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

August 31, 2021

Management Report	1
Independent Auditor's Report	2-3
Consolidated statement of financial position	4
Consolidated statement of operations	5
Consolidated statement of cash flows	6
Consolidated statement of changes in net debt	7
Notes to the consolidated financial statements	8-26

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.

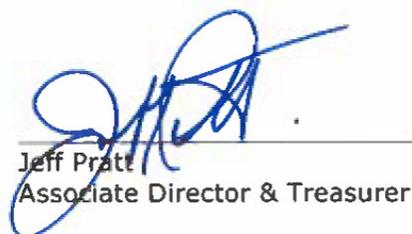
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis 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.



Mark Fisher
Director of Education



Jeff Pratt
Associate Director & Treasurer

November 22, 2021

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 (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2021, 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, 2021 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 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 29, 2021

Thames Valley District School Board
Consolidated statement of financial position

as at August 31, 2021

(In thousands of dollars)

	Notes	2021	2020
		\$	\$
Financial assets			
Cash and cash equivalents		40,091	46,870
Accounts receivable	3	30,078	77,992
Accounts receivable - Government of Ontario	2	237,459	233,794
Assets held for sale	6	600	—
Investments	7	7,716	7,630
		315,944	366,286
Liabilities			
Accounts payable and accrued liabilities	4	63,184	115,580
Deferred revenue	10	48,826	40,199
Retirement and other employee future benefits	12	17,548	17,312
Net long-term liabilities	13	136,916	144,861
Deferred capital contributions	11	762,889	716,291
		1,029,363	1,034,243
Net debt			
		(713,419)	(667,957)
Contractual obligations and contingent liabilities			
	17		
Non-financial assets			
Prepaid expenses		3,388	2,172
Inventories of supplies		127	118
Tangible capital assets	8	821,829	774,928
Total non-financial assets		825,344	777,218
Accumulated surplus			
	9	111,925	109,261

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, 2021

(In thousands of dollars)

	2021 Approved budget	2021	2020
Notes	\$	\$	\$
	(Note 1)		
Revenues			
Provincial grants - Grants for Student Needs	944,332	928,327	882,807
Provincial grants - other	6,821	38,339	8,828
Federal grants and fees	5,172	6,087	6,060
Other revenues - school boards	328	118	206
Other fees and revenues	8,003	7,902	9,850
Interest income	1,100	790	1,123
School generated funds	15,007	2,574	9,135
Amortization of deferred capital contributions	41,646	45,565	38,728
Total revenues	1,022,409	1,029,702	956,737
Expenses			
Instruction	793,482	794,796	738,079
Administration	26,458	27,154	26,360
Transportation	47,681	43,901	44,084
Pupil accommodation	138,077	136,959	127,664
Other	10,904	20,709	9,100
School funded activities	15,007	3,519	9,083
Total expenses	1,031,609	1,027,038	954,370
Annual surplus (deficit)	(9,200)	2,664	2,367
Accumulated surplus, beginning of year	106,789	109,261	106,894
Accumulated surplus, end of year	97,589	111,925	109,261

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, 2021

(In thousands of dollars)

	2021 \$	2020 \$
Operating activities		
Annual surplus	2,664	2,367
Sources and (uses)		
Non-cash items		
Amortization of tangible capital assets	47,706	40,576
Gain on sale of tangible capital assets	(36)	—
Write-downs of tangible capital assets	—	114
Disposals of tangible capital assets	(611)	(114)
Revenue recognized in period for deferred capital contributions	(45,565)	(38,728)
Decrease (increase) in accounts receivable	47,914	(36,940)
(Decrease) increase in accounts payable and accrued liabilities	(52,396)	56,059
Decrease in deferred revenue - operating	(987)	(273)
Increase (decrease) increase in retirement and other employee future benefits	236	(633)
(Increase) decrease in prepaid expenses	(1,216)	4,628
Increase in inventories of supplies	(9)	—
	(2,300)	27,056
Capital activity		
Proceeds on sale of tangible capital assets	47	—
Acquisition of tangible capital assets	(95,218)	(87,044)
	(95,171)	(87,044)
Investing activity		
Proceeds on sale of investments	671	7,256
Purchase of investments	(757)	(7,624)
	(86)	(368)
Financing activities		
Debt repayments	(8,178)	(7,797)
Increase in capital leases	233	—
Increase in accounts receivable - Government of Ontario	(3,665)	(713)
Additions to deferred capital contributions	92,774	78,475
Increase in deferred revenues - capital	9,614	3,611
	90,778	73,576
Change in cash	(6,779)	13,220
Cash, beginning of year	46,870	33,650
Cash, end of year	40,091	46,870

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, 2021

(In thousands of dollars)

	Budget	2021	2020
	\$	\$	\$
Annual surplus (deficit)	(9,200)	2,664	2,367
Tangible capital asset activity			
Amortization of tangible capital assets	43,724	47,706	40,576
Acquisition of tangible capital assets	(98,020)	(95,218)	(87,044)
Gain on sale of tangible capital assets	—	(36)	—
Proceeds on sale of tangible capital assets	—	47	—
Transfer to assets held for sale	—	600	—
Write-downs of tangible capital assets	—	—	114
	(54,296)	(46,901)	(46,354)
Other non-financial asset activity			
Increase in inventories of supplies	—	(9)	—
(Increase) decrease in prepaid expenses	—	(1,216)	4,628
	—	(1,225)	4,628
Increase in net debt	(63,496)	(45,462)	(39,359)
Net debt, beginning of year	(667,957)	(667,957)	(628,598)
Net debt, end of year	(731,453)	(713,419)	(667,957)

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, 2021

(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:

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 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 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 consolidated 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")

The Foundation is a registered charitable organization that exists to build partnerships with the community that enhance opportunities in our schools and enrich public education.

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

1. Significant accounting policies (continued)

Reporting entity (continued)

School Generated Funds

The consolidated financial statements include the assets, liabilities, revenues, expenses and fund balances of various activities that exist at the school level and which are controlled by the Board.

Southwestern Ontario Student Transportation Services

As detailed in Note 18, the Board proportionately consolidates its partnership interest in Southwestern Ontario Student Transportation Services. 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 \$2,289 (2020 - \$2,314) and \$2,952 (2020 - \$2,159) 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.

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

1. Significant accounting policies (continued)

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.

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

	<u>Estimated useful life in years</u>
Asset	
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	3
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.

The useful life for computer hardware was revised from five years to three years based on new information related to the actual life of the assets. As such, additional amortization has occurred for these assets as needed to bring the net book value in line with this new policy. The impact of this change is estimated to be \$2,817.

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.

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

1. Significant accounting policies (continued)

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.

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, 2021

(In thousands of dollars)

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
- (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 July 21, 2020. 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.

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

1. Significant accounting policies (continued)

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.

Property tax revenue

Under Canadian public sector accounting standards, the entity that determines and sets the tax levy records the revenue in the consolidated 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, 2021, the Board has a receivable from the Province of \$187,279 (2020 - \$194,008) with respect to approved capital expenditures that is expected to be received as follows:

	<u>\$</u>
2021/22	59,145
2022/23	8,965
2023/24	9,395
2024/25	9,846
2025/26	10,320
Thereafter	<u>89,608</u>
	<u>187,279</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, 2021 is \$50,180 (2020 - \$39,786).

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

3. Accounts receivable - Municipalities

In 2019-20, due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This provision was not extended to 2020-21 and the amount was recovered fully by the Board in 2020-21. The amount included in accounts receivable on the consolidated statement of financial position as of August 31, 2021 is \$Nil (2020 - \$44,826).

4. Accounts payable – Government of Ontario

In 2019-20, due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in June 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This provision was not extended to 2020-21 and the amount was recovered fully by the Province in 2020-21. The amount included in accounts payable on the consolidated statement of financial position as of August 31, 2021 is \$Nil (2020 - \$48,972).

5. 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. The balance drawn on the overdraft at August 31, 2021 was \$Nil (2020 - \$Nil).

6. Assets held for sale

As of August 31, 2021, \$600 (2020 - \$Nil) related to a building was recorded as assets held for sale.

7. Investments

The investment portfolio consists of equity.

	Cost	2021 Market value	Cost	2020 Market value
	\$	\$	\$	\$
Thames Valley Education Foundation				
Guardian Capital Inc.	7,716	8,767	7,630	7,802

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

8. Tangible capital assets

	Cost			
	Opening balance	Additions and transfers	Disposals, write-downs and transfers	Closing balance
	\$	\$	\$	\$
Land	19,848	—	—	19,848
Land improvements	15,448	761	(2,582)	13,627
Buildings	1,135,208	69,935	9,441	1,214,584
Other buildings	98	—	—	98
Portable structures	16,756	481	—	17,237
Equipment	11,665	675	(2,069)	10,271
First-time equipping of schools	9,473	648	(1,169)	8,952
Furniture	747	152	(40)	859
Computer hardware	12,789	10,992	(3,833)	19,948
Computer software	3,645	915	(407)	4,153
Assets permanently removed from service	2,044	—	(1,476)	568
Assets under construction	7,898	10,385	(8,658)	9,625
Pre-acquisition costs	1,363	40	(784)	619
Capital leases	32	234	—	266
Total	1,237,014	95,218	(11,577)	1,320,655

	Accumulated amortization			
	Opening balance	Amortization	Disposals, write-downs and transfers	Closing balance
	\$	\$	\$	\$
Land	—	—	—	—
Land improvements	6,833	1,113	(2,582)	5,364
Buildings	432,497	35,757	—	468,254
Other buildings	32	5	—	37
Portable structures	3,135	850	—	3,985
Equipment	6,082	1,057	(2,057)	5,082
First-time equipping of schools	5,352	906	(1,169)	5,089
Furniture	362	75	(40)	397
Computer hardware	4,111	7,147	(3,833)	7,425
Computer software	2,410	780	(407)	2,783
Assets permanently removed from service	1,250	—	(876)	374
Assets under construction	—	—	—	—
Pre-acquisition costs	—	—	—	—
Capital leases	22	16	—	38
Total	462,086	47,706	(10,964)	498,828

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

8. Tangible capital assets (continued)

	2021	2020
	Net book	Net book
	value	value
	\$	\$
Land	19,848	19,848
Land improvements	8,263	8,615
Buildings	746,330	702,711
Other buildings	61	66
Portable structures	13,252	13,621
Equipment	5,191	5,583
First-time equipping of schools	3,863	4,121
Furniture	462	385
Computer hardware	12,523	8,678
Computer software	1,370	1,235
Assets permanently removed from service	194	794
Assets under construction	9,625	7,898
Pre-acquisition costs	619	1,363
Capital leases	228	10
Total	821,829	774,928

Adjustments, totaling \$10,101 (2020 - \$4,540), relate to the removal of assets that are fully depreciated and represent a non-cash transaction that is not recorded in the consolidated statement of cash flows.

Assets under construction

Assets under construction having a value of \$9,625 (2020 - \$7,898) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$Nil (2020 - \$114).

Assets permanently removed from service

The Board has identified one (2020 - two) building property that qualifies as "assets permanently removed from service" totaling \$194 (2020 - \$794). This amount has been included in the net book value ending balance as of August 31, 2021.

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 13.

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

9. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Total operating accumulated surplus - unappropriated	27,060	18,881
Available for budget compliance - internally appropriated		
School carry-forwards	4,171	4,459
Other internal appropriations	61,201	65,777
Thames Valley Education Foundation	8,292	8,126
	73,664	78,362
Total accumulated surplus available for budget compliance	100,724	97,243
Unavailable for budget compliance		
Employee future benefits	(11,145)	(11,145)
Other unavailable for compliance	(1,878)	(1,995)
Revenues recognized for land	19,875	19,864
School generated funds	4,349	5,294
	11,201	12,018
Total accumulated surplus	111,925	109,261

10. 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, 2021 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)	4,527	119,904	120,707	—	3,724
Other Ministry of Education operating grants	45	1,366	45	—	1,366
Other provincial operating grants	121	90	121	—	90
Third party - operating Ministry of Education capital grants	4,365	2,067	3,542	—	2,890
	29,167	51,270	22,596	19,611	38,230
Proceeds of disposition	1,024	—	—	—	1,024
Assets held for sale	—	600	—	—	600
Third party - capital	950	457	—	505	902
	40,199	175,754	147,011	20,116	48,826

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

11. 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.

	2021	2020
	\$	\$
Opening balance	716,291	676,658
Additions to DCC	92,774	78,475
Writedowns	—	(114)
Revenue recognized in the period	(45,565)	(38,728)
Disposals/transfers to financial assets	(611)	—
Closing balance	762,889	716,291

12. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

	Retirement benefits	Other employee future benefits	2021 Total employee future benefits	2020 Total employee future benefits
	\$	\$	\$	\$
Accrued employee future benefit obligations, end of year	3,384	14,275	17,659	17,760
Unamortized actuarial loss	(111)	—	(111)	(448)
Total employee future benefit liability, end of year	3,273	14,275	17,548	17,312

Retirement and other employee future benefit expenses

	Retirement benefits	Other employee future benefits	2021 Total employee future benefits	2020 Total employee future benefits
	\$	\$	\$	\$
Current year benefit cost	213	4,177	4,390	3,396
Cost of plan curtailment	(1,111)	—	(1,111)	—
Interest on accrued benefit obligation	68	175	243	346
Recognized unamortized actuarial loss	192	652	844	221
Employee future benefits expenses	(638)	5,004	4,366	3,963

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

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

12. Retirement and other employee future benefits (continued)

Retirement benefits

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 of Ontario. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

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 2021, eligible employees contributed at rates of up to 14.6% (2020 - 14.6%) of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2021, the Board contributed \$12,910 (2020 - \$12,091) 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.

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 \$nil (2020 - \$12) of in-year gains. Plan curtailment resulted in \$1,111 (2020 - \$Nil) of in-year gains.

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.

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

12. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

Workplace Safety and Insurance Board obligations (continued)

The Board's liability as at August 31, 2021 for worker's compensation is \$12,505 (2020 - \$11,389) and is included in the retirement and other employee future benefits figure in the Board's consolidated statement of financial position.

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 consolidated financial statements are \$1,844 (2019 - \$540).

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, 2021 (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, 2021.

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, 2021 are per actuarial valuations for accounting purposes as of August 31, 2021. 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:

	2021	2020
	%	%
Inflation	1.50	1.50
Discount rate	1.80	1.40
Wage and salary escalation - retirement gratuity	2.00	2.00
Wage and salary escalation - sick leave top-up benefits	2.00	2.00
Health care cost escalation	7.00-4.50	7.00-4.50
Dental care cost escalation	4.50	4.50
WSIB only		
Inflation	2.00	2.00
Discount rate	1.80	1.40

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

13. Net long-term liabilities

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

	2021	2020
	\$	\$
Ontario Financing Authority 2006 - 4.560%, due November 2031	13,451	14,430
Ontario Financing Authority 2008 - 4.900%, due March 2033	20,453	21,708
Ontario Financing Authority 2008 - 5.054%, due November 2028	9,629	10,661
Ontario Financing Authority 2009 - 5.062%, due March 2034	9,187	9,686
Ontario Financing Authority 2010 - 4.557%, due November 2026	5,266	6,091
Ontario Financing Authority 2010 - 5.232%, due April 2035	19,708	20,652
Ontario Financing Authority 2011 - 4.833%, due March 2036	36,731	38,396
Ontario Financing Authority 2011 - 3.970%, due November 2036	1,632	1,707
Ontario Financing Authority 2012 - 3.564%, due March 2037	6,106	6,389
Ontario Financing Authority 2013 - 3.799%, due March 2038	14,525	15,131
Capital leases	228	10
Balance as at August 31	136,916	144,861

Principal and interest payments relating to net long-term liabilities of \$136,916 outstanding as at August 31, 2021 are due as follows:

	Interest	Principal	Total
	\$	\$	\$
2021/22	6,352	8,601	14,953
2022/23	5,940	9,011	14,951
2023/24	5,508	9,442	14,950
2024/25	5,056	9,894	14,950
2025/26	4,582	10,360	14,942
Thereafter	20,315	89,608	109,923
Net long-term liabilities	47,753	136,916	184,669

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

14. Debt charges, capital loans and leases interest

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

	2021	2020
	\$	\$
Principal payments on long-term liabilities	8,162	7,789
Interest payments on long-term liabilities	6,739	7,113
Interest payments on temporary financing of capital projects	372	298
Principal payments on capital leases	16	8
Interest payments on capital leases	1	—
	15,290	15,208

15. 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:

	Note	Budget	2021	2020
		\$	\$	\$
Expenses				
Salary and wages		706,231	712,974	668,408
Employee benefits		120,503	118,624	108,798
Staff development		2,232	1,353	1,402
Supplies and services		63,445	53,488	52,310
Interest		7,176	6,994	7,292
Rental expenditures		1,012	806	927
Fees and contractual services		61,242	59,810	56,151
Other		10,854	21,689	9,309
Transfer to other boards		183	75	—
Amortization, writedowns and losses on disposal		43,724	47,706	40,690
School funded activities	23	15,007	3,519	9,083
		1,031,609	1,027,038	954,370

16. 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 and the parties have renewed the agreement for a further five years, extending the term to December 31, 2026.

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

17. 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, 2021 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 \$9,936.

The Board has committed to three contracts to purchase natural gas for specified delivery periods into the future expiring in 2023/24. The sum of \$1,600 is payable with respect to these contracts during the next three years.

	<u>\$</u>
2021/22	969
2022/23	553
2023/24	78
	<u>1,600</u>

The Board has ongoing commitments under operating leases for buildings, office equipment and vehicles expiring through to 2025/26. The sum of \$5,306 is payable with respect to these operating leases during the next five years as follows:

	<u>\$</u>
2021/22	1,290
2022/23	1,220
2023/24	1,084
2024/25	975
2025/26	737
	<u>5,306</u>

18. Transportation consortium

The consortium is incorporated and is a separate legal entity known as Southwestern Ontario Student Transportation Services (SWOSTS). SWOSTS includes 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.

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

18. Transportation consortium (continued)

The following provides condensed financial information.

	Total	2021		2020
	\$	Board	Total	Board
		portion	\$	portion
		\$		\$
Financial position				
Assets	129	91	156	112
Liabilities	129	91	156	112
	—	—	—	—
Operations				
Revenues	58,987	42,750	59,075	42,968
Expenses	58,987	42,750	59,075	42,968
	—	—	—	—

19. 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 consolidated financial statements. A financial summary of the Foundation for the year ended August 31, 2021 is as follows:

	2021	2020
	\$	\$
Financial assets		
Cash	1,176	1,447
Accounts receivable	13	12
Investments	7,716	7,630
	8,905	9,089
Liabilities	538	909
Deferred revenue	75	54
Accumulated surplus	8,292	8,126
	8,905	9,089
Operations		
Revenues	1,339	1,580
Expenses	1,173	834
Annual surplus	166	746

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

20. 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 (2020 - \$7,976) in respect of the above agreement for the year ended August 31, 2021, is recorded in these consolidated financial statements.

21. Government of Canada

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

	2021	2020
	\$	\$
Chippewas of the Thames First Nation	676	581
Oneida Nation of the Thames	1,638	1,597
Munsee-Delaware Nation	303	293
	<u>2,617</u>	<u>2,471</u>

22. Letters of credit

The Board has letters of credit outstanding at August 31, 2021 in the amount of \$1,208 (2020 - \$1,314).

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2021

(In thousands of dollars)

23. 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.

	Schools	School Councils and other	2021	2020
	\$	\$	Total	Total
	\$	\$	\$	\$
School generated funds				
Field trips/excursions	123	—	123	1,496
Fundraising for external charities	56	—	56	380
Student activities and resources (including fees)	1,919	—	1,919	4,969
Other	210	266	476	2,290
	2,308	266	2,574	9,135
School funded activities				
Field trips/excursions	218	—	218	1,411
Donations to external charities	68	—	68	456
Student activities and resources	2,306	—	2,306	4,922
Other	395	532	927	2,294
	2,987	532	3,519	9,083

24. In-kind transfers from the Ministry of Government and Consumer Services

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$11,222 (2020 - \$Nil) with expenses based on use of \$11,222 (2020 - \$Nil) for a net impact of \$Nil.