

Consolidated Financial Statements of

**DURHAM DISTRICT  
SCHOOL BOARD**

Year ended August 31, 2019



**Durham District School Board**

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**September 1, 2018 – August 31, 2019**

# DURHAM DISTRICT SCHOOL BOARD

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Year ended August 31, 2019

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## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of Durham 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 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.

The Board's 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 KPMG LLP, Chartered Professional Accountants, 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.

  
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Director of Education and  
Chief Financial Officer

November 18, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Durham District School Board

### ***Opinion***

We have audited the consolidated financial statements of Durham District School Board (the Entity), which comprise:

- the consolidated statement of financial position as at August 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2019, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with the basis of accounting described in note 1 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 - Financial Reporting Framework***

We draw attention to note 1 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

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 and fair presentation of the financial statements in accordance with the basis of accounting described in note 1 in 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

***Auditors' 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 auditors' 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 the 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.



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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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

November 18, 2019



# DURHAM DISTRICT SCHOOL BOARD

## Consolidated Statement of Financial Position

August 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash and cash equivalents	\$ 38,151,537	\$ 60,256,763
Accounts receivable (note 2)	331,359,868	326,558,408
	<u>369,511,405</u>	<u>386,815,171</u>
<b>Financial liabilities</b>		
Temporary borrowing (note 8)	26,300,000	–
Accounts payable and accrued liabilities	43,058,477	54,322,536
Deferred revenue (note 3)	11,317,576	10,022,925
Retirement and other employee future benefits (note 5)	41,612,814	41,943,046
Net debenture debt and capital loans (note 6)	234,066,550	259,857,516
Deferred capital contributions (note 4)	737,911,527	716,743,307
	<u>1,094,266,944</u>	<u>1,082,889,330</u>
Net debt	(724,755,539)	(696,074,159)
<b>Non-financial assets</b>		
Tangible capital assets (note 10)	969,051,094	943,106,397
Inventory and other assets	16,009,958	11,942,236
	<u>985,061,052</u>	<u>955,048,633</u>
Contractual obligations (note 14)		
Accumulated surplus (note 11)	<u>\$ 260,305,513</u>	<u>\$ 258,974,474</u>

See accompanying notes to consolidated financial statements.

# DURHAM DISTRICT SCHOOL BOARD

## Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2019, with comparative information for 2018

	Budget 2019 (note 15)	Actual 2019	Actual 2018
<b>Revenues:</b>			
Local taxation	\$ 174,607,001	\$ 186,594,959	\$ 175,671,729
Provincial grants - grants for student needs	638,516,104	641,312,307	622,430,380
Provincial grants - other	2,316,151	5,852,872	12,033,671
Federal grants and fees	792,666	2,208,197	2,143,443
School-generated funds	18,434,437	18,251,789	18,343,934
Individual tuition fees	934,724	1,508,666	1,489,404
Other fees and revenue	10,966,002	14,602,210	14,168,393
<b>Investment income:</b>			
Operations	500,000	1,026,233	1,363,745
Sinking fund assets (note 7)	7,515,710	8,047,128	8,714,212
	854,582,795	879,404,361	856,358,911
<b>Expenses (note 9):</b>			
Instruction	653,700,850	674,993,870	642,777,553
Administration	17,821,899	20,446,136	19,489,098
School-funded activities	18,434,437	18,384,873	18,328,291
Transportation	22,360,129	22,812,643	21,952,008
Pupil accommodation	130,179,134	130,313,928	128,686,642
Other	5,995,186	11,121,872	16,253,809
	848,491,635	878,073,322	847,487,401
Annual surplus	6,091,160	1,331,039	8,871,510
Accumulated surplus, beginning of year	257,645,258	258,974,474	250,102,964
<b>Accumulated surplus, end of year (note 11)</b>	<b>\$ 263,736,418</b>	<b>\$ 260,305,513</b>	<b>\$ 258,974,474</b>

See accompanying notes to consolidated financial statements.

# DURHAM DISTRICT SCHOOL BOARD

## Consolidated Statement of Changes in Net Debt

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus	\$ 1,331,039	\$ 8,871,510
Amortization of tangible capital assets	45,508,973	41,451,232
Change in non-financial assets' inventory and other assets	(4,067,722)	(502,240)
Net loss on disposal of tangible capital assets	-	80,420
Purchase of tangible capital assets	(71,453,670)	(121,425,859)
Increase in net debt	(28,681,380)	(71,524,937)
Net debt, beginning of year	(696,074,159)	(624,549,222)
Net debt, end of year	\$ (724,755,539)	\$ (696,074,159)

See accompanying notes to consolidated financial statements.

# DURHAM DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,331,039	\$ 8,871,510
Items not involving cash:		
Amortization of tangible capital assets	45,508,973	41,451,232
Amortization of deferred capital contributions	(38,742,688)	(35,091,730)
Net loss on disposal of tangible capital assets	–	80,420
Change in non-cash assets and liabilities:		
Accounts receivable	(4,801,460)	(6,104,251)
Inventory and other assets	(4,067,722)	(502,240)
Accounts payable and accrued liabilities	(11,264,059)	2,973,342
Deferred revenue	1,294,651	(5,147,722)
Retirement and other employee future benefits	(330,232)	(5,075,550)
	(11,071,498)	1,455,011
Capital activities:		
Purchase of tangible capital assets	(71,453,670)	(121,425,859)
Financing activities:		
Temporary borrowing	26,300,000	–
Debt repaid and sinking fund contributions	(17,743,838)	(11,222,463)
Increase in sinking fund assets	(8,047,128)	(8,714,212)
Additions to deferred capital contributions	59,910,908	97,416,866
	60,419,942	77,480,191
Decrease in cash and cash equivalents	(22,105,226)	(42,490,657)
Cash and cash equivalents, beginning of year	60,256,763	102,747,420
Cash and cash equivalents, end of year	\$ 38,151,537	\$ 60,256,763

See accompanying notes to consolidated financial statements.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2019

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## 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 (the "Ministry") 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 (the "Province"). A directive was provided by the Ministry 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, Accounting Policies and Practices Public Entities ("Regulation 395/11") of the Financial Administration Act. The regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services be recorded as deferred capital contributions and be recognized as revenue in the consolidated statement of operations and accumulated surplus 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 taxation revenue.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 1. Significant accounting policies (continued):

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

- (i) 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, Government Transfers;
- (ii) 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, Restricted Assets and Revenues; and
- (iii) property taxation revenue be reported as revenue when received or receivable in accordance with Public Sector Accounting Standard PS3510, Tax Revenue.

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

### (b) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity comprises all organizations accountable for the administration of their financial affairs and resources to Durham District School Board (the "Board") and which are controlled by the Board.

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

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

### (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.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 1. Significant accounting policies (continued):

### (d) Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of 90 days or less.

### (e) Investments:

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

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost and assessed regularly for permanent impairment.

### (f) 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.

### (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 assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset has been acquired as required by Regulation 395/11. These amounts are recognized as revenue in the consolidated statement of operations and accumulated surplus at the same rate and over the same period that the related tangible capital asset is amortized. The following items fall under this category:

- (i) government transfers received or receivable for capital purpose;
- (ii) other restricted contributions received or receivable for capital purpose; and
- (iii) property taxation revenue which were historically used to fund capital assets.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 1. Significant accounting policies (continued):

### (h) 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, 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"), ETFO-EW 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 (excluding casual and temporary staff), and other school board staff and retired individuals from the school board's participation date into the ELHTs. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. The Board no longer administers 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 groups, the Board continues to provide health, dental and life insurance benefits for retired individuals.



# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 1. Significant accounting policies (continued):

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

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs 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, at which time, the plan was curtailed, 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 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-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 cost of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pension, is the employer's contribution due to the plan during the year.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the year.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 1. Significant accounting policies (continued):

### (i) 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. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

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Land improvements	15 years
Buildings	20 years and 40 years
Portable structures	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5 - 15 years
Computer hardware	3 - 5 years
Computer software	5 years
Vehicles	5 - 10 years
Buildings - leasehold improvements	Remaining term of lease

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Assets under construction 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 net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized and their carrying values are written down to their residual value. Tangible capital assets that 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.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 1. Significant accounting policies (continued):

### (j) Government transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the year 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 consolidated statement of operations and accumulated surplus at the same rate and over the same periods as the asset is amortized.

### (k) Investment income:

Investment income earned is reported as revenue in the fiscal year earned.

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

### (l) Long-term debt:

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

### (m) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Trustees (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.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 1. Significant accounting policies (continued):

### (n) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Board is directly responsible or accepts responsibility for the liability;
- (iv) future economic benefits will be given up; and
- (v) a reasonable estimate of the liability can be made.

### (o) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 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. Actual results could differ from these current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of operations and accumulated surplus in the year in which they become known. Significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities. In addition, the Board's implementation of Public Sector Accounting Standard PS3150, Tangible Capital Assets, requires management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 2. Accounts receivable - Government of Ontario:

The Province replaced variable capital funding with a one-time debt support grant in 2009-10. The 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 accounts receivable.

Included in accounts receivable is an amount from the Province of \$260,346,620 (2018 - \$291,237,939) as at August 31, 2019 with respect to capital grants.

The Ministry 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 \$27,517,103.

## 3. Deferred revenue:

Revenue received that has been set aside for specific purposes by legislation, regulation or agreement is included in deferred revenue and reported in the consolidated statement of financial position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2019 is summarized below:

2019	Deferred revenue, beginning of year	Increase	Decrease	Deferred revenue, end of year
Education development charges	\$ —	\$ 5,382,245	\$ 5,382,245	\$ —
Proceeds of disposition, including interest allocation	1,528,678	6,795,364	6,795,364	1,528,678
Other:				
Capital	4,652,984	10,360,678	7,980,913	7,032,749
Operating	3,841,263	108,465,928	109,551,042	2,756,149
	\$ 10,022,925	\$ 131,004,215	\$ 129,709,564	\$ 11,317,576

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

### 3. Deferred revenue (continued):

2018	Deferred revenue, beginning of year	Increase	Decrease	Deferred revenue, end of year
Education development charges	\$ —	\$ 6,451,190	\$ 6,451,190	\$ —
Proceeds of disposition, including interest allocation	5,200,166	—	3,671,488	1,528,678
Other:				
Capital	6,153,904	10,260,336	11,761,256	4,652,984
Operating	3,816,577	105,266,453	105,241,767	3,841,263
	\$ 15,170,647	\$ 121,977,979	\$ 127,125,701	\$ 10,022,925

### 4. 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 useful life of the asset acquired.

	2019	2018
Balance, beginning of year	\$ 716,743,307	\$ 654,418,171
Additions to deferred capital contributions	59,910,908	97,416,866
Revenue recognized in the year	(38,742,688)	(35,091,730)
Balance, end of year	\$ 737,911,527	\$ 716,743,307

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 5. Retirement and other employee future benefits:

Retirement and other employee future benefits liabilities:

	Retirement benefits	Other employee future benefits	Total employee future benefits
2019			
Accrued employee future benefits liability	\$ 34,299,489	\$ 12,170,326	\$ 46,469,815
Unamortized actuarial loss	(4,857,001)	–	(4,857,001)
Employee future benefits liability at August 31	\$ 29,442,488	\$ 12,170,326	\$ 41,612,814

	Retirement benefits	Other employee future benefits	Total employee future benefits
2018			
Accrued employee future benefits liability	\$ 35,621,148	\$ 8,560,279	\$ 44,181,427
Unamortized actuarial loss	(2,238,381)	–	(2,238,381)
Employee future benefits liability at August 31	\$ 33,382,767	\$ 8,560,279	\$ 41,943,046

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 5. Retirement and other employee future benefits (continued):

Retirement and other employee future benefits expense:

	Retirement benefits	Other employee future benefits	Total employee future benefits
2019			
Current year benefit cost	\$ –	\$ 6,312,247	\$ 6,312,247
Interest on accrued benefit obligation	955,763	286,139	1,241,902
Amortized actuarial loss	431,568	69,101	500,669
<b>Employee future benefits expense<sup>(1)</sup></b>	<b>\$ 1,387,331</b>	<b>\$ 6,667,487</b>	<b>\$ 8,054,818</b>

	Retirement benefits	Other employee future benefits	Total employee future benefits
2018			
Current year benefit cost	\$ –	\$ 853,977	\$ 853,977
Interest on accrued benefit obligation	972,768	220,191	1,192,959
Amortized actuarial loss	463,604	81,434	545,038
<b>Employee future benefits expense<sup>(1)</sup></b>	<b>\$ 1,436,372</b>	<b>\$ 1,155,602</b>	<b>\$ 2,591,974</b>

<sup>(1)</sup>Excluding pension contributions to OMERS, a multi-employer pension plan described below.

### (a) Plan changes:

In 2012, changes were made to the Board's retirement gratuity plan, sick leave plan and retiree health, life and dental plan. As a result, employees eligible for retirement gratuity will receive a payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days are eliminated as of September 1, 2012, and were replaced with a new short-term leave and disability plan.



# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 5. Retirement and other employee future benefits (continued):

In 2013, further changes were made to the short-term leave and disability plan. Under the new short-term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short-term leave and disability plan in that year. A new provision was established as at August 31, 2013, representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Retirement life insurance and health care benefits have been grandfathered to existing retirees and employees who retired in 2012 - 2013. Effective September 1, 2013, any new retiree accessing retirement life insurance and health care benefits will pay the full premiums for such benefits and are included in a separate experience pool that is self-funded.

### (b) 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. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no cost 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 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 Board's contributions equal the employee's contributions to the plan. During the year ended August 31, 2019, the Board contributed \$10,386,037 (2018 - \$10,042,042) 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 consolidated financial statements.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 5. Retirement and other employee future benefits (continued):

### (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. In 2013, the amount of gratuities payable to eligible employees at retirement was based on their salary, accumulated sick days and years of service at retirement. As a result of the plan change, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days and years of service up to August 31, 2012.

### (iv) Retirement life insurance and health care benefits:

The Board continues to make available life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age at 100% cost to the retiree. 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. Effective September 1, 2013, employees retiring on or after this date will no longer qualify for Board-subsidized premiums or contributions.

### (c) Other employee future benefits:

#### (i) Sick leave top-up benefits:

As a result of new changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$435,277 (2018 - \$426,011).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2019. This actuarial valuation is based on assumptions about future events and is based on the average daily salary and banked sick days of employees as at August 31, 2019.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## 5. Retirement and other employee future benefits (continued):

### (ii) Workplace Safety and Insurance Board ("WSIB") obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Board Act (the "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. The plan changes made in 2012 now require school boards to provide salary top-up to a maximum of 4-1/2 years for employees receiving payments from WSIB, where previously negotiated collective agreements included such provision.

### (iii) Long-term disability:

The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the defined benefit plan.

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

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	2019	2018
Inflation	1.50%	1.50%
Wages and salary escalation	0.00%	0.00%
Insurance and health care cost escalation	3.50% - 7.25%	3.75% - 7.75%
Discount on accrued benefit obligations	2.00%	2.90%

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# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 6. Net debenture debt and capital loans:

	2019	2018
Debenture #1:		
6.75%, 20-year sinking fund debenture for \$160,000,000, maturing November 2019	\$ 160,000,000	\$ 160,000,000
Debenture #2:		
5.6%, 15-year amortizing debenture for \$20,000,000 held with the Bank of Montreal, maturing July 2019	–	8,365,662
Capital loan - Good Places to Learn:		
4.56%, 25-year amortizing debenture for \$25,375,026 held with Ontario Financing Authority, maturing November 2031	16,171,120	17,112,922
4.90%, 25-year amortizing loan for \$14,996,927 held with Ontario Financing Authority, maturing March 2033	10,453,896	10,973,889
5.06%, 25-year amortizing loan for \$15,944,350 held with Ontario Financing Authority, maturing March 2034	11,738,685	12,259,956
5.232%, 25-year amortizing loan for \$34,865,412 held with Ontario Financing Authority, maturing April 2035	26,990,589	28,056,852
4.83%, 25-year amortizing loan for \$17,404,657 held with Ontario Financing Authority, maturing March 11, 2036	13,839,968	14,363,477
Capital loan - New Pupil Places:		
4.86%, 25-year amortizing loan for \$16,000,000 held with Ontario Financing Authority, maturing June 2033	11,360,804	11,910,045
5.047%, 25-year amortizing loan for \$74,957,615 held with Ontario Financing Authority, maturing November 2034	56,628,435	58,991,163
3.97%, 25-year amortizing loan for \$1,772,255 held with Ontario Financing Authority, maturing March 2036	1,425,692	1,481,224
3.564%, 25-year amortizing loan for \$13,710,012 held with Ontario Financing Authority, maturing March 2037	10,967,671	11,402,147
4.003%, 25-year amortizing loan for \$12,786,341 held with Ontario Financing Authority, maturing March 2039	11,112,436	11,474,267
2.993%, 25-year amortizing loan for \$35,634,064 held with Ontario Financing Authority, maturing March 2040	31,509,334	32,586,913
3.242%, 25-year amortizing loan for \$25,580,732 held with Ontario Financing Authority, maturing March 2041	23,460,760	24,190,261
3.594%, 25-year amortizing loan for \$8,867,856 held with Ontario Financing Authority, maturing March 2042	8,407,160	8,641,610
	394,066,550	411,810,388
Less sinking fund assets	160,000,000	151,952,872
	\$ 234,066,550	\$ 259,857,516

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 6. Net debenture debt and capital loans (continued):

Principal and interest payments relating to net debenture debt and capital loans of \$234,066,550 (2018 - \$259,857,516) outstanding as at August 31, 2019 and 2018 are due as follows:

2019	Principal and sinking fund contributions	Interest	Total
2019 - 2020	\$ 169,801,332	\$ 15,524,996	\$ 185,326,328
2020 - 2021	10,244,199	9,682,130	19,926,329
2021 - 2022	10,707,717	9,218,613	19,926,330
2022 - 2023	11,192,875	8,733,457	19,926,332
2023 - 2024	11,700,700	8,225,630	19,926,330
Thereafter	180,419,727	52,259,408	232,679,135
	394,066,550	103,644,234	497,710,784
Less sinking fund assets	160,000,000	—	160,000,000
	\$ 234,066,550	\$ 103,644,234	\$ 337,710,784

2018	Principal and sinking fund contributions	Interest	Total
2018 - 2019	\$ 17,743,838	\$ 21,731,721	\$ 39,475,559
2019 - 2020	169,801,332	15,524,996	185,326,328
2020 - 2021	10,244,199	9,682,130	19,926,329
2021 - 2022	10,707,717	9,218,613	19,926,330
2022 - 2023	11,192,875	8,733,457	19,926,332
Thereafter	192,120,427	60,485,038	252,605,465
	411,810,388	125,375,955	537,186,343
Less sinking fund assets	151,952,872	—	151,952,872
	\$ 259,857,516	\$ 125,375,955	\$ 385,233,471

Retirement of sinking funds in the year that they mature are not included as payments in the above tables.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 6. Net debenture debt and capital loans (continued):

Included in net debenture debt are outstanding debentures of \$160,000,000 (2018 - \$160,000,000) secured by sinking fund assets with a carrying value of \$160,000,000 (2018 - \$151,952,872) (approximate market value of \$160,000,000 (2018 - \$157,157,060)). Sinking fund assets comprise government and government-guaranteed bonds.

## 7. Debt charges and interest on capital loans and leases:

	2019	2018
Debt and capital loan principal payments, including contributions to sinking funds	\$ 17,743,838	\$ 11,222,463
Interest on debentures and capital loan	21,717,990	22,699,089
	<u>\$ 39,461,828</u>	<u>\$ 33,921,552</u>

Included in debt repayment and sinking fund contributions on the consolidated statement of cash flows in total of \$25,790,966 (2018 - \$19,936,675) are principal payments on long-term debt of \$17,743,838 (2018 - \$11,222,463) and sinking fund interest revenue of \$8,047,128 (2018 - \$8,714,212).

## 8. Temporary borrowing:

The Board has a line of credit available to the maximum of \$65,000,000 to address operating requirements and/or to bridge capital expenditures.

Interest on the bankers' acceptance facility is the bankers' acceptance rate plus 0.75%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes.

As at August 31, 2019, the amount drawn under the bankers' acceptance facility was \$26,300,000 (2018 - nil) at a rate of 2.70% (2018 - nil).

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 9. Expenses by object:

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

	Budget 2019 (note 15)	Actual 2019	Actual 2018
Salary and wages	\$ 590,574,871	\$ 598,726,612	\$ 578,174,674
Employee benefits	84,738,175	95,963,617	87,644,299
Staff development	963,480	2,190,243	1,100,003
Supplies and services	52,980,113	51,664,446	50,433,968
Interest	21,731,723	22,275,088	22,580,808
Rental expenditures	634,530	306,571	431,720
Fees and contract services	29,544,612	32,226,547	31,443,574
Other	6,485,000	10,826,352	15,818,412
School funded activities	18,434,437	18,384,873	18,328,291
Amortization, write-down and loss on disposal of tangible capital assets/assets held for sale	42,404,694	45,508,973	41,531,652
	\$ 848,491,635	\$ 878,073,322	\$ 847,487,401

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 10. Tangible capital assets:

Cost	Balance at August 31, 2018	Additions	Disposals and adjustments	Balance at August 31, 2019
Land	\$ 135,499,781	\$ 2,189,311	\$ 2,555	\$ 137,691,647
Land improvements	8,894,216	2,061,990	–	10,956,206
Buildings - 40 years	1,079,141,467	39,912,098	34,929,820	1,153,983,385
Buildings - 20 years	744,956	–	987,158	1,732,114
Buildings - leasehold improvements	–	15,651	–	15,651
Portable structures	19,950,815	4,275,331	–	24,226,146
First-time equipping of schools	13,639,268	1,701,832	(247,520)	15,093,580
Furniture	425,197	70,432	(58,159)	437,470
Equipment	4,294,869	1,230,665	(268,526)	5,257,008
Computer hardware	42,914,629	8,121,652	(5,560,701)	45,475,580
Computer software	2,674,109	41,502	(1,284,608)	1,431,003
Vehicles	1,640,645	212,099	(266,137)	1,586,607
Assets under construction	37,811,663	11,621,107	(35,919,533)	13,513,237
<b>Total</b>	<b>\$ 1,347,631,615</b>	<b>\$ 71,453,670</b>	<b>\$ (7,685,651)</b>	<b>\$ 1,411,399,634</b>

Accumulated amortization	Balance at August 31, 2018	Amortization	Disposals and adjustments	Balance at August 31, 2019
Land improvements	\$ 2,341,113	\$ 672,266	\$ –	\$ 3,013,379
Buildings - 40 years	365,251,385	33,489,855	–	398,741,240
Buildings - 20 years	93,120	61,927	–	155,047
Buildings - leasehold improvement	–	3,913	–	3,913
Portable structures	4,993,952	1,124,265	–	6,118,217
First-time equipping of schools	7,340,632	1,289,859	(247,520)	8,382,971
Furniture	163,029	39,341	(58,159)	144,211
Equipment	1,895,128	449,335	(268,526)	2,075,937
Computer hardware	19,522,717	7,914,346	(5,560,701)	21,876,362
Computer software	1,987,850	247,355	(1,284,608)	950,597
Vehicles	936,292	216,511	(266,137)	886,666
<b>Total</b>	<b>\$ 404,525,218</b>	<b>\$ 45,508,973</b>	<b>\$ (7,685,651)</b>	<b>\$ 442,348,540</b>



# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 10. Tangible capital assets (continued):

Cost	Balance at August 31, 2017	Additions	Disposals and adjustments	Balance at August 31, 2018
Land	\$ 116,094,453	\$ 19,323,748	\$ 81,580	\$ 135,499,781
Land improvements	6,747,547	2,146,669	–	8,894,216
Buildings - 40 years	1,033,747,523	43,773,547	1,620,397	1,079,141,467
Buildings - 20 years	744,956	–	–	744,956
Portable structures	19,557,436	3,659,179	(3,265,800)	19,950,815
First-time equipping of schools	12,397,230	1,559,057	(317,019)	13,639,268
Furniture	428,620	48,016	(51,439)	425,197
Equipment	3,940,368	620,391	(265,890)	4,294,869
Computer hardware	29,776,806	15,429,240	(2,291,417)	42,914,629
Computer software	2,626,969	326,219	(279,079)	2,674,109
Vehicles	1,213,372	427,273	–	1,640,645
Assets under construction	5,795,221	34,112,520	(2,096,078)	37,811,663
<b>Total</b>	<b>\$ 1,233,070,501</b>	<b>\$ 121,425,859</b>	<b>\$ (6,864,745)</b>	<b>\$ 1,347,631,615</b>

Accumulated amortization	Balance at August 31, 2017	Amortization	Disposals and adjustments	Balance at August 31, 2018
Land improvements	\$ 1,810,596	\$ 530,517	\$ –	\$ 2,341,113
Buildings - 40 years	334,320,528	31,244,538	(313,681)	365,251,385
Buildings - 20 years	55,872	37,248	–	93,120
Portable structures	7,333,850	925,902	(3,265,800)	4,993,952
First-time equipping of schools	6,384,052	1,273,599	(317,019)	7,340,632
Furniture	177,257	37,211	(51,439)	163,029
Equipment	1,776,098	384,920	(265,890)	1,895,128
Computer hardware	15,384,555	6,429,579	(2,291,417)	19,522,717
Computer software	1,893,190	373,739	(279,079)	1,987,850
Vehicles	722,313	213,979	–	936,292
<b>Total</b>	<b>\$ 369,858,311</b>	<b>\$ 41,451,232</b>	<b>\$ (6,784,325)</b>	<b>\$ 404,525,218</b>

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 10. Tangible capital assets (continued):

	Net book value	
	2019	2018
Land	\$ 137,691,647	\$ 135,499,781
Land improvements	7,942,827	6,553,103
Buildings - 40 years	755,242,145	713,890,082
Buildings - 20 years	1,577,067	651,836
Buildings - leasehold improvement	11,738	—
Portable structures	18,107,929	14,956,863
First-time equipping of schools	6,710,609	6,298,636
Furniture	293,259	262,168
Equipment	3,181,071	2,399,741
Computer hardware	23,599,218	23,391,912
Computer software	480,406	686,259
Vehicles	699,941	704,353
Assets under construction	13,513,237	37,811,663
<b>Total</b>	<b>\$ 969,051,094</b>	<b>\$ 943,106,397</b>

(a) Assets under construction:

Assets under construction having a value of \$13,513,237 (2018 - \$37,811,663) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down and disposal of tangible capital assets:

The write-down of tangible capital assets during the year was nil (2018 - nil). The gain on disposal of tangible capital assets during the year, resulting from the disposal of land, was nil (2018 - nil). The loss on disposal of tangible capital assets during the year, resulting from the disposal of buildings, was nil (2018 - \$80,420).

(c) Asset inventories for resale (assets permanently removed from service):

The Board has not identified any land or building properties that qualify as assets permanently removed from service.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

## 11. Accumulated surplus:

Accumulated surplus consists of the following:

	2019	2018
Working funds	\$ 17,936,996	\$ 15,178,288
Amounts restricted for future use of Board:		
Retirement benefits	29,400,000	33,400,000
Other employee future benefits, including WSIB	11,804,150	8,600,000
School renewal	–	9,423,842
School Block Budget	2,035,025	3,077,073
Local priorities	507,267	1,536,894
Innovation priorities	–	1,970,160
Transportation	798,478	798,478
Continuing education	250,000	250,000
Outdoor education	600,551	600,551
Debenture redemption	454,769	909,538
Capital purposes	110,924	4,932,439
Special education	580,415	580,415
Committed capital projects	19,887,702	14,648,947
	66,429,281	80,728,337
Amounts to be recovered:		
Employee future benefits	(21,657,874)	(27,404,246)
Interest accrual	(6,080,484)	(6,228,952)
Committed sinking fund interest earned	68,174,408	65,899,358
	40,436,050	32,266,160
Other:		
School-generated funds	8,409,805	8,710,301
Revenue recognized for land	127,093,381	122,091,388
	135,503,186	130,801,689
<b>Total surplus</b>	<b>\$ 260,305,513</b>	<b>\$ 258,974,474</b>

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## **12. Ontario School Board Insurance Exchange ("OSBIE"):**

The Board is a member of 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 reciprocals 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 rata share of claims experience. The current five-year term expires December 2021.

## **13. Mississaugas of Scugog Island First Nation:**

The Mississaugas of Scugog Island First Nation paid tuition fees of approximately \$153,825 (2018 - \$195,577) to the Board in 2018 - 2019.

## **14. Contractual obligations:**

The Board had in previous years entered into contracts for several major projects under the Board's School Improvement and Accommodation Plan. These projects relate to the construction and upgrading of several schools. As at August 31, 2019, the Board has contracts outstanding for capital work valued at approximately \$8,652,000 (2018 - \$23,354,000).

## **15. Budget data:**

The budget data presented in these consolidated financial statements is based upon the 2019 budgets approved by the Board on June 18, 2018. Where amounts were not budgeted for, the actual amounts for 2018 were used in order to adjust the budget numbers to reflect the same basis of accounting as that used to report the actual results.

# DURHAM DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2019

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## **16. Durham Student Transportation Services:**

On December 19, 2005, the Board entered into a consortium agreement with Durham Catholic District School Board in order to provide common administration of student transportation in the Durham Region. This agreement was executed in an effort to increase delivery efficiency and cost-effectiveness of student transportation for each of the school boards. Under the agreement, decisions related to the financial and operating activities of the Durham transportation consortium are shared. No party is in a position to exercise unilateral control.

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro rata share of revenues and expenses.

## **17. Trust funds:**

The trust fund balances administered by the Board amount to \$1,817,906 (2018 - \$1,809,913) and have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.