



Fiscal Year 2020-21 Audited Financial Statements

To: Audit Committee

Date: 6 December, 2021

Report No.: 12-21-4203

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 2021 be approved;
- Audited financial statements of the Trust Funds for the fiscal year ending 31 August 2021 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 2020-21 financial statements audit. The financial statements are to be submitted to the Ministry after Board approval on 8 December 2021.

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 2021 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 2020-21 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 2020-21

A summarized Consolidated Statement of Operations for the fiscal year ending 31 August 2021 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)	2020-21 Budget (\$)	2020-21 Actuals (\$)	2019-20 Actuals (\$)
Revenue			
Grants for Student Needs	2,987,034	2,989,188	2,907,545
Other Provincial Grants	55,186	145,460	48,646
Federal Grants and Fees	22,000	21,890	19,900
Other Fees and Revenues	101,442	103,300	93,236
School Fundraising	40,000	4,016	24,018
Amortization of Deferred Capital Contributions	218,171	214,005	221,175
	3,423,833	3,477,859	3,314,520
Expenses			
Instruction	2,633,997	2,650,551	2,511,763
Administration	82,003	88,860	86,454
Transportation	64,465	59,095	62,577
School Operations and Maintenance	343,136	343,355	315,819
Pupil Accommodation	259,486	264,079	287,551
Other Programs	6,678	19,126	3,050
School Funded Activities	40,000	8,508	21,138
	3,429,765	3,433,574	3,288,352
Annual Surplus (Deficit)	(5,932)	44,285	26,168

As of 31 August 2021, the TDSB had an operating surplus of \$44.3M 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 surplus of \$5.9M. This leaves the TDSB with a working fund reserve of \$22.7M to be applied to offset expenditures in the 2021-22 budget, and any unanticipated cost pressures the Board may experience.

During the 2020-21 fiscal year, the Ministry approved the transfer of \$10.3M of TDSB's proceeds of disposition (POD) to offset unallocated construction labour costs during the pandemic. This POD transfer was approved by the Board on November 11, 2020 and was used to fund 2020-21 school renewal costs. If this POD transfer did not occur, the Board would have experienced an operating deficit of \$4.4M (\$5.9M surplus less \$10.3M transfer).

2020-21 Year End Position (in \$millions)

	Balance August 31, 2020	In Year Changes	Balance August 31, 2021
Working Funds	\$16.8	5.9	\$22.7
Internally Appropriated Funds	159.9	19.1	179.0
Restricted Funds Unavailable for Compliance	(152.1)	19.2	(132.9)
Total Accumulated Surplus/ (Deficit)	\$24.6	44.2	\$68.8

Working funds: \$22.7M

Working funds are unrestricted and are available for the Board to use when required. The Board's 2020-21 operating results include an in-year surplus of \$5.9M. Details are explained in Appendix A. The final accumulated surplus at year end is a surplus of \$22.7M.

Internally appropriated funds: \$179.0M

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: (\$132.9M)

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.

Pandemic Impacts

As part of the year-end financial statement report submitted to the Ministry, TDSB outlined the total Ministry funded and Board funded pandemic-related expenses for 2020-21.

The final amounts reported are outlined below:

2020-21 Funding Category (in \$million)	Ministry funded expenses	Board funded expenses	Total 20-21 Pandemic expenses
Technology	21.39	-	21.39
Air Ventilation	13.84	-	13.84
PPE / Health & Safety / Cleaning	7.93	-	7.93
Student Transportation	3.04	0.81	3.85
Special Education & Mental Health	4.74	0.11	4.85
Staff Training	1.14	0.04	1.18
Caretaking	5.95	-	5.95
Teachers & School Based Staffing Costs	23.06	37.08	60.14
Virtual School Admin Staff Costs	5.37	3.53	8.90
Additional in-kind PPE received	9.34	-	9.34
Total	95.80	41.57	137.37

At the August 20, 2020 Special Board meeting, after the original budget was approved at Board on August 6, 2020, the Board approved the use of \$29.5M, or 1% of Board reserves, to allocate 280 additional teachers in response to system needs during the pandemic. During the 2020-21 fiscal year, the Board incurred an additional 43 teacher FTEs, or \$4.6M in teacher costs and \$2.9M in support staff costs to meet virtual and in-person school needs.

As of year-end, TDSB did not have to utilize 1% of its 2020-21 reserves for the additional teacher. These cost increases were fully offset by the use of \$23.1M of the Ministry's school-based staffing pandemic funding, as announced on August 26, 2020 and October 5, 2020, in addition to cost savings from the redeployment of teachers from central departments, enrolment and demographic changes, and reorganization of classes. The pandemic funding was not captured in the original budget.

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 2020-21 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 2020-21
- Appendix E: TDSB Year End Communication
- Appendix F: Draft Trust Fund Financial Statements 2020-21

From

Craig Snider, Interim Associate Director, Business Operations and Service Excellence at craig.snider@tdsb.on.ca, or at 416-395-8469.

Marisa Chiu, Interim Executive Officer, Finance at marisa.chiu@tdsb.on.ca at 416-395-3563.

Sri Alageswaran, Comptroller of Budget & Financial Reporting at
Sri.Alageswaran@tdsb.on.ca at 416-906-7940.

Xie Kim, Assistant Comptroller of Budget & Financial Reporting at Xie.Kim@tdsb.on.ca
at 416-616-9309.