

THAMES VALLEY DISTRICT SCHOOL BOARD

AUDIT COMMITTEE

November 12, 2019

Members:

A. Morell (Chair) S. Hunt
B. Smith M. King
M. Nusink

Administration and Others:

C. Lynd (-4:04,+4:15) J. Pratt(-4:04,+4:15) M. Fisher
J. Knight (-4:04,+4:15) S. Macey(-4:04,+4:15) P. Hearse (-4:04,+4:15)
E. Otsuka (-4:15) D. Tonin (-4:15) B. Williams

1. Call to Order

The meeting was called to order at 3:33 p.m.

2. Approval of Agenda

The agenda was approved on motion.

3. Conflicts of Interest

None declared.

4. Minutes of 2019 September 10 Meeting

The minutes of the 2019 September 10 meeting were provided for information.

5. Report to the Audit Committee on the 2019 Audit - Deloitte

D. Tonin and E. Otsuka, from Deloitte, presented the draft report on the audited financial statements for the 2019 fiscal year. The scope of the audit and results were summarized. There were no significant risks or qualifications on the audit report.

6. 2018-2019 Audited Financial Statements

Administration presented for approval the consolidated Audit Financial Statements for the year ending August 31, 2019 (Audit-1).

C. Lynd provided an overview of the internal appropriations of accumulated surplus. Amounts for capital projects at the Education Centre and amounts for the unified communication and video surveillance projects were highlighted. It was noted the cost for portables was funded through renewal funds in 2017-18.

Questions of clarification regarding the use of renewal funds, the Trustee fund, and other budget line items were addressed by Administration.

Per the Financial Statements, C. Lynd advised there was an in-year deficit that is considered in compliance by the Ministry of Education. The School Board Administration and Governance expenses also are compliant with the enveloping in this area.

It was noted most of the resulting overall deficit could be explained by the transportation deficit. The Ministry has indicated that an amount equal to the transportation deficit will be funded in the 2019-2020 GSN.

Questions of clarification regarding how funding for capital projects is funded were addressed by Administration.

It was noted retirements benefits continue to be an underfunded expense and will continue to be a pressure going forward.

The following recommendations were moved and carried:

That the 2018-2019 internal appropriations of accumulated surplus in the amount of \$2,463,111 for the TVDSB and \$18,431 for the Thames Valley Education Foundation (as outlined in Chart 1) be approved.

That the 2018-2019 Audited Financial Statements be approved.

7. In-Camera

On motion the committee moved in camera at 4:04 p.m., reconvening in public session at 4:19 p.m.

8. Internal Audit Plan 2019/20 (Revised)

C. Lynd reported the Regional Internal Audit Advisory Committee (Superintendents of Business from the ten member School Boards) met to review the funding allocation and confirm internal audit plans. It was noted funding allows for one or two boards to have two internal audits during a school year. For reasons specific to their Board circumstances, those Boards that had been scheduled for additional internal audits were not in a position to continue with that plan. As a result, additional funding was available for the South Region. Through discussion, it was agreed by the Boards that PwC would be engaged to provide a level of support to all Boards to conduct the Annual Validation of Risk Assessment and the 2020-21 Internal Audit Plan.

The following motion was moved and carried:

That PricewaterhouseCooper LLP ("PwC") be approved to assist TVDSB Staff conduct the Annual Validation of Risk Assessment and Internal Audit Plan.

9. Annual Report to the Board of Trustees for the Year Ended August 31, 2019

C. Lynd presented the Annual Report to the Board of Trustees for the year ended 2019 August 31 summarizing the Audit Committee's actions for the year. (Audit-2)

10. Annual Report to the Board of Trustees and Forwarded to the Ministry of Education of the Year Ended August 31, 2019

C. Lynd presented the Annual Report from the Audit Committee to the Ministry of Education per Ontario Regulation 361/10 (Audit-3).

11. Audit Committee Evaluation of External Auditors Performance

C. Lynd asked committee members to complete and submit to her the *Audit Committee – Evaluation of External Auditors Performance* form. Results will be reported out at the next meeting.

12. Audit Committee Self-Assessment

The Audit Committee self-assessment questionnaire was presented to Committee members for their completion. They were asked to submit to C. Lynd. Results will be reported out at the next meeting.

13. Future Meeting Dates

Meetings are scheduled for April 14 and June 9, 2020 at 3:30 p.m. The Committee was advised another meeting will be called, in the interim, as required.

14. Adjournment

On motion the meeting adjourned at 4:24 p.m.

Recommendations:

That the 2018-2019 internal appropriations of accumulated surplus in the amount of \$2,463,111 for the TVDSB and \$18,431 for the Thames Valley Education Foundation (as outlined in Chart 1) be approved.

That the 2018-2019 Audited Financial Statements be approved.

ARLENE MORELL
Committee Chair

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

August 31, 2019

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Management Report

Management's Responsibility for the Consolidated Financial Statements

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

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

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit Committee of the Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Mark Fisher
Director of Education

Jeff Pratt
Associate Director & Treasurer

November 26, 2019

Independent Auditor's Report

To the Board of Trustees of
Thames Valley District School Board

Opinion

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

In our opinion, the accompanying consolidated financial statements of the Board for the year ended August 31, 2019 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
City, Province
Date of the auditor's report

Thames Valley District School Board
Consolidated statement of financial position

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

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

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

Thames Valley District School Board
Consolidated statement of operations

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

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

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

Thames Valley District School Board
Consolidated statement of cash flows

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

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

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

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

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

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

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2019

(In thousands of dollars)

1. Significant accounting policies

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

Basis of accounting

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

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

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

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

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

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

Reporting entity

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

Thames Valley Education Foundation ("Foundation")

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

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2019

(In thousands of dollars)

1. Significant accounting policies (continued)

Reporting entity (continued)

Southwestern Ontario Student Transportation Services

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

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

Trust funds

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

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

Investments

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the consolidated statement of financial position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost, and assessed regularly for permanent impairment.

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

Tangible capital assets

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

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

1. Significant accounting policies (continued)

Tangible capital assets (continued)

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

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

Assets under construction are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

A building permanently removed from service ceases to be amortized. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

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

Deferred revenue

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

Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuities and workers' compensation.

1. Significant accounting policies (continued)

Retirement and other employee future benefits (continued)

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts "(ELHTs)" were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-18: Canadian Union of Public Employees (CUPE) and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency "(FTE)". Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs "(GSN)", including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

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

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

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

For self-insured retirement and other employee future benefits that vested or accumulated over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur periodically, such as obligations for workers' compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

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

1. Significant accounting policies (continued)

Deferred capital contributions

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

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

Government transfers

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

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

Investment income

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

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

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees on June 19, 2018. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and the basis of accounting used in the preparation of the consolidated financial statements, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the consolidated financial statements.

Use of estimates

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

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2019

(In thousands of dollars)

1. Significant accounting policies (continued)

Property tax revenue

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

2. Accounts receivable – Government of Ontario

The Province of Ontario (the "Province") replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognized capital debt as at August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs, which would be reflected in this accounts receivable.

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

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

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays parts of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2019 is \$40,696.

3. Borrowing facility

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

Thames Valley District School Board
Notes to the consolidated financial statements
August 31, 2019
(In thousands of dollars)

4. Investments

The investment portfolio includes equity and guaranteed investment certificates.

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

5. Tangible capital assets

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

5. Tangible capital assets (continued)

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

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

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

Assets permanently removed from service

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

5. Tangible capital assets (continued)

Capital leases

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

6. Accumulated surplus

Accumulated surplus consists of the following:

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

7. Deferred revenue

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

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

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

8. Deferred capital contributions ("DCC")

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

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

9. Retirement and other employee future benefits

Retirement and other employee future benefit liabilities

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

Retirement and other employee future benefit expenses

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

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

Retirement benefits

Ontario Teachers' Pension Plan

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

9. Retirement and other employee future benefits (continued)

Retirement benefits (continued)

Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. For 2019, eligible employees contributed at rates of up to 14.6% (14.6% in 2018) of earnings. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2019, the Board contributed \$11,644 (\$10,974 in 2018) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

Retirement gratuities

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

Retirement life insurance and health care benefits

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

Other employee future benefits

Workplace Safety and Insurance Board obligations

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

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

9. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

Sick leave top-up benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The sick leave benefit costs expensed in the financial statements are \$529 (\$490 in 2018).

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

Long-term disability life insurance and health care benefits

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

Actuarial assumptions

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

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

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2019

(In thousands of dollars)

10. Net long-term liabilities

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

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

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

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

11. Debt charges, capital loans and leases interest

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

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

12. Expenses by object

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

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

13. Ontario School Board Insurance Exchange

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

The ultimate premiums over a five year period are based on the actual claims experience of OSBIE and the Board. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires December 31, 2021.

14. Contractual obligations and contingent liabilities

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

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

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

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

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2019

(In thousands of dollars)

14. Contractual obligations and contingent liabilities (continued)

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

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

15. Transportation consortium

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

The Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenues and expenses. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information.

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

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2019

(In thousands of dollars)

16. Thames Valley Education Foundation

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

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

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

17. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$107,066 from the "55 School Board Trust" for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The "55 School Board Trust" was created to refinance without recourse the outstanding not permanently financed ("NPF") debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the "55 School Board Trust" repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

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

Thames Valley District School Board
Notes to the consolidated financial statements

August 31, 2019

(In thousands of dollars)

18. Government of Canada

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

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

19. Letters of credit

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

20. School generated funds and funded activities

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

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

Chart 1
Accumulated Surplus Appropriations

	Balance August 31, 2018	In-Year Change	Balance August 31, 2019
Available for Compliance - Unappropriated (Utilized only by Board motion)			
Operating Accumulated Surplus	23,407,214	(1,530,358)	21,876,856
Available for Compliance - Internally Appropriated			
Unfunded Employee Future Benefits	11,175,124	(30,113)	11,145,011
Future Amortization of Internally Supported Capital Projects	26,866,014	5,187,481	32,053,495
Amount Committed to Internally Supported Capital Projects	5,021,385	(1,036,301)	3,985,084
IT Technology and Infrastructure			
Available for Future Projects	9,965,680	0	9,965,680
Unified Communications	4,384,320	(536,157)	3,848,163
Video Surveillance	650,000	(172,577)	477,423
Professional Learning			
Director & Superintendents	52,716	(15,921)	36,795
Principals & Vice-Principals	448,786	45,883	494,669
Managers	26,477	8,679	35,156
Classroom Expenditures			
Elementary School Carry Forward	1,445,814	(133,822)	1,311,992
Secondary School Carry Forward	761,496	63,212	824,708
Trustees' Reserve Fund	30,000	0	30,000
Ontario Parent Involvement	313,315	29,901	343,216
Unspent Project Funding	4,101,112	(4,101,112)	0
Community Use of Schools	190,176	(26,728)	163,448
Capital Planning Capacity	159,208	(92,983)	66,225
Safe Schools	122,774	(122,774)	0
Automated External Defibrillator (AED) Maintenance	16,635	(16,635)	0
Promote Positive Behaviour	240,696	(102,892)	137,804
Urban & Priority Schools	44,284	5,471	49,755
Collective Agreement Extensions - Local Priorities	1,197,104	(913,900)	283,204
Collective Agreement Extensions - Lump Sum Payments	364,045	(364,045)	0
Cafeteria Rebates	33,746	(14,267)	19,479
Behaviour Expertise Amount	612,909	(123,511)	489,398
Secondary Athletics	31,161	0	31,161
Total Internally Appropriated	68,254,977	(2,463,111)	65,791,866
Thames Valley Education Foundation	7,361,712	18,431	7,380,143
Total Available for Compliance for Ministry Purposes	99,023,903	(3,975,038)	95,048,865
Unavailable for Compliance			
Employee Future Benefits - other than retirement gratuity	(11,145,011)	0	(11,145,011)
Interest to be Accrued	(2,217,586)	103,356	(2,114,230)
School Generated Funds	5,423,997	(181,950)	5,242,047
Revenues recognized for land	19,842,650	19,146	19,861,796
Total Unavailable for Compliance	11,904,050	(59,448)	11,844,602
Total Accumulated Surplus	110,927,953	(4,034,486)	106,893,467



Thames Valley District School Board Audit Committee Annual Report to the Board of Trustees for the year ended 2019 August 31

This Report summarizes the Audit Committee's actions for the year ending August 31, 2019.

Audit Committee Members

The Audit Committee consisted of the five members below from September 1, 2018 to November 30, 2018:

A. Morell	Chair, Trustee Representative
M. Reid	Trustee Representative
R. Tisdale	Trustee Representative
M. King	External Member
M. Laprise	External Member

The Audit Committee consisted of the five members below effective December 1, 2018 to present:

A. Morell	Chair, Trustee Representative
S. Hunt	Trustee Representative
B. Smith	Trustee Representative
M. King	External Member
M. Nusink (Laprise)	External Member

In addition, regular attendees at the Committee meetings were:

J. Knight	Manager, Business Services
S. Macey	Manager, Financial Services
C. Beal	Superintendent of Business (September 2018 – February 2019)
C. Lynd	Superintendent of Business (February 2019 – present)
J. Pratt	Associate Director and Treasurer, Organizational Support Services
L. Elliott	Director of Education

Administrative Tasks

At the beginning of the year, and in accordance with recommended good practice, various administrative tasks were completed. These included:

- Declaration of Conflicts of Interest
- Development of a meeting schedule and work plan for the year

Meetings

It was agreed that the Committee would meet each month throughout the school year with the exception of December, January and March. All meetings were held as planned with the exception of February which was cancelled.

The members in attendance at each meeting were as follows:

Member's Name	September	October	November	April	May	June
R. Tisdale	√	√	√	N/A	N/A	N/A
A. Morell	√	√	√	√		√
M. Reid		√	√	N/A	N/A	N/A
S. Hunt	N/A	N/A	N/A	√	√	√
B. Smith	N/A	N/A	N/A	√		√
M. King	√		√		√	√
M. Nusink (Laprise)		√	√	√	√	√

Governance

The Audit Committee operated throughout the fiscal year ending 2019 August 31. All of the members satisfied the eligibility requirements in accordance with Ontario Regulation 361/10.

External Auditors

The relationship with the external auditors has been satisfactory. A private meeting was held with the external auditors, Deloitte, during the year. The external auditors presented the 2019 Audit Service Plan and Management Letter on 2019 May 14. The external auditors confirmed their independence in their letter dated 2018 November 13. The Audit Committee reviewed and recommended the approval of the annual audited financial statements on 2018 November 13.

Internal Auditors (PwC)

The relationship with the internal auditors, PwC has been satisfactory.

In October 2018, the Committee approved an amendment to the 2018-19 Internal Audit Plan to include the planned Privacy Risk Management Audit, but to defer the findings follow-up work and the update to the Risk Assessment. This amendment was due to the limited funding from the Ministry of Education for South Region Internal Audit.

The internal auditors performed the following work during the year:

Planned Audits

- Labour Relations (completed; in progress 2017-18)
- Privacy Risk Management (completed)
- Crisis Preparedness and Response (in progress, completed 2019-20)

The following is a summary of the significant risks and findings made by the internal auditors:

Audit	Risks	Findings	Management Response
Privacy Risk Management	<ul style="list-style-type: none"> • Privacy 	<ul style="list-style-type: none"> • Implement mandatory annual privacy awareness and training program 	Audit Committee reviewed Action Plan to address concerns

		<ul style="list-style-type: none"> Define and enforce access controls surrounding sensitive personal information 	
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The Committee received reports from the internal auditors that assessed the progress toward management's implementation of action plans developed in response to previous audit findings. This involved a review of open findings from all internal audits completed from 2018 to June 2019.

The Committee reviewed and updated the Risk Assessment for the board, which was first updated by the senior management team. The Committee discussed changes required to the 'Risk Radar' originally produced by PwC. Note - The Committee reviewed and recommended to the Board the risk-based Internal Audit Plan for 2019-20 at the September 2019 meeting.

Summary of Work Performed by the Committee

The following is a summary of work undertaken by the Audit Committee for the year ending 2019 August 31:

- Reviewed the 2017-18 Audited Financial Statements and made recommendation to the Board for approval.
- Reviewed the Appropriations of Accumulated Surplus report for year ended August 31, 2018 and made recommendation to the Board for approval.
- Performed an assessment of the performance of the external auditors.
- Reviewed the 2019 Audit Service Plan with Deloitte for the year ending 2019 August 31.
- Received assurances from the external auditors regarding their independence.
- Submitted the 2017-18 Annual Audit Committee Report to the Board of Trustees.
- Submitted to the Board the 2017-18 Annual Audit Committee Report to the Ministry of Education.
- Recommended an amended 2018-19 Internal Audit Plan to the Board for approval.
- Reviewed the Labour Relations Internal Audit Report, results and management's action plans.
- Reviewed the Privacy Risk Management Internal Audit Report, results and management's action plans.
- Reviewed the results of prior internal audits' findings follow up work.
- Reviewed and updated the Risk Assessment and "risk radar" for TVDSB.
- Performed an evaluation of Regional Internal Audit services provided by PwC.
- Received the annual report for 2018 on TVDSB's fraud reporting hotline activities and resolutions.
- Performed an audit committee self-assessment.
- Approved the list of schools to receive SchoolCash.net reviews and audits for 2019 calendar year which the School Auditor will perform.
- Received updates from the School Auditor and management on school review/audit findings and Business Services' expected practices to address.
- Obtained confirmation from the Director of Education that TVDSB was compliant with all federal and provincial Acts, Regulations and Statutes.

By the signature noted below, we attest that we have discharged the above duties and responsibilities respecting Ontario Regulation 361/10.

On behalf of the Audit Committee

Nov 12/19

Date

Arlene Morell

Signature

Arlene Morell, Chair, Audit Committee
Thames Valley District School Board

We build each student's tomorrow, every day.



**Annual Report to the Board of Trustees and Forwarded to the
Ministry of Education for the year ended 2019 August 31**

Thames Valley District School Board

Fiscal Year: 2018-19

RE: Annual Audit Committee report to the Ministry of Education as per Ontario Regulation 361/10

During the 2018-19 fiscal year, the following internal audit was started but not completed by August 31, 2019:

- Crisis Preparedness and Response

In addition to the above, the following internal audits were completed in the 2018-19 fiscal year:

- Labour Relations
- Privacy Risk Management

During 2018-19, the Audit Committee reviewed an updated Risk Assessment for Thames Valley District School Board.

Based on the multi-year internal audit plan, we are not expecting further enrolment audits to be performed.

On behalf of the Audit Committee

Nov. 12/19 Arlene Morell
Date Signature

Arlene Morell, Chair
Audit Committee
Thames Valley District School Board

We build each student's tomorrow, every day.