



Consolidated financial statements of Dufferin-Peel Catholic District School Board

August 31, 2019

Extraordinary lives start with a great Catholic education

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Management Report

August 31, 2019

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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



M. Mazzorato, Ed. D.

Director of Education



J. Cherepacha, CPA, CGA

Executive Superintendent of Finance,
Chief Financial Officer and Treasurer



B. Hester, CPA, CA

Superintendent of Financial Services

November 26, 2019

Independent Auditor's Report

To the Board of Trustees of the
Dufferin-Peel Catholic District School Board

Opinion

We have audited the consolidated financial statements of Dufferin-Peel Catholic District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2019, and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) 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 to this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 1(a) to the consolidated 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 Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Board to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
November 26, 2019

Dufferin-Peel Catholic District School Board
Consolidated statement of financial position

As at August 31, 2019
(In thousands of dollars)

	Notes	2019 \$	2018 \$
Financial assets			
Cash and cash equivalents		20,105	48,938
Accounts receivable – other		29,072	39,811
Accounts receivable - Province of Ontario	2	38,737	5,947
Accounts receivable – Province of Ontario - Approved Capital	2	301,373	336,009
		389,287	430,705
Financial liabilities			
Accounts payable and accrued liabilities		54,460	43,744
Accounts payable – Province of Ontario		1,214	883
Deferred revenue	3	13,884	25,003
Obligation under capital leases	5	428	1,441
Net long-term debt	7	291,095	315,554
Retirement and other employee future benefits	9	10,669	7,801
Deferred capital contributions	4	900,295	903,434
		1,272,045	1,297,860
Net debt		(882,758)	(867,155)
Non-financial assets			
Prepaid expenses and supplies		4,580	4,992
Tangible capital assets	14	1,213,216	1,195,543
Total non-financial assets		1,217,796	1,200,535
Accumulated surplus	15	335,038	333,380

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

 , Director of Education

 , Chair of the Board

Dufferin-Peel Catholic District School Board

Consolidated statement of operations

Year ended August 31, 2019

(In thousands of dollars)

	Notes	Budget \$	2019 Actual \$	2018 Actual \$
Revenue				
Provincial grants				
Grants for Student Needs		912,890	909,142	901,361
Other		5,673	8,509	13,678
Deferred capital contributions recognized	4	49,100	48,977	52,287
School generated funds		22,220	22,063	22,714
Federal grants and fees		662	839	670
Investment income		300	784	1,096
Other fees and revenues		16,031	24,756	17,664
		1,006,876	1,015,070	1,009,470
Expenses				
Instruction	10	774,072	777,902	764,643
Administration		26,129	25,700	26,651
Transportation		21,611	22,595	19,517
School operations/pupil accommodation		150,549	156,472	155,999
School generated funds		22,220	23,305	23,260
Other		5,392	7,438	11,268
		999,973	1,013,412	1,001,338
Annual surplus		6,903	1,658	8,132
Accumulated surplus, beginning of year		337,260	333,380	325,248
Accumulated surplus, end of year	15	344,163	335,038	333,380

Dufferin-Peel Catholic District School Board
Consolidated statement of change in net debt

Year ended August 31, 2019

(In thousands of dollars)

	Budget	2019 Actual	2018 Actual
	\$	\$	\$
Annual surplus	6,903	1,658	8,132
Tangible capital asset activities			
Acquisition of tangible capital assets	(49,926)	(68,846)	(47,444)
Amortization of tangible capital assets	50,000	51,173	53,246
Total tangible asset activities	74	(17,673)	5,802
Other non-financial asset activities			
Acquisition of prepaid expenses and supplies	—	(4,580)	(4,992)
Use of prepaid expenses and supplies	—	4,992	4,589
Total other non-financial asset activities	—	412	(403)
(Increase) decrease in net debt	6,977	(15,603)	13,531
Net debt, beginning of year	885,417	(867,155)	(880,686)
Net debt, end of year	892,394	(882,758)	(867,155)

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

Dufferin-Peel Catholic District School Board

Consolidated statement of cash flows

Year ended August 31, 2019

(In thousands of dollars)

	Notes	2019 \$	2018 \$
Operating transactions			
Annual surplus		1,658	8,132
Items not involving cash			
Deferred capital contributions recognized as revenue	4	(48,977)	(52,287)
Amortization of tangible capital assets	10	51,173	53,246
Change in non-cash assets and liabilities			
Accounts receivable - other		10,739	(437)
Accounts receivable - Province of Ontario		(32,790)	(2,111)
Accounts payable and accrued liabilities		10,716	(3,024)
Accounts payable - Province of Ontario		331	3
Deferred revenue - operating		(2,059)	1,262
Retirement and other employee future benefits payable		2,868	(4,076)
Prepaid expenses and supplies		412	(403)
Net change in cash from operating activities		(5,929)	305
Capital transactions			
Acquisition of tangible capital assets		(68,846)	(47,444)
Financing transactions			
Debt principal repaid and sinking fund contributions	8	(24,459)	(88,110)
Repayment of obligations under capital lease		(1,013)	(1,294)
(Decrease) increase in deferred revenue - capital		(9,060)	4,258
Deferred capital contributions received and change in accounts receivable - Province of Ontario		80,474	126,860
Net change in cash from financing activities		45,942	41,714
Change in cash and cash equivalents		(28,833)	(5,425)
Cash and cash equivalents, beginning of year		48,938	54,363
Cash and cash equivalents, end of year		20,105	48,938
Cash and cash equivalents is comprised of the following:			
Cash		20,105	48,838
Cash equivalents		—	100
		20,105	48,938

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

Dufferin-Peel Catholic District School Board
Notes to the consolidated financial statements

August 31, 2019

(In thousands of dollars)

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 consolidated 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 requires 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 consolidated statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards ("PSAS").

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses 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 and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

1. Significant accounting policies (continued)

(b) Reporting entity (continued)

The reporting entity is comprised of:

- The Dufferin-Peel Catholic District School Board
- School Generated Funds

All material interdepartmental and inter-organizational transactions and balances between these organizations are eliminated on consolidation.

(c) Trust funds

Trust funds and their related operations administered by the Board amounting to \$2,517 (\$2,076 in 2018) are not included in the consolidated financial statements. Specifically, the Trust Funds include both student scholarships and awards and deferred salary leaves.

(d) Cash and cash equivalents

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

(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 qualifying expenses are incurred or services are 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 contributions as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose
- Other restricted contributions received or receivable for capital purpose
- Amounts previously recognized as property taxation revenues which were historically used to fund tangible capital assets

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

1. Significant accounting policies (continued)

(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, health care, dental benefits, retirement gratuity, worker's compensation, accumulated sick leave and long-term disability benefits.

Employee Life and Health Trusts

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-18: Canadian Union of Public Employees (CUPE), Education Workers' Benefits Trust (EWBT), Educational Workers' Alliance of Ontario (EWAO), Ontario Council of Educational Workers (OCEW) 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. Currently, the ONE-T ELHT also provide benefits to individuals who retired prior to the Board's participation date in the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life insurance 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 that were previously represented by the following associations: Principals and Vice-Principals and Non-Union employees.

Retirement gratuity plan, sick leave plan, and post retirement health and dental plan, and other

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 that vested or accumulated over the periods of service provided by the employee is actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and 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.

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

1. Significant accounting policies (continued)

(g) Retirement and other employee future benefits (continued)

Employee Life and Health Trusts (continued)

- (ii) For self-insured retirement and other employee future benefits that vest and accumulate over the periods of service provided by employees, such 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.
- (iii) 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.
- (iv) The Board's contribution to multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are recorded in the period in which they become payable.
- (v) The costs of insured benefits for active employees reflected in these consolidated financial statements are the Board's portion of insurance premiums owed for coverage of employees during the period.

(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, design, 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.

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:

Asset class	Estimated useful life in years
Land improvements	15
Building and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Leased equipment	Over the lease term
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

1. Significant accounting policies (continued)

(h) *Tangible capital assets (continued)*

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. One-half of the annual amortization is charged in the year of acquisition and the year of disposal.

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 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.

(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 balances.

(l) *Budget figures*

Budget figures have been provided for comparison purposes and have been derived from the budget approved by 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. Given differences between the funding model and the basis of accounting used by the school board in the preparation of the financial statements, the budget figures have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

1. Significant accounting policies (continued)

(m) Use of estimates

The preparation of financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates. Estimates are reviewed periodically by management, and as adjustments become necessary, they are reported in the period in which they become known. Accounts subject to significant estimates include allowance for doubtful accounts receivable, retirement and other employee future benefits payable, liability for contaminated sites and tangible capital assets.

(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 Grants.

(o) Contaminated sites

The Board is required to record a liability in the consolidated financial statements if the Board has a contaminated site that meets the requirements as set out in the Canadian Public Sector Accounting Standard PS 3260 Liability for Contaminated Sites (the "standard"). Based on the Board's review of its sites which are no longer in productive use, no liability has been identified in respect of this standard.

(p) Adoption of new accounting standards

During the year the Board was required to adopt the following new Canadian Public Sector Accounting Standards:

- PS 3430 Restructuring Transactions

The adoption of these standards had no impact on the consolidated financial statements.

2. Accounts receivable – Province of Ontario

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 the Board 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 from the Government of Ontario included in the Accounts receivable – Province of Ontario balance at August 31, 2019 is \$9,728 (\$nil in 2018).

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognized capital debt as of August 31, 2010 that is supported by the capital programs existing at the time. The Board will receive 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 reported receivables from the Province of Ontario, as Accounts Receivable – Province of Ontario – Approved Capital, of \$301,373 as at August 31, 2019 (\$336,009 in 2018) with respect to capital grants.

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

3. Deferred revenue

- (i) Deferred revenue externally restricted for specific purposes by legislation, regulation or agreement as at August 31 is comprised of the following:

	2019 \$	2018 \$
Proceeds from disposition	6,270	6,301
Deferred revenue – other		
Restricted Provincial capital grants received	3,163	9,387
Restricted Provincial operating grants received	31	2,201
Other – tuition fees, permits	4,420	7,114
	13,884	25,003

- (ii) The continuity of deferred revenue of the Board is summarized below:

	2019 \$	2018 \$
Balance, beginning of year	25,003	19,483
Increase in deferred revenue	179,653	186,339
Interest earned	–	110
Transferred to deferred capital contributions	(23,630)	(12,108)
Deferred revenue recognized in the year	(167,142)	(168,821)
Balance, end of year	13,884	25,003

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 life of the tangible capital asset acquired.

	2019 \$	2018 \$
Balance, beginning of year	903,434	913,317
Deferred capital contributions received	45,838	42,404
Revenue recognized in the year	(48,977)	(52,287)
Balance, end of year	900,295	903,434

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

5. Obligation under capital leases

The Board has obligations under various capital leases with expiries ranging from 2019 to 2021 and interest rates ranging from 2.10% to 4.61%. Principal and interest payments relating to capital lease obligations of \$428 (\$1,441 in 2018) outstanding as at August 31 are due as follows:

	Principal payment	Interest	Total
	\$	\$	\$
2019/2020	405	12	417
2020/2021	23	1	24
	<u>428</u>	<u>13</u>	<u>441</u>

6. Temporary borrowing

In accordance with Section 243(1) of the Education Act, the Board has a resolution to authorize the borrowing, by way of promissory note, bankers' acceptance or operating overdraft, up to a maximum of \$150,000. The outstanding amount at any given time would substantially represent the unreceived or uncollected balance of the estimated revenues.

The Board has available a credit facility of \$60,000 and as of August 31, 2019 had no borrowings against this facility (\$Nil as at August 31, 2018). The interest on temporary borrowings, when drawn, would be at the bank's prime lending rate minus 0.75%, or bankers' acceptance facility at the bankers' acceptance rate plus 0.75%. Any temporary borrowings would be unsecured and due on demand.

7. Net long-term debt

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

Debenture	Interest rate %	Maturity	2019 \$	2018 \$
OSBFC By-Law #99	7.20	June 9, 2025	25,290	28,557
OSBFC By-Law #103	6.55	October 19, 2026	41,208	45,346
OSBFC By-Law #111	5.48	November 26, 2029	75,888	81,113
OSBFC By-Law #113	4.79	August 8, 2030	15,365	16,405
OFA By-Law #124	3.94	September 19, 2025	23,043	26,181
OFA By-Law #116	4.56	November 15, 2031	8,444	8,935
OSBFC By-Law #118	5.38	June 25, 2032	80,115	84,283
OFA By-Law #120	4.90	March 3, 2033	3,481	3,654
OFA By-Law #123	5.23	April 13, 2035	12,166	12,647
OFA By-Law #126	2.43	November 15, 2021	6,095	8,433
Balance as at August 31			291,095	315,554

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

7. Net long-term debt (continued)

(b) Payments relating to net long-term debt of \$291,095 outstanding as at August 31, 2019 are due as follows:

	Principal \$	Interest \$	Total \$
2019/2020	25,780	15,632	41,412
2020/2021	27,178	14,235	41,413
2021/2022	27,392	12,757	40,149
2022/2023	28,892	11,833	40,725
Thereafter	181,853	38,655	220,508
Net long-term debt	<u>291,095</u>	<u>93,112</u>	<u>384,207</u>

8. Debt charges

Debt charges for the year include principal payments, sinking fund contributions and interest payments as follows:

	2019 \$	2018 \$
Principal payments on long-term debt, including contributions to sinking fund	24,459	23,209
Principal payment on net sinking fund debenture	—	64,901
	24,459	23,209
Interest payments on long-term debt	16,955	21,143
Total	41,414	44,352

Included in debt repayment and sinking fund contributions on the consolidated statement of cash flows of \$24,459 (\$88,110 in 2018) are principal payments on net sinking fund debenture of \$nil (\$64,901 in 2018) and principal payments of other long-term debt, including contributions to sinking funds of \$24,459 (\$23,209 in 2018).

9. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

	Retirement gratuity \$	Other employee future benefits \$	2019 Total \$	2018 Total \$
Accrued employee future benefit obligations at August 31	347	10,324	10,671	7,842
Unamortized actuarial (losses) at August 31	(2)	-	(2)	(41)
Employee future benefits liability at August 31	345	10,324	10,669	7,801

Dufferin-Peel Catholic District School Board**Notes to consolidated financial statements**

August 31, 2019

(In thousands of dollars)

9. Retirement and other employee future benefits (continued)*Retirement and other employee future benefit expense (recovery)*

	Retirement gratuity	Other employee future benefits	2019 Total	2018 Total
	\$	\$	\$	\$
Current year benefit (recovery)	—	5,483	5,483	(1,378)
Amortization of actuarial losses (gains)	(7)	26	19	69
Interest on accrued benefit obligation	10	242	252	237
Employee future benefits expense (recovery) *	3	5,751	5,754	(1,072)

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

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2019. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2019	2018
	%	%
Wage and salary escalation	2.0	—
Insurance and health care cost escalation	7.5 - 4.5	7.5 - 4.5
Dental care cost escalation	4.5	4.5
Discount on accrued benefit obligation	2.0	2.9

*Retirement benefits**(i) Retirement Gratuities*

The Board provides retirement gratuities to certain groups of employees. The academic staff is the largest group. Employee eligibility is determined based on the date the individual commenced employment with the Board. Employees commencing employment after December 31, 1979 are not eligible for the retirement gratuity. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

The benefit costs expensed in these consolidated financial statements are \$3 (\$7 recovered in 2018). Based on the actuarial estimate, the liability for retirement gratuities of \$345 (\$342 in 2018) is included in retirement and other employee future benefits in the consolidated statement of financial position.

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

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9. Retirement and other employee future benefits (continued)

Retirement benefits (continued)

(ii) Retirement Life Insurance and Health Care Benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until age 65. The premiums are based on the Board experience and retirees' premiums are 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. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions, unless specified by contractual obligations.

The coverage is provided for various terms up to a maximum age of 65. The benefit costs expensed in the consolidated financial statements are \$164 (\$92 expensed in 2018).

Based on the actuarial valuation for accounting purposes as at August 31, 2019, the total liability of all post-retirement benefits accrued to-date is \$788 (\$828 in 2018) and is included in retirement and other employee future benefits in the consolidated statement of financial position.

Other employee future benefits

(i) Long-term Disability Salary Compensation

The Board provides long-term disability benefits including partial salary compensation during the period an employee is unable to work or until their normal retirement date.

The benefit costs recovered in the consolidated financial statements are \$nil (\$3,816 in 2018).

(ii) Workplace Safety and Insurance Board Obligations ("WSIB")

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 liability for payments under WSIB are recognized at the time the event obligating the Board to pay occurs. 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 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision. At August 31, 2019 the Board has a liability of \$9,092 (\$6,184 in 2018) in respect of WSIB obligations. The benefit costs expensed during the year in the consolidated financial statements are \$5,191 (\$2,127 in 2018).

As at August 31, 2019, the Board has a Workers' Safety Insurance Board reserve of \$2,230 (\$5,137 in 2018).

(iii) Sick Leave Top-Up Benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illness paid through the short-term leave and disability plan in that year. The benefit costs expensed in the statement of operations are \$396 (\$518 in 2018) and included as a liability in retirement and other employee future benefits in the consolidated statement of financial position are \$444 (\$447 in 2018).

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

9. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

(iii) Sick Leave Top-Up Benefits (continued)

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 determined as at August 31, 2019 and is based on the average daily salary and banked sick days of employees as at August 31, 2019.

Additional 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. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2019, the Board contributed \$12,102 (\$11,937 in 2018) 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.

10. Expenses by object

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

	Budget	2019	2018
	\$	Actual	Actual
		\$	\$
Operating expenses			
Salary and wages	701,700	700,330	692,785
Employee benefits	118,513	120,990	113,471
Staff development	2,271	1,437	1,656
Supplies and services	49,530	51,935	48,822
Interest charges on capital	14,739	16,603	18,403
Rental expenses	2,657	1,385	3,265
Fees and contractual services	34,440	40,148	36,454
School generated funds	22,220	23,305	23,260
Other	3,904	6,106	9,976
Amortization of tangible capital assets	50,000	51,173	53,246
	999,974	1,013,412	1,001,338

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

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 \$24,000 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 rata share of claims experience. The current five year term expires December 2021.

12. Commitments and contingent liabilities

- (a) The Board enters into contracts for the capital construction and renovation of various new and existing schools. The following summarizes the Board's commitment under these contracts as at August 31, 2019:

	Contract value	Incurred to date	Amount remaining
	\$	\$	\$
Construction of schools	52,768	44,474	8,294

- (b) The Board is committed to various operating leases for premises and equipment expiring in fiscal 2024/2025. The aggregate minimum lease payments are as follows:

	Minimum lease payments
	\$
2019/2020	2,279
2020/2021	882
2021/2022	834
2022/2023	652
2023/2024	343
Thereafter	693
Total	5,683

- (c) The Board has committed to two contracts to purchase natural gas into the future. The two contracts have minimum daily purchase volumes of 733 and 225 gigajoules (GJ) of gas at the monthly Alberta Energy Company (AECO) C & Nova Inventory Transfer (NIT) Arithmetic Average price per GJ, plus \$1.475 and \$1.87 per GJ respectively for transportation. One Contract ends on July 31, 2020 and the other one on Oct 31, 2019.

13. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$45,226 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 to the agreement, the "55 School Board Trust" repaid the board's debt in consideration for the assignment by the board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

The flow-through of \$3,369 (\$3,369 in 2018) in grants in respect of the above agreement is recorded in these consolidated financial statements.

Dufferin-Peel Catholic District School Board
Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

14. Tangible capital assets

	Cost			Closing August 31, 2019 \$	Accumulated amortization			Closing August 31, 2019 \$	Net book value 2019 \$	Net book value 2018 \$
	Opening September 1, 2018 \$	Transfers/ Additions \$	Disposals/ Deemed Disposals \$		Opening September 1, 2018 \$	Amortization \$	Disposals/ Deemed Disposals \$			
Land	274,442	21,313	—	295,755	—	—	—	295,755		274,442
Land improvements	32,452	5,425	—	37,877	18,743	4,874	—	23,617	14,260	13,709
Buildings 40 years	1,413,371	40,631	—	1,454,002	529,520	40,807	—	570,327	883,675	883,851
Portable structures	1,488	—	—	1,488	593	74	—	667	821	895
First-time equipping	12,250	346	1,783	10,813	8,657	1,153	1,783	8,027	2,786	3,593
Furniture	450	125	15	560	180	51	15	216	344	270
Equipment 5 years	276	120	111	285	158	56	111	103	182	118
Equipment 10 years	2,870	4,281	287	6,864	905	487	287	1,105	5,759	1,965
Equipment 15 years	—	213	—	213	—	7	—	7	206	—
Computer hardware	12,576	3,168	3,039	12,705	5,647	2,528	3,039	5,136	7,569	6,929
Computer software	548	98	192	454	288	100	192	196	258	260
Vehicles <10,000	217	69	92	194	155	41	92	104	90	62
Vehicles >10,000	141	—	—	141	41	14	—	55	86	100
Pre-acquisition cost - land	114	(20)	—	94	—	—	—	—	94	114
Pre-acquisition cost - Building	7,847	(6,923)	—	924	—	—	—	—	924	7,847
Leased tangible capital assets	5,124	—	297	4,827	3,736	981	297	4,420	407	1,388
Total	1,764,166	68,846	5,816	1,827,196	568,623	51,173	5,816	613,980	1,213,216	1,195,543

Dufferin-Peel Catholic District School Board

Notes to consolidated financial statements

August 31, 2019

(In thousands of dollars)

15. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Invested in non-depreciable tangible capital assets	288,701	274,556
School generated funds	9,156	10,398
Employee future benefits	(18,279)	(18,279)
Interest accrual	(4,730)	(5,119)
Accumulated surplus – unappropriated	14,348	18,478
Accumulated surplus – internally appropriated	36,084	44,892
Sinking fund interest	9,758	8,454
Accumulated surplus	335,038	333,380

16. Partnership in Student Transportation of Peel Region (STOPR) Transportation Consortium

On December 14, 2007, the Board entered into an agreement with the Peel District School Board in order to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery, efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the STOPR Transportation Consortium are shared. Neither Board is in a position to exercise unilateral control.

The Board's consolidated financial statement reflects its share of the Ministry transportation grants and related expenses.

The following provides condensed financial information:

	2019		2018	
	Total	Board portion	Total	Board portion
	\$	\$	\$	\$
Revenue	65,268	20,305	63,172	20,230
Expenses	76,910	22,535	66,346	19,310
Annual (deficit) surplus	(11,642)	(2,230)	(3,174)	920

The Board is also a member of Wellington-Dufferin Student Transportation Services Consortia. The Board is not actively involved in the management of this consortia. For the 2019 fiscal year, transportation costs of \$2,080 (\$1,733 in 2018) have been expensed in the consolidated financial statements.

17. Comparative figures

Certain of prior years figures have been reclassified to conform with current years presentation.