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Report and consolidated financial  
statements of  
**Thames Valley District  
School Board**

August 31, 2019

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# Management Report

## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Thames Valley District School Board ("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.

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.



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Mark Fisher  
Director of Education

November 26, 2019



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Jeff Pratt  
Associate Director & Treasurer

## Independent Auditor's Report

To the Board of Trustees of  
Thames Valley District School Board

### Opinion

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

In our opinion, the accompanying consolidated 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.

### 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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

**Thames Valley District School Board**  
**Consolidated statement of financial position**

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

	Notes	<b>2019</b>	2018
		<b>\$</b>	<b>\$</b>
<b>Financial assets</b>			
Cash and cash equivalents		<b>33,650</b>	85,208
Accounts receivable		<b>41,052</b>	33,356
Accounts receivable – Government of Ontario	2	<b>233,081</b>	190,000
Investments	4	<b>7,262</b>	7,049
		<b>315,045</b>	315,613
<b>Liabilities</b>			
Accounts payable and accrued liabilities		<b>59,521</b>	48,258
Deferred revenue	7	<b>36,861</b>	31,900
Retirement and other employee future benefits	9	<b>17,945</b>	17,589
Net long-term liabilities	10	<b>152,658</b>	160,098
Deferred capital contributions	8	<b>676,658</b>	647,249
		<b>943,643</b>	905,094
Net debt		<b>(628,598)</b>	(589,481)
Contractual obligations and contingent liabilities	14		
<b>Non-financial assets</b>			
Prepaid expenses		<b>6,800</b>	6,349
Inventories of supplies		<b>118</b>	103
Tangible capital assets	5	<b>728,574</b>	693,957
Total non-financial assets		<b>735,492</b>	700,409
<b>Accumulated surplus</b>	6	<b>106,894</b>	110,928

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

**Thames Valley District School Board**  
**Consolidated statement of operations**

Year ended August 31, 2019  
(In thousands of dollars)

	Notes	Approved budget (Unaudited) (Note 1) \$	2019 \$	2018 \$
<b>Revenue</b>				
Provincial grants – Grants for Student Needs		<b>893,819</b>	<b>884,574</b>	856,975
Provincial grants – other		<b>8,638</b>	<b>10,174</b>	16,743
Federal grants and fees		<b>5,118</b>	<b>5,952</b>	5,673
Other revenues – school boards		<b>146</b>	<b>118</b>	368
Other fees and revenues		<b>7,947</b>	<b>10,024</b>	9,625
Interest income		<b>1,500</b>	<b>1,946</b>	1,957
School generated funds	20	<b>17,000</b>	<b>18,706</b>	17,070
Amortization of deferred capital contributions		<b>38,874</b>	<b>38,281</b>	36,843
		<b>973,042</b>	<b>969,775</b>	945,254
<b>Expenses</b>				
Instruction	12	<b>755,348</b>	<b>749,282</b>	712,124
Administration		<b>26,203</b>	<b>25,962</b>	24,546
Transportation		<b>42,213</b>	<b>46,334</b>	38,660
Pupil accommodation		<b>125,699</b>	<b>123,966</b>	120,135
Other		<b>8,798</b>	<b>9,377</b>	13,466
School funded activities	20	<b>17,000</b>	<b>18,888</b>	16,822
		<b>975,261</b>	<b>973,809</b>	925,753
Annual (deficit) surplus		<b>(2,219)</b>	<b>(4,034)</b>	19,501
Accumulated surplus, beginning of year		<b>85,846</b>	<b>110,928</b>	91,427
<b>Accumulated surplus, end of year</b>	6	<b>83,627</b>	<b>106,894</b>	110,928

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

**Thames Valley District School Board**  
**Consolidated statement of cash flows**  
Year ended August 31, 2019  
(In thousands of dollars)

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Annual (deficit) surplus	<b>(4,034)</b>	19,501
Non-cash items		
Amortization of tangible capital assets	<b>39,753</b>	38,154
Loss on sale of tangible capital assets	—	5
Revenue recognized in period for deferred capital contributions	<b>(38,281)</b>	(36,843)
(Increase) decrease in accounts receivable	<b>(7,696)</b>	1,516
Decrease in assets held for sale	—	102
Increase (decrease) in accounts payable and accrued liabilities	<b>11,263</b>	(2,974)
(Decrease) increase in deferred revenue – operating	<b>(1,000)</b>	809
Increase (decrease) in retirement and other employee future benefits	<b>356</b>	(994)
Increase in prepaid expenses	<b>(451)</b>	(3,321)
Increase in inventories of supplies	<b>(15)</b>	(18)
	<b>(105)</b>	15,937
<b>Capital activity</b>		
Acquisition of tangible capital assets	<b>(74,370)</b>	(72,158)
<b>Investing activities</b>		
Proceeds on sale of investments	<b>1,809</b>	909
Purchase of investments	<b>(2,022)</b>	(1,322)
	<b>(213)</b>	(413)
<b>Financing activities</b>		
Debt repayments	<b>(7,440)</b>	(7,099)
Increase in capital leases	—	32
(Increase) decrease in accounts receivable – Government of Ontario	<b>(43,081)</b>	28,489
Additions to deferred capital contributions	<b>67,690</b>	70,586
Increase in deferred revenues – capital	<b>5,961</b>	4,763
	<b>23,130</b>	96,771
Change in cash	<b>(51,558)</b>	40,137
Cash, beginning of year	<b>85,208</b>	45,071
<b>Cash, end of year</b>	<b>33,650</b>	85,208

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

**Thames Valley District School Board**  
**Consolidated statement of changes in net debt**  
Year ended August 31, 2019  
(In thousands of dollars)

	Budget	2019 \$	2018 \$
<b>Annual (deficit) surplus</b>	<b>(2,219)</b>	<b>(4,034)</b>	19,501
<b>Tangible capital asset activity</b>			
Amortization of tangible capital assets	39,586	39,753	38,154
Acquisition of tangible capital assets	(99,089)	(74,370)	(72,158)
Loss on sale of tangible capital assets	—	—	5
	<b>(59,503)</b>	<b>(34,617)</b>	(33,999)
<b>Other non-financial asset activity</b>			
Increase in inventories of supplies	—	(15)	(18)
Decrease in assets held for sale	—	—	102
Increase in prepaid expenses	—	(451)	(3,321)
	—	<b>(466)</b>	(3,237)
Increase in net debt	<b>(61,722)</b>	<b>(39,117)</b>	(17,735)
Net debt, beginning of year	<b>(589,481)</b>	<b>(589,481)</b>	(571,746)
<b>Net debt, end of year</b>	<b>(651,203)</b>	<b>(628,598)</b>	(589,481)

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

# Thames Valley District School Board

## Notes to the consolidated financial statements

August 31, 2019

(In thousands of dollars)

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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:

#### *Basis of accounting*

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

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

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

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

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

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

#### *Reporting entity*

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Thames Valley District School Board ("the Board"), including the following:

Thames Valley Education Foundation ("Foundation")

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

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

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**1. Significant accounting policies (continued)**

*Reporting entity (continued)*

Southwestern Ontario Student Transportation Services

As detailed in Note 15, decisions related to the financial and operating activities of the Southwestern Ontario Student Transportation Services are shared. No partner is in a position to exercise unilateral control.

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

*Trust funds*

The Board's trust funds for scholarships and awards (excluding scholarships and awards included in the Foundation) are not included in the consolidated financial statements as the Board does not control them according to PSAB Section 1300. These trust funds are administered and maintained by the Board according to the terms and conditions specified by the donor. Specifically, the Board's trust funds include both the Student Awards/Scholarships and Self-Funded Leaves. The total assets of each fund amount to \$2,227 (\$2,021 in 2018) and \$2,616 (\$2,527 in 2018) respectively.

*Cash and cash equivalents*

Cash and cash equivalents comprise of 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 less than 90 days.

*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.

A write-down of the carrying value is charged against income when evidence indicates a permanent decline in the underlying value and earnings. Gains and losses on disposition of investments are determined on a completed transaction basis. The Board's investments are governed by the Education Act while the Foundation's investments are governed by policies approved by the Foundation's Board of Directors.

*Tangible capital assets*

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

Leases which transfer substantially all 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.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

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**1. Significant accounting policies (continued)**

*Tangible capital assets (continued)*

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

Asset	Estimated useful life in years
Land improvements with finite lives	15
Buildings and building improvements	40
Other buildings	20
Portable structures	20
Equipment	5-15
First-time equipping of schools	10
Furniture	10
Computer hardware	5
Computer software	5
Capital leases	Over the lease term
Leasehold improvements	Over the lease term

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.

A building permanently removed from service ceases to be amortized. 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.

*Deferred revenue*

Certain revenue 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.

*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 gratuities and workers' compensation.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

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**1. Significant accounting policies (continued)**

*Retirement and other employee future benefits (continued)*

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts "(ELHTs)" were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-18: Canadian Union of Public Employees (CUPE) 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), other school board staff and retired individuals up to a school board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency "(FTE)". Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs "(GSN)", including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by non-unionized employees including principals and vice-principals.

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 cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 or the date of retirement and the actuary'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 vested or accumulated 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 periodically, such as obligations for workers' compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

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

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

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**1. Significant accounting policies (continued)**

*Deferred capital contributions*

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

- (i) Government transfers received or receivable for capital purpose
- (ii) Other restricted contributions received or receivable for capital purpose; and
- (iii) Property taxation revenues which were historically used to fund capital assets

*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.

*Investment income*

Investment income earned on surplus operating funds and capital funds are reported as revenue in the period earned.

Investment income earned on externally restricted funds such as proceeds of disposition is added to the fund balance and forms part of the respective deferred revenue balances.

*Budget figures*

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees on June 19, 2018. 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 in the preparation of the consolidated financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

*Use of estimates*

The preparation of consolidated financial statements in conformity with the basis of accounting described in this note above, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Accounts subject to significant estimates include accrued liabilities (general & capital), useful lives of tangible capital assets, employee future benefits and contingent liabilities.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

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**1. Significant accounting policies (continued)**

*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 - Grants for Student Needs.

**2. Accounts receivable – Government of Ontario**

The Province 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 recognized capital debt as at August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs, which would be reflected in this accounts receivable.

As at August 31, 2019, the Board has an accounts receivable from the Province of \$192,385 (\$190,000 in 2018) with respect to approved capital expenditures that is expected to be received as follows:

	\$
2019/20	47,525
2020/21	8,170
2021/22	8,556
2022/23	8,965
2023/24	9,395
Thereafter	109,774
	<u>192,385</u>

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays parts 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 \$40,696.

**3. Borrowing facility**

The Board has a bank overdraft facility that bears interest at prime less 0.65%. The Board has an authorized overdraft limit of \$118,000 (\$60,000 in 2018). The balance drawn on the overdraft at August 31, 2019 was nil (nil in 2018).

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

**4. Investments**

The investment portfolio includes equity and guaranteed investment certificates.

	<b>Cost</b>	<b>2019 Market value</b>	Cost	2018 Market value
	\$	\$	\$	\$
Thames Valley District School Board Guaranteed Investment Certificates	—	—	50	50
Thames Valley Education Foundation Guardian Capital Inc.	<b>7,204</b>	<b>8,386</b>	6,919	7,975
Guaranteed Investment Certificates	<b>58</b>	<b>58</b>	80	80
	<b>7,262</b>	<b>8,444</b>	7,049	8,105

**5. Tangible capital assets**

	<b>Opening balance</b>	<b>Additions and transfers</b>	<b>Disposals, write downs and transfers</b>	<b>Cost Closing balance</b>
	\$	\$	\$	\$
Land	<b>19,838</b>	<b>13</b>	—	<b>19,851</b>
Land improvements	<b>10,852</b>	<b>2,335</b>	—	<b>13,187</b>
Buildings	<b>1,010,098</b>	<b>59,402</b>	—	<b>1,069,500</b>
Other buildings	<b>98</b>	—	—	<b>98</b>
Portable structures	<b>7,554</b>	<b>3,625</b>	<b>484</b>	<b>10,695</b>
Equipment	<b>10,494</b>	<b>1,569</b>	<b>781</b>	<b>11,282</b>
First-time equipping of schools	<b>11,857</b>	<b>628</b>	<b>1,143</b>	<b>11,342</b>
Furniture	<b>829</b>	<b>102</b>	<b>70</b>	<b>861</b>
Computer hardware	<b>5,016</b>	<b>4,803</b>	<b>678</b>	<b>9,141</b>
Computer software	<b>3,397</b>	<b>556</b>	<b>28</b>	<b>3,925</b>
Assets permanently removed from service	<b>1,975</b>	<b>69</b>	—	<b>2,044</b>
Pre-acquisition costs	<b>1,398</b>	<b>1,268</b>	—	<b>2,666</b>
Capital leases	<b>32</b>	—	—	<b>32</b>
	<b>1,083,438</b>	<b>74,370</b>	<b>3,184</b>	<b>1,154,624</b>

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

**5. Tangible capital assets (continued)**

	<b>Accumulated amortization</b>			
	<b>Opening balance</b>	<b>Amortization</b>	<b>Disposals, write downs and transfers</b>	<b>Closing balance</b>
	\$	\$	\$	\$
Land improvements	5,455	853	—	6,308
Buildings	364,836	33,994	—	398,830
Other buildings	22	5	—	27
Portable structures	2,487	445	484	2,448
Equipment	5,658	1,056	781	5,933
First-time equipping of schools	6,472	1,160	1,143	6,489
Furniture	381	85	70	396
Computer hardware	1,685	1,415	678	2,422
Computer software	1,229	732	28	1,933
Assets permanently removed from service	1,250	—	—	1,250
Capital leases	6	8	—	14
	<b>389,481</b>	<b>39,753</b>	<b>3,184</b>	<b>426,050</b>

	<b>2019</b>	Net book value 2018
	\$	\$
Land	19,851	19,838
Land improvements	6,879	5,397
Buildings	670,670	645,262
Other buildings	71	76
Portable structures	8,247	5,067
Equipment	5,349	4,836
First-time equipping of schools	4,853	5,385
Furniture	465	448
Computer hardware	6,719	3,331
Computer software	1,992	2,168
Assets permanently removed from service	794	725
Pre-acquisition costs	2,666	1,398
Capital leases	18	26
	<b>728,574</b>	<b>693,957</b>

Adjustments, totaling \$3,184 (\$2,969 in 2018), relate to the removal of assets that are fully amortized and represent a non-cash transaction that is not recorded in the consolidated statement of cash flows.

*Assets permanently removed from service*

The Board has identified two building properties that qualify as "assets permanently removed from service" totaling \$794 (\$725 in 2018). This amount has been included in the net book value ending balance as of August 31, 2019.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

**5. Tangible capital assets (continued)**

*Capital leases*

The Board has an obligation under a capital lease for a vehicle. The lease contains no renewal options and the asset reverts to the leasing company at the termination of the lease. Lease obligations are included in Note 10.

**6. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2019</b>	2018
	\$	\$
Total operating accumulated surplus – unappropriated	<b>21,877</b>	23,407
Available for budget compliance – internally appropriated		
School carry-forwards	<b>2,137</b>	2,207
Other internal appropriations	<b>63,655</b>	66,048
Thames Valley Education Foundation	<b>7,380</b>	7,362
	<b>73,172</b>	75,617
Total accumulated surplus available for budget compliance	<b>95,049</b>	99,024
Unavailable for budget compliance		
Employee future benefits	<b>(11,145)</b>	(11,145)
Other unavailable for compliance	<b>(2,114)</b>	(2,218)
Revenues recognized for land	<b>19,862</b>	19,843
School generated funds	<b>5,242</b>	5,424
	<b>11,845</b>	11,904
	<b>106,894</b>	110,928

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

**7. Deferred revenue**

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

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

	Opening balance	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Ending balance
	\$	\$	\$	\$	\$
Operating Grants for Student Needs (GSN's)	5,093	117,435	118,950	—	3,578
Other Ministry of Education operating grants	199	5,188	5,359	—	28
Other provincial operating grants	237	55	185	—	107
Third party – operating	4,803	5,627	4,812	—	5,618
Ministry of Education capital grants	19,652	44,277	24,090	13,921	25,918
Proceeds of disposition	1,024	—	—	—	1,024
Third party – capital	892	460	—	764	588
	<b>31,900</b>	<b>173,042</b>	<b>153,396</b>	<b>14,685</b>	<b>36,861</b>

**8. Deferred capital contributions ("DCC")**

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

	2019 \$	2018 \$
Opening balance	647,249	613,506
Additions to DCC	67,690	70,586
Revenue recognized in the period	(38,281)	(36,843)
Closing balance	<b>676,658</b>	647,249

**Thames Valley District School Board**  
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August 31, 2019

(In thousands of dollars)

**9. Retirement and other employee future benefits**

*Retirement and other employee future benefit liabilities*

	<b>Retirement benefits</b>	<b>Other employee future benefits</b>	<b>2019 Total employee future benefits</b>	2018 Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligations, end of year	<b>5,803</b>	<b>12,661</b>	<b>18,464</b>	17,867
Unamortized actuarial loss	<b>(519)</b>	—	<b>(519)</b>	(278)
Total employee future benefit liability, end of year	<b>5,284</b>	<b>12,661</b>	<b>17,945</b>	17,589

*Retirement and other employee future benefit expenses*

	<b>Retirement benefits</b>	<b>Other employee future benefits</b>	<b>2019 Total employee future benefits</b>	2018 Total employee future benefits
	\$	\$	\$	\$
Current year benefit cost	<b>185</b>	<b>3,522</b>	<b>3,707</b>	2,798
Cost of plan amendment	<b>437</b>	—	<b>437</b>	—
Interest on accrued benefit obligation	<b>164</b>	<b>336</b>	<b>500</b>	454
Recognized unamortized actuarial gain/(loss)	<b>111</b>	<b>13</b>	<b>124</b>	(2)
Employee future benefits expenses	<b>897</b>	<b>3,871</b>	<b>4,768</b>	3,250

The amounts above exclude pension contributions to the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer pension plan, described below.

*Retirement benefits*

*Ontario Teachers' Pension Plan*

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

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

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

*Retirement benefits (continued)*

*Ontario Municipal Employees Retirement System*

All non-teaching employees of the Board are eligible to be members of the OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. For 2019, eligible employees contributed at rates of up to 14.6% (14.6% in 2018) of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2019, the Board contributed \$11,644 (\$10,974 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.

*Retirement gratuities*

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service up to August 31, 2012 or at the date of retirement. Plan amendments resulted in \$151 (nil in 2018) of in-year expenses.

*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 the members reach 65 years of age. The premiums are based on the Board's experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, most employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions. Plan amendments resulted in \$286 (nil in 2018) of in-year expenses.

*Other employee future benefits*

*Workplace Safety and Insurance Board obligations*

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("the Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreements negotiated prior to 2012 included such a provision.

The Board's liability as at August 31, 2019 for worker's compensation is \$11,371 (\$10,175 in 2018) and is included in the retirement and other employee future benefits figure in the Board's statement of financial position.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

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

*Other employee future benefits (continued)*

*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 illnesses paid through the short-term leave and disability plan in that year. The sick leave benefit costs expensed in the financial statements are \$529 (\$490 in 2018).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2019 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2019.

*Long-term disability life insurance and health care benefits*

The ELHT may provide life insurance, dental and health care benefits to employees on long-term disability leave at the request of employees; however employees are directly responsible for any associated costs. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in the defined benefit plan.

*Actuarial assumptions*

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are per actuarial valuations for accounting purposes as of August 31, 2019. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the actuary's best estimate of expected rates of:

	<b>2019</b>	2018
	<b>%</b>	%
Inflation	<b>1.50</b>	1.50
Discount rate	<b>2.00</b>	2.90
Wage and salary escalation – retirement gratuity	<b>2.00</b>	—
Wage and salary escalation – sick leave top-up benefits	<b>2.00</b>	2.00
Health care cost escalation	<b>7.25-4.50</b>	7.75-4.00
Dental care cost escalation	<b>4.50</b>	3.75-3.00
WSIB only		
Inflation	<b>2.00</b>	2.00
Discount rate	<b>2.00</b>	2.90

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

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**10. Net long-term liabilities**

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

	<b>2019</b>	2018
	\$	\$
Ontario Financing Authority 2006 – 4.560%, due November 2031	<b>15,366</b>	16,261
Ontario Financing Authority 2008 – 4.900%, due March 2033	<b>22,904</b>	24,043
Ontario Financing Authority 2008 – 5.054%, due November 2028	<b>11,643</b>	12,577
Ontario Financing Authority 2009 – 5.062%, due March 2034	<b>10,160</b>	10,611
Ontario Financing Authority 2010 – 4.557%, due November 2026	<b>6,879</b>	7,633
Ontario Financing Authority 2010 – 5.232%, due April 2035	<b>21,549</b>	22,400
Ontario Financing Authority 2011 – 4.833%, due March 2036	<b>39,982</b>	41,494
Ontario Financing Authority 2011 – 3.970%, due November 2036	<b>1,779</b>	1,848
Ontario Financing Authority 2012 – 3.564%, due March 2037	<b>6,663</b>	6,927
Ontario Financing Authority 2013 – 3.799%, due March 2038	<b>15,715</b>	16,278
Capital leases	<b>18</b>	26
Balance as at August 31	<b>152,658</b>	160,098

Principal and interest payments relating to net long-term liabilities of \$152,658 outstanding as at August 31, 2019 are due as follows:

	Interest	Principal	Total
	\$	\$	\$
2019/20	7,113	7,797	14,910
2020/21	6,739	8,170	14,909
2021/22	6,348	8,556	14,904
2022/23	5,937	8,965	14,902
2023/24	5,506	9,395	14,901
Thereafter	29,952	109,775	139,727
Net long-term liabilities	<b>61,595</b>	<b>152,658</b>	<b>214,253</b>

**11. Debt charges, capital loans and leases interest**

The payments for debt charges, capital loans and capital lease interest includes principal and interest payments as follows:

	<b>2019</b>	2018
	\$	\$
Principal payments on long-term liabilities	<b>7,432</b>	7,092
Interest payments on long-term liabilities	<b>7,469</b>	7,809
Interest payments on temporary financing of capital projects	<b>247</b>	810
Principal payments on capital leases	<b>8</b>	7
Interest payments on capital leases	<b>1</b>	1
	<b>15,157</b>	15,719

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

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**12. Expenses by object**

The following is a summary of the operating, capital and school funded activities expenses reported on the consolidated statement of operations by object:

	<b>Budget</b>	<b>2019</b>	2018
	\$	\$	\$
Expenses			
Salary and wages	<b>679,026</b>	<b>673,453</b>	643,234
Employee benefits	<b>109,554</b>	<b>107,503</b>	96,864
Staff development	<b>2,455</b>	<b>2,071</b>	2,490
Supplies and services	<b>56,469</b>	<b>55,643</b>	53,938
Interest	<b>8,729</b>	<b>7,613</b>	8,521
Rental expenditures	<b>848</b>	<b>838</b>	782
Fees and contractual services	<b>52,692</b>	<b>58,558</b>	51,346
Other	<b>8,902</b>	<b>9,489</b>	13,597
Amortization, writedowns and losses on disposal	<b>39,586</b>	<b>39,753</b>	38,159
School funded activities (Note 20)	<b>17,000</b>	<b>18,888</b>	16,822
	<b>975,261</b>	<b>973,809</b>	925,753

**13. Ontario School Board Insurance Exchange**

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

The ultimate premiums over a five year period are based on the actual claims experience of OSBIE and the Board. 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 31, 2021.

**14. Contractual obligations and contingent liabilities**

In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2019 cannot be predicted with certainty, it is the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

The Board is committed to capital expenditures in the amount of \$3,537.

The Board has committed to five contracts to purchase natural gas for specified delivery periods into the future. The sum of \$1,513 is payable with respect to these contracts during the next three years.

	\$
2019/20	901
2020/21	536
2021/22	76
	<u>1,513</u>

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

**14. Contractual obligations and contingent liabilities (continued)**

The Board has ongoing commitments under operating leases for buildings, office equipment and vehicles. The sum of \$3,028 is payable with respect to these operating leases during the next five years as follows:

	\$
2019/20	1,403
2020/21	1,147
2021/22	314
2022/23	101
2023/24	63
	<u>3,028</u>

**15. Transportation consortium**

On September 29, 2008 the consortium incorporated and became a separate legal entity known as Southwestern Ontario Student Transportation Services in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the following Boards: Thames Valley District School Board, London District Catholic School Board, Conseil scolaire de district des écoles catholiques du Sud-Ouest, and Conseil scolaire de district du Centre-Sud-Ouest. On July 1, 2010, the Board entered into an agreement with the London District Catholic School Board in order to provide common administration of student transportation in the Region. As of September 1, 2010, the consortium only included the Thames Valley District School Board and the London District Catholic School Board.

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. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information.

	<b>Total</b>	<b>2019 Board portion</b>	Total	2018 Board portion
	\$	\$	\$	\$
Financial position				
Assets	<b>7,096</b>	<b>5,078</b>	856	644
Liabilities	<b>7,096</b>	<b>5,078</b>	856	644
	—	—	—	—
Operations				
Revenues	<b>60,778</b>	<b>45,168</b>	50,007	37,608
Expenses	<b>60,778</b>	<b>45,168</b>	50,007	37,608
	—	—	—	—

**Thames Valley District School Board**  
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(In thousands of dollars)

**16. Thames Valley Education Foundation**

The Foundation supports programs and initiatives that directly benefit students and that promote equity across Thames Valley. The Foundation was incorporated in Ontario on September 22, 1997 as a not-for-profit organization and is a registered charity under the Income Tax Act. The Foundation's mission is to provide enhanced learning opportunities for students across the District. The goal of the Foundation is to improve the quality of public education by fostering parent, community and business support and attracting resources that complement provincial funding and local school fundraising.

The Foundation has been consolidated in the Board's financial statements. A financial summary of the Foundation for the year ended August 31, 2019 is as follows:

	<b>2019</b>	2018
	<b>\$</b>	\$
Financial assets		
Cash	<b>1,249</b>	1,558
Accounts receivable	<b>13</b>	5
Investments	<b>7,262</b>	6,999
	<b>8,524</b>	8,562
Liabilities	<b>815</b>	633
Deferred revenue	<b>329</b>	567
Accumulated surplus	<b>7,380</b>	7,362
	<b>8,524</b>	8,562
Operations		
Revenues	<b>1,041</b>	1,736
Expenses	<b>1,023</b>	785
Annual surplus	<b>18</b>	951

**17. Repayment of "55 School Board Trust" funding**

On June 1, 2003, the Board received \$107,066 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 without recourse the outstanding not permanently financed ("NPF") debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

The flow-through of \$7,976 (\$7,976 in 2018) in respect of the above agreement for the year ended August 31, 2019, is recorded in these consolidated financial statements.

**Thames Valley District School Board**  
**Notes to the consolidated financial statements**

August 31, 2019

(In thousands of dollars)

**18. Government of Canada**

The Board received tuition fees for Indigenous pupils attending the Board as follows:

	<b>2019</b>	2018
	\$	\$
Chippewas of the Thames First Nation	<b>664</b>	701
Oneida Nation of the Thames	<b>1,620</b>	1,551
Munsee-Delaware Nation	<b>272</b>	283
	<b>2,556</b>	2,535

**19. Letters of credit**

The Board has letters of credit outstanding at August 31, 2019 in the amount of \$2,682 (\$3,484 in 2018).

**20. School generated funds and funded activities**

The following is a summary of the school generated funds and school funded activities reported in the consolidated statement of operations.

	<b>Schools</b>	<b>School Councils and other</b>	<b>2019 Total</b>	2018 Total
	\$	\$	\$	\$
School generated funds				
Field trips/excursions	<b>5,648</b>	—	<b>5,648</b>	4,811
Fundraising for external charities	<b>813</b>	—	<b>813</b>	754
Student activities and resources (including fees)	<b>8,281</b>	—	<b>8,281</b>	9,623
Other	<b>1,598</b>	<b>2,366</b>	<b>3,964</b>	1,882
	<b>16,340</b>	<b>2,366</b>	<b>18,706</b>	17,070
School funded activities				
Field trips/excursions	<b>5,644</b>	—	<b>5,644</b>	4,858
Donations to external charities	<b>816</b>	—	<b>816</b>	687
Student activities and resources	<b>8,382</b>	—	<b>8,382</b>	9,656
Other	<b>1,742</b>	<b>2,304</b>	<b>4,046</b>	1,621
	<b>16,584</b>	<b>2,304</b>	<b>18,888</b>	16,822