



Fiscal Year 2019-20 Audited Financial Statements

To: Audit Committee

Date: 7 December, 2020

Report No.: 11-20-3985

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs
- Provide Equity of Access to Learning Opportunities for All Students
- Create a Culture for Student and Staff Well-Being
- Build Strong Relationships and Partnerships Within School Communities to Support Student Learning and Well-Being

Recommendation

It is recommended that the:

- audited consolidated financial statements of the Toronto District School Board for the fiscal year ending 31 August 2020 be approved;
- audited financial statements of the Trust Funds for the fiscal year ending 31 August 2020 be approved; and,
- internally restricted funds be applied as reported in Appendix B, be approved.

Context

The Education Act requires an annual audit of school boards' financial statements by an independent external auditor appointed by the Board. Deloitte LLP was appointed as the Toronto District School Board's (TDSB) external auditor for the 2019-20 financial statements audit. The financial statements are to be submitted to the Ministry after Board approval on 9 December 2020.

The attached financial statements are presented in draft format, pending legal and subsequent event confirmation up to the date of Board approval. The legal letter confirmation is expected to be received within five days of Board approval of the

financial statements. Once the draft financial statements are approved by Board, they will be published in final format.

The 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.

Significant accounting policies, information on specific assets, liabilities, other required statutory information and disclosures are outlined in the notes to the financial statements.

The financial results of the TDSB's operations for the year ended 31 August 2020 are presented in the audited consolidated financial statements in Appendix D.

Below is a summary of significant matters relating to the financial statements and results of operations for the 2019-20 fiscal year:

The Auditor's Report – Year End

Consistent with the past two years, Deloitte LLP has provided an unqualified opinion on the TDSB consolidated audited financial statements, which means that the financial statements are prepared in all material respects, in accordance with the basis of accounting described in Note 1(a) of the consolidated financial statements.

Also consistent with prior years, Deloitte LLP has provided a qualified opinion on the Trust funds financial statements, due to the scope limitation around verifying the completeness of revenues from contributions and donations. This opinion is common with many not-for-profit organizations.

Statement of Operations and Year End Position 2019-20

A summarized Consolidated Statement of Operations for the fiscal year ending 31 August 2020 is provided below. Due to accounting reporting requirements, the budget amounts represent the initial budget approved by the Board. This statement summarizes the main revenue and expense classifications of the Board.

Statement of Operations

(\$ 000's)	2019-20 Budget (\$)	2019-20 Actuals (\$)	2018-19 Actuals (\$)
Revenue			
Grants for Student Needs	2,908,146	2,907,545	3,008,224
Other Provincial Grants	41,002	48,646	60,904
Federal Grants and Fees	22,000	19,900	21,911
Other Fees and Revenues	106,125	93,236	117,990
School Fundraising	40,000	24,018	44,115
Amortization of Deferred Capital Contributions	209,409	221,175	189,800
	3,326,682	3,314,520	3,442,944
Expenses			
Instruction	2,559,028	2,511,763	2,616,891
Administration	81,116	86,454	83,812
Transportation	67,282	62,577	67,950
School Operations and Maintenance	319,806	315,819	321,211
Pupil Accommodation	251,516	287,551	264,742
Other Programs	6,625	3,050	5,973
School Funded Activities	40,000	21,138	42,883
	3,325,372	3,288,352	3,403,462
Annual Surplus (Deficit)	1,311	26,168	39,482

As of 31 August 2020, the TDSB had an operating surplus of \$26.2M under PSAB accounting standards.

After appropriating funds to internally restricted reserves and reserves required for compliance purposes, the Board's net position is an operating deficit of \$12.5M offset by use of working fund reserves. This leaves the TDSB with a working fund reserve of \$16.8M to be applied to offset expenditures in the 2020-21 budget, and any unanticipated cost pressures the Board may experience.

2019-20 Year End Position (in \$millions)

	Balance August 31, 2019	In Year Changes	Balance August 31, 2020
Working Funds	\$29.3	\$(12.5)	\$16.8
Internally Appropriated Funds	147.8	12.1	159.9
Restricted Funds Unavailable for Compliance	(178.7)	26.6	(152.1)
Total Accumulated Surplus/ (Deficit)	\$(1.6)	26.2	24.6

Working funds: \$16.8M

Working funds are unrestricted and are available for the Board to use when required. The Board's 2019-20 operating results include an in-year deficit of \$12.5M. Details are explained in Appendix A. The final accumulated surplus at year end is a surplus of \$16.8M.

Internally appropriated funds: \$159.9M

Internally appropriated funds for the Board traditionally include benefit funds set aside to support the employee benefit plan liabilities; unspent balances of school budgets; artificial turf fund; sinking fund interest and the environmental legacy fund. Details of the internally appropriated funds are outlined in Appendix B.

Restricted Funds: (\$152.1M)

Restricted funds unavailable for compliance include the amount of employee future benefit liabilities; school generated funds; and the revenue received specifically for land transactions. Detailed descriptions can be found in Appendix B.

Trust Financial Statements

The Trust financial statements (Appendix F) reflect funds contributed in trust as well as income earned on those funds. These amounts are used to provide scholarships for eligible students or to provide support for expenditures for specifically designated purposes.

Action Plan and Associated Timeline

Not applicable.

Resource Implications

Not applicable.

Communications Considerations

Once approved by the Board, the 2019-20 audited consolidated financial statements will be posted on the TDSB's external website.

Board Policy and Procedure Reference(s)

Not applicable.

Appendices

- Appendix A: Details of Working Funds Variances
- Appendix B: Details of the Accumulated Surplus/Deficit
- Appendix C: Details of Capital Expenditures
- Appendix D: Draft Financial Statements 2019-20
- Appendix E: TDSB Year End Communication
- Appendix F: Draft Trust Fund Financial Statements 2019-20

From

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