

**PETERBOROUGH VICTORIA NORTHUMBERLAND AND
CLARINGTON CATHOLIC DISTRICT SCHOOL BOARD**

CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2020

**PETERBOROUGH VICTORIA NORTHUMBERLAND AND
CLARINGTON CATHOLIC DISTRICT SCHOOL BOARD**

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**PETERBOROUGH VICTORIA NORTHUMBERLAND AND CLARINGTON CATHOLIC
DISTRICT SCHOOL BOARD**

For The Year Ended August 31, 2020

MANAGEMENT REPORT

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

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

Management maintains a systems 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 meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the School Board. Baker Tilly KDN LLP has full and free access to the School Board.



Director of Education / Secretary
Treasurer



Superintendent of Business and
Finance

November 24, 2020

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees of Peterborough Victoria
Northumberland and Clarington Catholic District School
Board**

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Opinion

We have audited the consolidated financial statements of Peterborough Victoria Northumberland and Clarington Catholic District School Board (the School Board), which comprise the consolidated statement of financial position as at August 31, 2020, the consolidated statements of operations and accumulated surplus, change 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the School Board as at August 31, 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with the Financial Administration Act supplemented by the Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("the Act").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the School 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

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Financial Administration Act supplemented by the Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act ("the Act"), 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 School Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the School Board or to cease operations, or has no realistic alternative but to do so.

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

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process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School 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 School 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 School Board to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the School 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 2, 2020

**PETERBOROUGH VICTORIA NORTHUMBERLAND
AND CLARINGTON CATHOLIC DISTRICT SCHOOL
BOARD**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At August 31, 2020**

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash	24,204,392	20,478,968
Accounts receivable		
Government of Ontario - Approved Capital (note 2)	38,489,451	42,426,654
Local government (note 4)	7,867,682	2,864,126
Other (note 3)	5,075,964	6,288,929
TOTAL FINANCIAL ASSETS	75,637,489	72,058,677
LIABILITIES		
Accounts payable and accrued liabilities (note 5)	15,411,945	10,872,198
Long term debt (note 7)	37,090,082	40,152,207
Deferred revenue (note 9)	4,358,437	4,548,869
Deferred capital contributions (note 6)	169,910,090	172,023,176
Retirement and other employee future benefits (note 10)	10,794,332	11,503,437
TOTAL LIABILITIES	237,564,886	239,099,887
NET DEBT	(161,927,397)	(167,041,210)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 19)	190,753,633	191,457,157
Prepaid expenses	765,591	971,127
TOTAL NON-FINANCIAL ASSETS	191,519,224	192,428,284
ACCUMULATED SURPLUS (note 14)	29,591,827	25,387,074

Approved on behalf of the Board:



Director of Education / Secretary Treasurer



Chair of School Board

The accompanying notes are an integral part of these financial statements

**PETERBOROUGH VICTORIA NORTHUMBERLAND
AND CLARINGTON CATHOLIC DISTRICT SCHOOL
BOARD**



CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended August 31, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Provincial legislative grants	173,892,920	172,971,817	179,713,543
Provincial grants - other	1,556,138	2,390,245	2,032,889
Federal grants and fees	247,163	260,852	240,903
Investment income	300,000	377,279	486,237
Other fees and revenues	1,088,499	1,369,081	1,393,600
School generated funds	4,600,000	2,815,128	4,510,778
Amortization of deferred capital contributions	9,149,943	8,534,922	8,479,605
Education development charges	-	88,214	605,892
TOTAL REVENUES	190,834,663	188,807,538	197,463,447
EXPENSES			
Instruction	142,656,328	140,177,978	148,481,165
Administration	5,262,229	5,280,577	5,322,062
Transportation	11,857,138	11,679,523	12,012,471
Pupil accomodation	25,909,148	24,986,710	25,940,120
School generated funds	4,600,000	2,373,942	4,605,472
Other	-	104,055	11,135
TOTAL EXPENSES	190,284,843	184,602,785	196,372,425
ANNUAL SURPLUS	549,820	4,204,753	1,091,022
ACCUMULATED SURPLUS - beginning of year	24,828,633	25,387,074	24,296,052
ACCUMULATED SURPLUS - end of year	25,378,453	29,591,827	25,387,074

The accompanying notes are an integral part of these financial statements

**PETERBOROUGH VICTORIA NORTHUMBERLAND
AND CLARINGTON CATHOLIC DISTRICT SCHOOL
BOARD**



**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended August 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS	549,820	4,204,753	1,091,022
Amortization of tangible capital assets	9,459,126	8,726,774	8,635,243
Purchase of tangible capital assets	(5,588,566)	(8,023,250)	(7,670,396)
Gain on disposal of tangible capital assets	-	(62,956)	(32,363)
Proceeds on sale of tangible capital assets	-	62,956	32,363
Change in prepaid expenses	-	205,536	34,679
CHANGE IN NET FINANCIAL DEBT	4,420,380	5,113,813	2,090,548
NET DEBT - beginning of year	(167,041,210)	(167,041,210)	(169,131,758)
NET DEBT - end of year	(162,620,830)	(161,927,397)	(167,041,210)

The accompanying notes are an integral part of these financial statements

**PETERBOROUGH VICTORIA NORTHUMBERLAND
AND CLARINGTON CATHOLIC DISTRICT SCHOOL
BOARD**



CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2020

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	4,204,753	1,091,022
Items not involving cash		
Amortization of tangible capital assets	8,726,774	8,635,243
Gain on disposal of tangible capital assets	(62,956)	(32,363)
Amortization of deferred capital contributions	(8,534,922)	(8,479,605)
Change in non-cash assets and liabilities		
Accounts receivable	(3,790,591)	(2,693,297)
Prepaid expenses	205,536	34,679
Accounts payable and accrued liabilities	4,539,747	21,662
Deferred revenue	588,946	(1,253,631)
Retirement and other employee future benefits	(709,109)	(1,175,546)
Net change in cash from operating activities	5,168,178	(3,851,836)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(8,023,250)	(7,670,396)
Proceeds on disposal of tangible capital assets	62,956	32,363
Net change in cash from capital activities	(7,960,294)	(7,638,033)
FINANCING ACTIVITIES		
Debt repayments	(3,062,125)	(2,871,424)
Government of Ontario - approved capital	3,937,203	4,613,843
Additions to deferred capital contributions	6,421,840	6,972,444
Deferred revenues - capital	(779,378)	(23,727)
Net change in cash from financing activities	6,517,540	8,691,136
NET CHANGE IN CASH	3,725,424	(2,798,733)
CASH - beginning of year	20,478,968	23,277,701
CASH - end of year	24,204,392	20,478,968

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Reporting Entity

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

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

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

(c) Trust Funds

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

(d) Cash

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.

(e) Deferred Revenue

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

(f) Deferred Capital Contributions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Retirement and Other Employee Future Benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-2018: 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), and other school board staff. Currently ONE-T ELHTs also provide benefits to individuals who retired prior to the school board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario.

Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment. Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for individuals who retired prior to August 31, 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

For self-insured retirement and other employee future benefits that vest or 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 from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Tangible Capital Assets

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

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:

Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Government Transfers

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

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

(j) Investment Income

Investment income is reported as revenue in the period earned.

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

(k) Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

(l) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. The principal estimates used in the preparation of these financial statements are the determination of the liability for post-retirement benefits and the estimated useful life of tangible capital assets. Actual results could differ from these estimates, as additional information becomes available in the future.

(m) Property Tax Revenue

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(n) Measurement Uncertainty

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the School Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the entity's operations. The extent of the impact of this outbreak and related containment measures on the School Board's operations cannot be reliably estimated at this time.

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the School Board's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgements, estimates, and assumptions made by management during the preparation of the School Board's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

2. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO APPROVED CAPITAL

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

The School Board has an account receivable from the Province of Ontario of \$38,489,451 as at August 31, 2020 (2019 - \$42,426,654) with respect to capital grants.

3. ACCOUNTS RECEIVABLE - OTHER

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the grant payment to school boards where 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 Accounts Receivable - other at August 31, 2020 is \$3,026,945 (2019 - \$4,864,103).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

4. ACCOUNTS RECEIVABLE - LOCAL GOVERNMENT

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 School Board. This amount for the School Board was \$5,200,000 (2019 - \$NIL) and has been included in Accounts Receivable - local government on the Consolidated Statement of Financial Position. This amount will be recovered fully by the School Board in the following school year.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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 School Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the School Board in the 2019-20 Revised Estimates. This amount for the School Board was \$5,892,278 (2019 - \$NIL) and has been recorded in accounts payable and accrued liabilities on the Consolidated Statement of Financial Position. This amount will be recovered by the Province in fiscal 2021.

6. DEFERRED CAPITAL CONTRIBUTIONS

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

	2020	2019
	\$	\$
Balance, beginning of year	172,023,176	173,530,337
Additions to deferred capital contributions	6,421,836	6,972,444
Revenue recognized in the period	(8,534,922)	(8,479,605)
	169,910,090	172,023,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

7. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2020 \$	2019 \$
Debenture payable - Bylaw #117 - for permanent improvements, 7.342% per annum, repayable \$292,226 per month principal and interest, due July 2026, redeemable in whole but not in part of the principal amount outstanding, at the option of the School Board on any date prior to July 2026	16,788,034	18,974,259
Ontario Financing Authority term installment loans, for permanent improvements, 3.564% - 5.232% per annum, repayable \$885,762 semi-annually principal and interest, due November 2031 - March 2039	20,302,048	21,177,948
	37,090,082	40,152,207

- (b) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2021	3,266,154	2,012,090	5,278,244
2022	3,484,472	1,793,772	5,278,244
2023	3,718,111	1,560,133	5,278,244
2024	3,968,182	1,310,062	5,278,244
2025	4,235,875	1,042,369	5,278,244
2026 and subsequent years	18,417,288	4,183,182	22,600,470
	37,090,082	11,901,608	48,991,690

8. DEBT CHARGES AND CAPITAL LOAN INTEREST

	2020 \$	2019 \$
Principal payments on long-term liabilities	3,062,125	2,871,423
Interest payments on long-term liabilities	2,216,118	2,406,821
	5,278,243	5,278,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

9. DEFERRED REVENUE

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

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

	Balance August 31, 2019 \$	Externally Restricted Revenue and Investment Income 2020 \$	Revenue Recognized in the Period 2020 \$	Transferred to DCC 2020 \$	Balance August 31, 2020 \$
Capital					
School Renewal	1,599,625	2,218,066	71,446	3,267,806	478,439
Minor Tangible Capital Assets	-	4,334,717	4,097,464	237,253	-
Proceeds of Disposition	570,157	-	-	-	570,157
Education Development Charges	1,396,417	476,512	88,214	-	1,784,715
Rural and Northern Education Fund	-	367,135	367,135	-	-
Retrofit for Child Care	183,851	-	-	-	183,851
Temporary Accommodation	-	139,319	-	139,319	-
Interest on Capital	-	2,229,628	2,229,628	-	-
Other	97,415	965,228	-	1,011,718	50,925
	3,847,465	10,730,605	6,853,887	4,656,096	3,068,087
Operating					
Special Education	424,338	24,536,188	24,295,684	-	664,842
Student Achievement	124,884	897,865	552,442	-	470,307
Other	152,182	2,300,848	2,297,829	-	155,201
	701,404	27,734,901	27,145,955	-	1,290,350
	4,548,869	38,465,506	33,999,842	4,656,096	4,358,437

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Liability	Retirement Gratuities \$	Retirement Benefits \$	Other Employee Future Benefits \$	2020 Total \$	2019 Total \$
Accrued employee benefit obligations at August 31	10,626,843	389,006	1,639,849	12,655,698	13,466,423
Unamortized actuarial gains (losses) at August 31	(1,861,366)	-	-	(1,861,366)	(1,962,986)
	8,765,477	389,006	1,639,849	10,794,332	11,503,437

Change in liability	Retirement Gratuities \$	Retirement Benefits \$	Other Employee Future Benefits \$	2020 Total \$	2019 Total \$
Current year benefit cost (recovery)	-	-	912,653	912,653	837,054
Interest on accrued benefit obligation	216,725	9,923	27,707	254,355	383,031
Amortization of actuarial (gains) losses	347,019	3,212	(32,441)	317,790	338,084
Benefit payments ¹	(1,342,963)	(240,488)	(610,456)	(2,193,907)	(2,733,711)
	(779,219)	(227,353)	297,463	(709,109)	(1,175,542)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS, continued

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2019. The economic assumptions used in these valuations are the School Board's best estimates of expected rates of:

	2020	2019
Inflation	1.5%	1.5%
Wage and salary escalation	n/a	n/a
Insurance and health care cost escalation	4.5 - 7.25%	4.5 - 7.5%
Discount on accrued benefit obligations	1.4%	2.0%

Retirement Benefits

(a) Ontario Teacher's 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. Accordingly, no costs or liabilities related to this plan are included in the School Board's consolidated financial statements.

(b) Ontario Municipal Employees Retirement System

All non-teaching employees of the School Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to over 500,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets at that date of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. During the year ended August 31, 2020, the School Board contributed \$2,482,657 (2019 - \$2,569,751) to the plan.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020**

10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS, continued

(c) Retirement Gratuities

The School Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The School Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the School 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. As of August 31, 2020 the Board has restricted a portion of its accumulated surplus for retirement gratuities amounting to \$934,050 (2019 - \$1,245,400).

(d) Retirement Life Insurance and Health Care Benefits

The School 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 for certain classes of retirees are based on the School Board's experience and retirees' premiums may be subsidized by the School Board. The premiums for retiree groups that have transitioned to the One-T ELHT are based on the trust retiree premium and may be subsidized by the School Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the School Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for School Board subsidized premiums or contributions.

Other Employee Future Benefits

(a) Workplace Safety and Insurance Board Obligations

The School Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The School 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 School Board's consolidated financial statements. Plan changes made in 2012 require school boards 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 previously negotiated collective agreement included such provision. As at August 31, 2020 the liability included in employee future benefits for this obligation is \$1,541,338 (2019 - \$1,257,047).

(b) Sick Leave Top-Up Benefits

A maximum of eleven unused sick days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$66,070 (2019 - \$79,847).

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

**PETERBOROUGH VICTORIA NORTHUMBERLAND
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BOARD**



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

11. TEMPORARY BORROWINGS

The School Board has an authorized line of credit of \$10,000,000 which bears interest at prime. At August 31, 2020 the School Board had not drawn on this credit facility (2019 - \$NIL).

12. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's and the School Board's actual claims experience. Periodically, the School 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.

13. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Salaries	125,256,755	123,663,737	129,391,008
Benefits	22,814,136	23,032,143	24,068,991
Staff development	555,027	348,652	645,431
Supplies and services	14,290,612	10,745,799	15,089,174
Interest	2,197,060	2,197,060	2,388,796
Rental	34,738	21,023	32,903
Fees and contract services	15,491,564	15,584,822	15,925,217
Other	185,825	282,775	195,662
Amortization	9,459,126	8,726,774	8,635,243
	190,284,843	184,602,785	196,372,425

**PETERBOROUGH VICTORIA NORTHUMBERLAND
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

14. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020 \$	2019 \$
Available for Compliance - Unappropriated		
Operating accumulated surplus	6,274,550	5,549,854
Available for Compliance - Internally Appropriated		
Retirement gratuities	934,050	1,245,400
School activities	815,437	333,920
Program capital	523,625	523,625
Committed capital projects	3,002,589	2,233,213
Facilities and sites	1,681,022	1,892,250
IT infrastructure and software	500,000	-
Total Internally Appropriated	7,456,723	6,228,408
Unavailable for Compliance		
Invested in tangible capital assets	17,845,210	17,205,023
School generated funds	2,139,424	1,698,229
Interest to be accrued	(137,440)	(156,502)
Employee future benefits	(3,986,640)	(5,137,938)
Total Unavailable for Compliance	15,860,554	13,608,812
Total Accumulated Surplus	29,591,827	25,387,074

15. TRUST FUNDS

Trust funds administered by the School Board amounting to \$225,069 (2019 - \$223,354) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

16. CONTINGENCIES

The School Board has an excess of loss (catastrophe) Workplace Safety and Insurance Board (WSIB) insurance policy of \$10,000,000 per accident, per employee, aggregate for disease, with a \$1,000,000 deductible per employee, per accident. The School Board brings this deductible down to \$500,000 by participating in the School Boards' Cooperative Assistance Program.

Due to the nature of the School Board's operations, the organization is periodically subject to litigation. In the opinion of management, the resolution of any current litigation would not have a material effect on the financial position or results of operations, as the School Board has valid defences and appropriate insurance coverages in place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

**17. STUDENT TRANSPORTATION SERVICES OF CENTRAL ONTARIO TRANSPORTATION
CONSORTIUM**

On March 30, 2007, the School Board entered into an agreement with Kawartha Pine Ridge District School Board and Conseil Scolaire De District Catholique Centre-Sud in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of Student Transportation Services of Central Ontario are shared. No partner is in a position to exercise unilateral control.

The following provides condensed financial information:

	2020		2019	
	Total	Board	Total	Board
	\$	Portion	\$	Portion
		\$		\$
Expenses	32,820,685	10,384,936	32,789,254	10,674,201

18. COMMITMENT

The School Board has entered into an agreement with the City of Peterborough to develop the Holy Cross Sports Complex. The Board's remaining share of the project is approximately \$800,000.

**PETERBOROUGH VICTORIA NORTHUMBERLAND
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2020**

19. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance \$	Additions \$	Disposals \$	Closing Balance \$	Opening Balance \$	Amortization \$	Disposals, Write-offs & Other Adjustments \$	Closing Balance \$	2020 \$	2019 \$
Tangible Capital Assets										
Land	17,200,772	640,189	-	17,840,961	-	-	-	-	17,840,961	17,200,772
Land Improvements	10,342,056	2,260,153	-	12,602,209	4,353,465	775,884	-	5,129,349	7,472,860	5,988,591
Buildings	263,866,615	2,042,065	-	265,908,680	103,450,160	6,528,684	-	109,978,844	155,929,836	160,416,455
Portable Structures	5,463,291	2,150,449	559,900	7,053,840	1,217,771	312,928	559,900	970,799	6,083,041	4,245,520
Other Buildings	65,412	43,018	-	108,430	31,598	4,366	-	35,964	72,466	33,814
Computer Hardware	2,721,454	113,704	1,028,790	1,806,368	1,672,307	452,782	1,028,790	1,096,299	710,069	1,049,147
Computer Software	229,961	13,501	-	243,462	106,921	47,342	-	154,263	89,199	123,040
Equipment - 5 year	29,658	5,728	21,739	13,647	20,357	4,331	21,739	2,949	10,698	9,301
Equipment - 10 year	3,075,413	732,914	190,064	3,618,263	1,536,690	334,684	190,064	1,681,310	1,936,953	1,538,723
Equipment - 15 year	982,897	6,640	433,610	555,927	908,460	27,382	433,610	502,232	53,695	74,437
Furniture	336,620	14,889	10,248	341,261	154,221	33,894	10,248	177,867	163,394	182,399
First-time Equipping	1,880,165	-	657,162	1,223,003	1,417,443	155,158	657,162	915,439	307,564	462,722
Vehicles	334,389	-	50,691	283,698	202,153	49,339	50,691	200,801	82,897	132,236
Total	306,528,703	8,023,250	2,952,204	311,599,749	115,071,546	8,726,774	2,952,204	120,846,116	190,753,633	191,457,157