Financial Statements

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17. Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a global pandemic. The pandemic has had a significant impact on the global economy and the education system. On March 12, 2020, the Province of Ontario ordered the closure of all publicly funded schools. This closure was later extended to include the remainder of the 2019/2020 school year and education services were moved to a virtual learning platform.

The Ontario Ministry of Education has provided new funding and authorized the redirection of existing funding towards the costs related to implementing safe reopening measures and procuring personal protective equipment. As at the audit report date, the Board has incurred costs of \$1,336,679 related to these initiatives.

Schools have physically re-opened in September 2020 but at reduced capacity due to virtual learning options offered.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and the related financial impact cannot be reasonably estimated.

18. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.
