NOTICE OF MEETING

AUDIT COMMITTEE

Monday, 19 November 2018
Trustees' Committee Room
7:00 p.m. Public
In Camera to Follow

COMMITTEE MEMBERS:

Lynn Scott Trustee, Zone 1	Sandra Schwartz (Chair) Trustee, Zone 12	Keith Penny Trustee, Zone 8

EXTERNAL MEMBERS:

Erik Husband	Annik Blanchard

DISTRIBUTION:

All Board Members
Senior Administration
Auditor

If you would like further information on this agenda please contact:
Nicole Guthrie, Committee Coordinator, Board Services, at 596-8211, ext. 8643, or
nicole.guthrie@ocdsb.ca

ABOUT AUDIT COMMITTEE:

- The Audit Committee recommends annual internal and external audit plans to the Board; receives and reviews the resulting internal audit reports; receives the reports of the audits of individual schools/operations and use of Board-allocated and school-generated funds; receives the report from the External Auditor on any finding commented on during the annual audit, and the management responses thereto; and oversees the selection of the external auditor and recommends the appointment of the external auditor to the Board.
- The Audit Committee shall meet before the end of January each year and at the call of the Chair of the Committee. You may confirm dates and start times on the Board's web site.
- The Audit Committee shall meet in private when internal control issues are discussed to ensure the Board's assets are not inadvertently put at risk.

ABOUT THE AUDIT COMMITTEE AGENDA:

- The Ottawa-Carleton District School Board posts complete standing committee and Special Education Advisory Committee agendas and reports on the website on the Friday, at least ten days prior to the scheduling of the meeting.
- In most instances, staff names have been included on the agenda for contact purposes should you have any questions prior to the meeting.
- If you would like further information on this Agenda or how the Committee meeting works, please contact Nicole Guthrie, Committee Coordinator, at 613-596-8211, extension 8643 or (613) 596-8211 ext. 8643

PURPOSE OF IN CAMERA MEETINGS:

- Under provincial law, "*A meeting of a committee of a board, including a committee of the whole board, may be closed to the public when the subject-matter under consideration involves*
  - *(a) the security of the property of the board;*
  - *(b) the disclosure of intimate, personal or financial information in respect of a member of the board or committee, an employee or prospective employee of the board or a pupil or his or her parent or guardian;*
  - *(c) the acquisition or disposal of a school site;*
  - *(d) decisions in respect of negotiations with employees of the board; or*
  - *(e) litigation affecting the board."*

AUDIT COMMITTEE
PUBLIC ADDENDUM AGENDA

Monday, November 19, 2018, 7:00 pm
Trustees' Committee Room
133 Greenbank Road
Ottawa, Ontario

		Pages
5.	Action Items	
5.3	*Report 18-101, Draft 2017-2018 Consolidated Financial Statements (M.Carson, ext. 8881)*	*2*
6.	Matters for Discussion	
6.1	*Report 18-102, Analysis of the District's 2017-2018 Financial Results (M. Carson, ext.8881)*	*38*
7.	Information Items	
7.1	*Long Range Agenda*	*60*

AUDIT COMMITTEE 19 November 2018
Report No. 18-101

Draft 2017-2018 Consolidated Financial Statements

Key Contact: Mike Carson, Chief Financial Officer, 613-596-8211 ext. 8881

PURPOSE:

1. To seek approval of the draft 2017-2018 Consolidated Financial Statements.

CONTEXT:

2. The *Education Act* requires that school boards prepare audited financial statements annually and to make the statements available to the public.

KEY CONSIDERATIONS:

3. The draft 2017-2018 Consolidated Financial Statements are attached as Appendix A. They have been prepared in accordance with requirements and standards established for school boards which include standards established by the Public Sector Accounting Board. The statements are referred to as draft until they are approved by the Board.

   In compliance with the standards, the financial activity and balances of the Ottawa-Carleton Education Network (OCENET), school generated funds (SGF) held by individual schools and school councils, and the Ottawa Student Transportation Authority (OSTA) have been consolidated with the District's financial information. With regard to OSTA, the amounts have been proportionally consolidated representing the District's pro rata interest in the Authority. The District's share of OSTA costs is 61%.

   On a consolidated basis, the 2017-2018 actual results showed expenses of close to \$952.3 million, revenues totaling more than \$978.4 million and a surplus approaching \$26.2 million. Table 1 compares the consolidated results and the consolidated budget.

Table 1 – Comparison of Consolidated Results and Consolidated Budget

	Actual	Consolidated Budget	Change	Change increase (decrease)
		$	$	%
Revenues	978,420,900	959,167,900	19,253,000	2.0
Expenses	952,262,200	943,169,600	9,092,600	1.0
Surplus	26,158,700	15,998,300	10,160,400	

4. **Accumulated Surplus**

Note 8 to the draft consolidated financial statements (page 19 of Appendix A) provides additional detail regarding the accumulated surplus and segregates amounts that are available for compliance from amounts that are restricted and not available for compliance. Amounts available for compliance can be used by the Board to balance future budgets within limits established by the Ministry of Education; however, the Board cannot direct the use of restricted amounts. Table 2 summarizes the information presented in Note 8 and shows the total accumulated surplus of $77.7 million.

Table 2 – Summary of Note 8 – Consolidated Accumulated Surplus

	Actual as at 31 Aug 2018	Actual as at 31 Aug 2017	Change increase (decrease)
	$	$	$
Available for compliance			
Restricted-committed capital	471,600	513,200	(41,600)
Internally appropriated			
Extended Day Program	886,300	213,100	673,200
Budgets carried forward	2,149,000	2,211,800	(62,800)
Contingencies	17,000,000	16,000,000	1,000,000
Unappropriated	14,362,300	793,900	13,568,400
	34,869,200	19,732,000	15,137,200
Unavailable for compliance			
OCENET	3,861,300	2,408,200	1,453,100
School generated funds	8,894,200	8,191,600	702,600
Employee future benefits	(47,798,600)	(55,793,000)	7,994,400
Revenue recognized for land	77,877,600	77,006,200	871,400
	42,834,500	31,813,000	11,021,500
Total accumulated surplus	77,703,700	51,545,000	26,158,700

As shown in the summary, the accumulated surplus available for compliance at the end of 2018 was $34.9 million. Of this amount, $471,600 is restricted by Ministry directive and is used to offset the amortization expense relating to capital assets acquired using the accumulated surplus.

Amounts have also been internally appropriated as follows:

- $886,300 is the accumulated surplus established through the activities of the Extended Day and Infant Toddler Preschool Child Care programs. A portion of this amount has been identified to support the acquisition of computer software to manage participant registration and billing. The remainder will be used to offset future budget variances;
- $2.1 million has been identified as a budget carryforward and will be used to support school, department and trustee costs to be incurred in 2018-2019. These are itemized in Section 5; and
- $17.0 million has been identified for contingencies relating to revenue shortfalls or increased expenses relative to the budget. The amount is aligned with the Ministry recommendation that a provision equal to 2% of the annual operating allocation be established to respond to unanticipated budget variances.

The remaining $14.4 million of the District's accumulated surplus available for compliance has not been appropriated.

Amounts reported in the summary as unavailable for compliance relate to the accumulated surplus of OCENET, SGF fund balances and revenue recognized for the purchase of land. These amounts total $90.6 million. The District's unfunded liability relating to employee future benefits (EFB) was $47.8 million. When combined, these amounts result in an externally appropriated (or restricted) net deficit of $42.8 million. Additional detail on each component is provided in the sections that follow.

5. **Ottawa-Carleton District Results**

The District's 2017-2018 actual results on a non-consolidated (compliance) basis showed expenses of $937.2 million, revenues of $952.3 million and a surplus of $15.1 million.

The approval of the draft 2017-2018 Consolidated Financial Statements includes the provision that certain unspent budgets be carried forward for use in 2018-2019. The amounts carried forward act as a draw on the accumulated surplus and are used to acquire supplies and services in the subsequent year. Table 3 summarizes the amounts carried forward from each of years 2017-2018 and 2016-2017.

Table 3 – Budgets Carried Forward

	2017-2018	2016-2017	Increase (Decrease)
	$	$	$
French immersion arts programs	143,200	277,600	(134,400)
Music repairs and consumables	125,200	155,600	(30,400)
Net school operating budgets	1,602,400	1,702,400	(100,000)
Department operating budgets	238,400	-	238,400
Trustees and Committees	39,800	76,300	(36,500)
	2,149,000	2,211,900	(62,900)

Changes in revenues and expenses since the passing of the District's 2017-2018 Budget are expanded upon in Report 18-102, Analysis of the District's 2017-2018 Financial Results.

6. **OCENET**

OCENET is a not-for-profit organization whose principal activity is to market products, programs, services and expertise to international students and to generate tuition revenue for the District. OCENET's activities are overseen by a Board of Directors (BOD). The BOD makes decisions regarding the use of OCENET's accumulated surplus.

OCENET's activities in 2017-2018 resulted in an operating surplus of close to $1.5 million. The accumulated surplus at the end of the year is just under $3.9 million.

7. **School Generated Funds**

SGF are monies collected by school communities and are used for the benefit of students and the school. Uses vary by school and may include activities such as yearbook publications, student excursions that are not part of the curriculum, graduation events and charitable fundraising. Individual school principals are responsible for overseeing the management of SGF for their respective school. School councils, in collaboration with school principals, are responsible for the management of school council funds.

The balances shown in the draft consolidated financial statements reflect the activities and fund balances of all schools in the District and include funds raised and administered by school councils.

In 2017-2018, SGF activities resulted in an operating surplus of $702,600. The surplus increased the related accumulated surplus to $8.9 million.

8. **Employee Future Benefits**

The District provides retirement and other EFB to certain groups of employees hired prior to specified dates.

As a result of a plan change imposed by the provincial government, the amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days and years of service as at 31 August 2012. The Board provides these benefits through an unfunded defined benefit plan and the liability as of the plan change date is being amortized over 12 years. The amortization period is based on the estimated average remaining service life (EARSL) of eligible employees. The annual amortization of the unfunded liability is $7.9 million and the unamortized balance of the unfunded liability as at 31 August 2018 is close to $47.5 million. The remaining amortization period is six years.

In addition to retirement gratuities, the District provides life insurance, dental and health care benefits to certain employee groups after retirement until the age of 65. The plan change imposed by the provincial government as at 31 August 2012 also established an unfunded liability for these payments. The liability is being funded over 10 years and is also based on the EARSL of eligible employees. The annual amortization is $83,700 and the unamortized balance as at 31 August 2018 is $334,800. The remaining amortization period is four years.

Although the EFB liability is reported as unfunded, the Board provides for the annual costs as part of the District's annual operating budget and the amortized amounts discussed above are reported as an expense in the District's non-consolidated (compliance) financial results; however, they are adjusted upon consolidation and are shown as a reduction in the unfunded liability.

The total unfunded liability for EFB is $47.8 million.

9. **Revenue Recognized for Land**

The District collects Education Development Charges (EDC) at rates approved by the Board. The use of EDC revenue is restricted to the acquisition of land and amounts collected are reported as deferred revenue until used.

In 2017-2018, EDC revenue of $6.9 million was collected. Of this amount, $871,400 was used to acquire land during the year and $71,900 was used to offset EDC related operating costs.

As at 31 August 2018, EDC revenue of $77.9 million has been used to acquire land.

10. **Summary**

KPMG LLP, the District's external auditors, has conducted the audit in accordance with Canadian generally accepted auditing standards and has provided an opinion which is shown in the draft 2017-2018 Consolidated Financial Statements.

With the support of the Board, in recent years staff has pursued improvements in the management of school council funds and this has allowed the auditors to continue to obtain satisfactory audit verification as to the completeness of related fund balances, revenues and expenses for 2017-2018.

The opinion expressed in the Independent Auditors Report is without qualification and states "the consolidated financial statements of the Ottawa-Carleton District School Board as at and for the year ended August 31, 2018, are prepared, in all material respects, in accordance with the basis of accounting described in note 1(a) to the consolidated financial statements."

Changes to the draft consolidated financial statements resulting from Audit Committee or Board discussions are subject to further audit.

RESOURCE IMPLICATIONS:

11. The cost of the year-end audit has been provided for in the annual budget.

COMMUNICATION/CONSULTATION ISSUES:

12. The draft consolidated financial statements were prepared by Finance staff in consultation with other departments.

The external auditor met with members of the senior management team including the Director of Education, Superintendent of Human Resources, Chief Financial Officer and various staff from the Finance and Business and Learning Technologies departments when conducting the audit. The external auditor's attendance at this meeting provides the opportunity for members of the Audit Committee to discuss any issues or areas of concern that may have been identified during the audit.

STRATEGIC LINKS:

13. An effectively functioning Audit Committee and approach to risk management is a key component of the focus on sustainably allocating resources, in particular by enhancing operational practices to effectively and responsibly manage human and financial resources in support of students. The external audit contributes to ensuring effective financial management practices have been established by the District and supports the information presented in the draft consolidated financial statements.

RECOMMENDATION:

THAT the Draft 2017-2018 Consolidated Financial Statements attached as Appendix A to Report 18-101 be approved.

Mike Carson
Chief Financial Officer

Jennifer Adams
Director of Education and Secretary of the Board

Appendices:

Appendix A - Consolidated Financial Statements of the Ottawa-Carleton District School Board for the Year Ended August 31, 2018 (Draft)

Consolidated Financial Statements of

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Year ended August 31, 2018

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Financial Statements

Year ended August 31, 2018

Management Report

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position 1

Consolidated Statement of Operations and Accumulated Surplus 2

Consolidated Statement of Change in Net Debt 3

Consolidated Statement of Cash Flows 4

Notes to Consolidated Financial Statements 5

2017-2018 MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Ottawa-Carleton District School Board are the responsibility of Board management and have been prepared in compliance 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.

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 Board of Trustees and the Audit Committee meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board of Trustees. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Ottawa-Carleton District School Board's consolidated financial statements.

Concerns Regarding Provincial Funding of Education

The Board of Trustees continue to express their concerns on the level of funding provided by the provincial government to Ontario's school boards. Under the existing requirements of the Education Act, school boards are almost completely dependent on provincial government funding and must approve balanced budgets. The government's multi-year plan to deal with the provincial deficit indicates overall restraints in funding growth to less than the rate of inflation. If the application of the plan to the education sector results in a loss of existing purchasing power, the only significant action a school board will be able to implement to balance its budget is to reduce spending, thereby impacting the level of service provided to its students.

Jennifer Adams	Michael Carson, CPA, CA
______________________________	____________________
Director of Education/Secretary of the Board	Chief Financial Officer

November 20, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Ottawa-Carleton District School Board

We have audited the accompanying consolidated financial statements of the Ottawa-Carleton District School Board, which comprise the consolidated statement of financial position as at August 31, 2018, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in note 1(a) 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Ottawa-Carleton District School Board as at and for the year ended August 31, 2018 are prepared, in all material respects, in accordance with the basis of accounting described in note 1(a) to the consolidated financial statements.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1(a) 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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

November 20, 2018

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

August 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash	$ 60,981,213	$ 16,030,780
Accounts receivable:		
Government of Ontario - approved capital funding (note 2)	175,874,384	188,239,824
Municipality	37,662,536	38,323,395
Other	29,136,427	25,902,542
Total financial assets	303,654,560	268,496,541
Financial liabilities:		
Accounts payable and accrued liabilities	79,752,323	67,656,814
Other accounts payable	7,239,022	7,633,195
Net long-term liabilities (note 3)	132,078,175	139,028,478
Deferred revenue (note 4)	37,910,254	26,721,185
Employee future benefits liability (note 5)	55,067,640	60,741,294
Deferred capital contributions (note 6)	715,691,875	683,022,613
Total financial liabilities	1,027,739,289	984,803,579
Net debt	(724,084,729)	(716,307,038)
Non-financial assets:		
Prepaid expenses	6,572,934	5,929,438
Inventories of supplies	1,174,416	1,380,571
Tangible capital assets (note 7)	794,041,079	760,542,001
Total non-financial assets	801,788,429	767,852,010
Commitments and contingent liabilities (note 9)		
Accumulated surplus (note 8)	$ 77,703,700	$ 51,544,972

See accompanying notes to consolidated financial statements.

Jennifer Adams
Director of Education/Secretary of the Board

Shirley Seward
Chair of the Board

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2018, with comparative information for 2017

	2018 Budget	2018 Total	2017 Total
Revenue:			
Provincial grants:			
Grants for student needs (note 10)	$ 826,214,222	$ 840,230,118	$ 799,720,917
Program specific	6,679,722	15,120,429	7,837,693
Ontario Youth Apprenticeship Program	184,282	180,248	184,284
Amortization of deferred capital contributions	45,782,874	48,620,997	44,800,102
Federal grants and fees	2,168,731	2,569,858	2,108,627
Other school boards	576,509	615,834	598,612
Other fees and revenue	54,270,603	45,090,671	46,551,779
Interest income	250,000	752,271	286,314
School-funded activities	23,041,000	25,240,470	24,040,830
	959,167,943	978,420,896	926,129,158
Expenses (note 11):			
Instruction	689,850,515	688,012,250	646,709,622
School operations and maintenance	140,628,607	146,501,925	133,586,157
Transportation (note 14)	40,132,990	39,809,918	38,109,453
Administration	20,756,861	20,210,859	16,024,846
Other	28,759,631	34,642,563	29,466,925
School-funded activities	23,041,000	23,084,653	24,151,198
	943,169,604	952,262,168	888,048,201
Annual surplus	15,998,339	26,158,728	38,080,957
Accumulated surplus, beginning of year	24,700,813	51,544,972	13,464,015
Accumulated surplus, end of year (note 8)	$ 40,699,152	$ 77,703,700	$ 51,544,972

See accompanying notes to consolidated financial statements.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	$ 26,158,728	$ 38,080,957
Tangible capital assets (note 7):		
Acquisition of tangible capital assets	(82,161,688)	(73,149,354)
Amortization of tangible capital assets	48,611,506	42,974,601
Loss on disposal of tangible capital assets	51,104	1,894,183
	(33,499,078)	(28,280,570)
Non-financial assets:		
Acquisition of inventories of supplies	(637,336)	(664,306)
Acquisition of prepaid expenses	(8,639,720)	(4,801,958)
Consumption of inventories of supplies	843,491	557,157
Use of prepaid expenses	7,996,224	1,983,737
	(437,341)	(2,925,370)
Increase (decrease) in net debt	(7,777,691)	6,875,017
Net debt, beginning of year	(716,307,038)	(723,182,055)
Net debt, end of year	$ (724,084,729)	$ (716,307,038)

See accompanying notes to consolidated financial statements.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Operating transactions:		
Annual surplus	$ 26,158,728	$ 38,080,957
Items not involving cash:		
Amortization of tangible capital assets	48,611,506	42,974,601
Loss on disposal of tangible capital assets	51,104	1,894,183
Amortization of deferred capital contributions	(48,620,997)	(44,800,102)
Change in non-cash assets and liabilities:		
Increase in accounts receivable	(2,573,026)	(14,058,543)
Increase in accounts payable and accrued liabilities	12,095,509	1,579,967
Increase (decrease) in other accounts payable	(394,173)	1,632,869
Increase in deferred revenue	11,189,069	7,018,340
Decrease in employee future benefits liability	(5,673,654)	(23,948,469)
Increase in prepaid expenses	(643,496)	(2,818,221)
Decrease (increase) in inventories of supplies	206,155	(107,149)
Cash applied to operating transactions	40,406,725	7,448,433
Capital transactions:		
Acquisition of tangible capital assets	(82,161,688)	(73,149,354)
Financing transactions:		
Principal repayments of net long-term liabilities	(6,950,303)	(6,619,083)
Decrease in accounts receivable - Government of Ontario approved capital funding	12,365,440	7,884,901
Additions to deferred capital contributions	81,290,259	72,299,354
Cash applied to financing transactions	86,705,396	73,565,172
Increase in cash	44,950,433	7,864,251
Cash, beginning of year	16,030,780	8,166,529
Cash, end of year	$ 60,981,213	$ 16,030,780

See accompanying notes to consolidated financial statements.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2018

1. Significant accounting policies:

The consolidated financial statements of the Ottawa-Carleton District School Board (the “Board”) are prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(a) Basis of accounting:

These 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 consolidated statement of operations and accumulated surplus 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 amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions included 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.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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

(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 Ottawa-Carleton District School Board (the “Board”) and which are controlled by the Board.

The consolidated financial statements include the following organizations:

(i) The Ottawa-Carleton Education Network (“OCENET”): OCENET is consolidated in the financial statements. OCENET is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. OCENET’s principal activity is to market products, programs, services and expertise to international students, and generate tuition revenue for the Board.

(ii) The Ottawa Student Transportation Authority (“OSTA”): OSTA is included in the consolidated financial statements using the proportionate consolidation method of accounting and reporting, whereby the Board’s pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the consolidated financial statements. The Board is a member of OSTA with the Ottawa Catholic School Board. OSTA is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. OSTA’s principal activity is to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the Ottawa area on behalf of the member school boards.

(iii) School generated funds: the assets, liabilities, revenues, expenses, and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

Inter-departmental and inter-organizational transactions and balances are eliminated in these consolidated financial statements.

(c) Trust funds:

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

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

1. Significant accounting policies (continued):

(e) 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 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, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Rate	Estimated Useful Lives
Land improvements with finite lives	15 years
Buildings	40 years
Portable structures	20 years
First-time equipping of schools	10 years
Furniture	10 years
Equipment	5 to 15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 to 10 years
Leasehold improvements	Over term of lease

Assets under construction and assets that relate to pre-acquisition and pre-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. Buildings permanently removed from service cease to be amortized and the carrying value is written down to its residual 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 in these consolidated financial statements.

(f) Deferred revenue:

The Board receives certain amounts pursuant to legislation, regulation or agreement that 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.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

1. Significant accounting policies (continued):

(g) 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 contributions 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
- Property taxation revenues which were historically used to fund capital assets

(h) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity, service awards, and worker's compensation. The Board accrues its obligation for these employee benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established between 2016 and 2018 for all employee groups. Additionally, retirees belonging to the Principal/Vice Principal and Non-union employee groups have transitioned to the ELHT in 2017-18. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. School boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment. The Board continues to be responsible for its share of the cost of benefits based on the cost sharing arrangement prior to the transition to the ELHT.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

1. Significant accounting policies (continued):

(h) Retirement and other employee future benefits (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, 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 accumulate 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, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the event occurs. 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.

(i) Accumulated surplus - available for compliance, internally appropriated:

Certain amounts, as approved by the Board of Trustees, are set aside as internally appropriated funds for future operating and capital purposes. Transfers to and/or from internally appropriated funds are an adjustment to the respective fund when approved.

(j) 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 the purchase or development of tangible capital assets are recorded as deferred capital contributions as described in note 1(g).

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

1. Significant accounting policies (continued):

(k) Interest income:

Interest 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 and education development charges forms part of the respective deferred revenue balances.

(l) 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.

The Board approves its budget annually. The operating budget for 2017-2018 was approved on June 12, 2017, and is reflected on the consolidated statement of operations and accumulated surplus.

(m) Property tax revenue:

Under 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.

(n) Use of estimates:

The preparation of the 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 amount 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 current estimates.

Significant estimates include assumptions used in performing actuarial valuations of employee future benefits liabilities. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

2. Accounts receivable - Government of Ontario approved capital funding:

The Province of Ontario (the "Province") replaced variable capital funding with a one-time debt support grant in 2009-2010. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that supports the capital programs as of that date. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. In any year, the Board may also receive additional capital grants to support new capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of $175,874,384 (2017 - $188,239,824) as at August 31, 2018 with respect to capital grants.

3. Net long-term liabilities and temporary borrowing:

(a) Net long-term liabilities:

The Board's long-term liabilities result from new school construction and major school renewal renovation projects. The provincial government has committed to fully funding the annual payments for this debt as disclosed in note 2. Net long-term liabilities consist of the following:

	2018	2017
Bank loan for new school construction, bearing interest of 5.55% per annum, maturity date July 15, 2019	$ 32,461,652	$ 35,201,234
Ontario Financing Authority capital debenture debt:		
bearing interest at a rate of 4.56% per annum (1st issue), maturity date November 17, 2031	32,369,601	34,072,508
bearing interest at a rate of 4.90% per annum (2nd issue), maturity date March 31, 2033	11,342,008	11,854,045
bearing interest at a rate of 5.06% per annum (3rd issue), maturity date March 31, 2034	8,027,542	8,352,216
bearing interest at a rate of 5.232% per annum (4th issue), maturity date April 13, 2035	15,400,244	15,956,049
bearing interest at a rate of 4.833% per annum (5th issue), maturity date March 11, 2036	5,797,675	5,999,130
bearing interest at a rate of 3.97% per annum (6th issue), maturity date November 17, 2036	603,404	625,154
bearing interest at a rate of 3.564% per annum (7th issue), maturity date March 9, 2037	10,963,423	11,366,681
bearing interest at a rate of 3.799% per annum (8th issue), maturity date March 19, 2038	10,552,496	10,903,652
bearing interest at a rate of 4.003% per annum (9th issue), maturity date March 11, 2039	4,079,159	4,202,793
bearing interest at a rate of 3.242% per annum (10th issue), maturity date March 15, 2041	480,971	495,016
	$ 132,078,175	$ 139,028,478

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

3. Net long-term liabilities and temporary borrowing (continued):

(a) Net long-term liabilities (continued):

Future principal and interest payments relating to the net long-term liabilities are due as follows:

	Principal	Interest	Total
2018-2019	$ 7,300,472	$ 6,197,292	$ 13,497,764
2019-2020	7,667,109	5,830,755	13,497,864
2020-2021	8,057,126	5,440,738	13,497,864
2021-2022	8,462,839	5,035,025	13,497,864
2022-2023	8,890,770	4,607,524	13,498,294
Thereafter	91,699,859	23,752,473	115,452,332
	$ 132,078,175	$ 50,863,807	$ 182,941,982

Principal and interest payments made on the net long-term liabilities in the year are as follows:

	2018	2017
Principal payments	$ 6,950,303	$ 6,619,081
Interest payments	6,547,455	6,878,679
	$ 13,497,758	$ 13,497,760

(b) Maturing loan:

The schedule of net long-term liabilities and schedule of future principal and interest payments include amounts relating to the bank loan for new school construction, bearing interest of 5.55% per annum and maturing July 15, 2019. The Ministry of Education has confirmed its intention to assume the outstanding obligation upon maturity. The liability at that date will be $30,118,544.

(c) Temporary borrowing:

The Board has credit facilities available to a maximum of $95,000,000 to address operating requirements and to bridge funding of capital expenditures. Interest on the credit facilities is determined based on the bank's prime lending rate discounted pursuant to the agreement with the bank. All loans are unsecured and due on demand. There was no temporary borrowing as at August 31, 2018 (2017 - $Nil) and, accordingly, no liability is reported.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

4. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside for specific purposes by legislation, regulation or agreement. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

Deferred revenue is comprised of:

	2018	2017
By legislation, regulation or agreement:		
Proceeds of disposition - school buildings	$ 1,544,673	$ 1,520,234
Amounts restricted by external funders	36,365,581	25,200,951
	$ 37,910,254	$ 26,721,185
Balance, beginning of year	$ 26,721,185	$ 19,702,845
Amounts received during the year (note 4(b))	52,066,929	40,352,745
Amounts recognized as revenue or transferred to deferred capital contributions	(40,877,860)	(33,334,405)
Balance, end of year	$ 37,910,254	$ 26,721,185

(a) Proceeds of disposition - school buildings:

The proceeds of disposition deferred revenue balance consist of proceeds from the sale of schools. The Board is required to use this amount with Ministry of Education approval to fund future capital costs related to Board facilities.

(b) Detail of amounts received during the year:

	2018	2017
School renewal	$ 14,282,274	$ 14,321,695
Temporary accommodations	900,000	1,434,000
Special education	2,589,105	2,546,891
Grants from other provincial ministries	3,001,235	2,469,111
Other various Ministry of Education	20,006,481	12,392,469
Education development charges	6,950,705	5,453,635
School generated funds, OCENET and other	4,312,690	1,720,256
Proceeds of disposition	24,439	14,688
Total	$ 52,066,929	$ 40,352,745

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

5. 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 and health care benefits, retirement gratuity, service awards, worker's compensation and long-term disability benefits.

(a) Retirement benefits:

(i) Ontario Teacher's Pension Plan:

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

(ii) Ontario Municipal Employees Retirement System:

All administrative and support employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2018, the Board contributed $12,261,477 (2017 - $11,593,212) 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.

The OMERS pension plan had a deficit as at December 31, 2017, based on the actuarial valuation of the pension benefit obligation resulting in the plan being 94.0% funded (2016 – 93.4% funded). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

(iii) Retirement gratuity benefits:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. 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 gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

5. Retirement and other employee future benefits (continued):

(b) Other employee future benefits:

(i) Workplace Safety and Insurance Board obligations:

The 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 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. Plan changes made in 2012 require the Board to provide a salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

(ii) 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 benefit costs expensed in the consolidated financial statements are $553,402 (2017 - $486,031).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as at August 31, 2018. This actuarial valuation is based on assumptions about future events and is based on the average daily salary and banked sick days of employees as at August 31, 2018.

(iii) Long-term disability life insurance:

The Board provides group life insurance benefits to employees on long-term disability leave that are not yet members of an Employee Life Health Trust ("ELHT"). The premiums are waived for the employee and the Board. The costs are reflected in the experience of the plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(iv) Post-employment life insurance and health care benefits:

The Board continues to provide life insurance, dental and health care benefits to employee groups after retirement until the age of 65. The premiums are based on the Board's experience and retirees' premiums are 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, 2012, employees retiring on or after this date no longer qualify for Board subsidized premiums or contributions.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

5. Retirement and other employee future benefits (continued):

(c) Accrued benefit liability:

The accrued benefit obligations for employee future benefit plans are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2018. The actuarial valuation was based on assumptions about future events. During the year, an assumption relating to the eligibility of certain teachers to receive a gratuity payment upon retirement was amended. The amended assumption resulted in an increase to the accrued employee future benefit obligation reported at August 31, 2018. The increase in the obligation is reported as an unamortized actuarial loss which will be recognized over the remaining service life of employees eligible for a gratuity payment.

The Board is no longer responsible for providing health, dental and life insurance benefits for employees as a result of the ELHTs established for all employee groups. Accordingly, the liability for such benefits has been eliminated as at August 31, 2018.

The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2018	2017
Discount rate	2.95% per annum	2.55% per annum
Health benefit escalation	no longer applicable	7.2% in 2017 grading down to 4.5% thereafter
Dental benefit escalation	no longer applicable	4.5% per annum

Information with respect to the Board's retirement and other employee future benefit obligations is as follows:

	Retirement gratuities	Other employee future benefits	2018 Total employee future benefits	2017 Total employee future benefits
Accrued employee future benefit obligations at August 31	$ 59,869,457	$ 583,514	$ 60,452,971	$ 57,408,055
Unamortized actuarial gains (losses) at August 31	(3,427,490)	636	(3,426,854)	5,497,117
	56,441,967	584,150	57,026,117	62,905,172
Current portion of retirement gratuities included in other accounts payable	(1,958,477)	–	(1,958,477)	(2,163,878)
Employee future benefits liability at August 31	$ 54,483,490	$ 584,150	$ 55,067,640	$ 60,741,294

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

5. Retirement and other employee future benefits (continued):

(c) Accrued benefit liability (continued):

	Retirement gratuities	Other employee future benefits	2018 Total employee future benefits	2017 Total employee future benefits
Current year benefit cost	$ 300,474	$ (87,906)	$ 212,568	$ (15,090,815)
Interest on accrued benefit obligation	1,672,364	18,434	1,690,798	1,629,007
Benefits paid	(7,243,007)	(539,414)	(7,782,421)	(10,042,517)
Change in employee future benefits liability	$ (5,270,169)	$ (608,886)	$ (5,879,055)	$ (23,504,325)

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. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2018	2017
Opening balance, September 1	$ 683,022,613	$ 655,523,361
Additions to deferred capital contributions	81,290,259	72,299,354
Amortization of deferred capital contributions	(48,620,997)	(44,800,102)
Closing balance, August 31	$ 715,691,875	$ 683,022,613

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

7. Tangible capital assets:

Cost	Balance at August 31, 2017	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2018
Land	$ 77,006,163	$ 871,430	$ –	$ 77,877,593
Land improvements	21,006,416	3,677,096	–	24,683,512
Buildings	1,030,233,750	63,501,359	7,226,046	1,100,961,155
Portable structures	15,024,988	985,620	–	16,010,608
First-time equipping of schools	12,319,944	724,366	(215,640)	12,828,670
Furniture	752,666	104,125	–	856,791
Equipment	9,487,924	1,217,269	(372,946)	10,332,247
Computer hardware	5,853,862	2,431,930	(900,565)	7,385,227
Computer software	784,280	131,576	(364,544)	551,312
Vehicles	1,739,592	131,329	(488,559)	1,382,362
Leasehold improvements	193,946	–	(70,560)	123,386
Construction-in-progress	4,868,854	8,385,588	(7,226,046)	6,028,396
Total	$ 1,179,272,385	$ 82,161,688	$ (2,412,814)	$ 1,259,021,259

Accumulated amortization	Balance at August 31, 2017	Amortization	Disposals write-offs and adjustments	Balance at August 31, 2018
Land improvements	$ 9,927,438	$ 2,536,538	$ –	$ 12,463,976
Buildings	389,795,134	41,295,242	–	431,090,376
Portable structures	4,612,339	786,414	–	5,398,753
First-time equipping of schools	6,057,390	1,257,431	(215,640)	7,099,181
Furniture	256,498	77,870	–	334,368
Equipment	3,475,337	899,975	(372,946)	4,002,366
Computer hardware	3,039,605	1,323,909	(900,565)	3,462,949
Computer software	459,419	134,459	(364,544)	229,334
Vehicles	1,027,644	289,874	(488,559)	828,959
Leasehold improvements	79,580	9,794	(19,456)	69,918
Total	$ 418,730,384	$ 48,611,506	$ (2,361,710)	$ 464,980,180

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

7. Tangible capital assets (continued):

	Net book value August 31, 2018	Net book value August 31, 2017
Land	$ 77,877,593	$ 77,006,163
Land improvements	12,219,536	11,078,978
Buildings	669,870,779	640,438,616
Portable structures	10,611,855	10,412,649
First-time equipping of schools	5,729,489	6,262,554
Furniture	522,423	496,168
Equipment	6,329,881	6,012,587
Computer hardware	3,922,278	2,814,257
Computer software	321,978	324,861
Vehicles	553,403	711,948
Leasehold improvements	53,468	114,366
Construction-in-progress	6,028,396	4,868,854
Total	$ 794,041,079	$ 760,542,001

8. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Available for compliance - unappropriated		
Operating accumulated surplus	$ 14,362,296	$ 793,932
Available for compliance - internally appropriated by Board:		
Provision for contingencies	10,000,000	10,000,000
Employee future benefits	5,000,000	5,000,000
Computer systems replacement	2,000,000	1,000,000
School budget carry-forwards	1,602,376	1,702,359
Department budget carry-forwards	546,615	509,459
Extended Day and Child Care Programs	886,279	213,061
Committed capital projects	471,613	513,226
Total internally appropriated	20,506,883	18,938,105
Total accumulated surplus available for compliance	34,869,179	19,732,037
Unavailable for compliance:		
OCENET	3,861,282	2,408,187
School generated funds	8,894,273	8,191,551
Employee future benefits (note 5)	(47,798,627)	(55,792,966)
Revenue recognized for land	77,877,593	77,006,163
Total externally appropriated	42,834,521	31,812,935
Total accumulated surplus	$ 77,703,700	$ 51,544,972

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

8. Accumulated surplus (continued):

Available for compliance - unappropriated:

(a) Total operating accumulated surplus:

This amount is the sum of the net annual surpluses and deficits from the start of the school year less any transfers to internally appropriated accumulated surpluses. The Board is able to use the amount to balance future years' budgets within limits set by the Ministry of Education.

Available for compliance - internally appropriated:

(b) Provision for contingencies:

A provision for contingencies has been established to respond to reduced revenues and increased expenses in comparison to the annual budget.

(c) Employee future benefits:

The Board has set aside an amount for use in years when actual employee future benefit costs (retirement gratuities and Workplace Safety and Insurance Board costs) exceed the annual budget.

(d) Computer systems replacement:

A provision has been established to provide for the replacement of financial, human resources, payroll and student management systems.

(e) School budget carry-forwards:

The Board has approved the carry-forward of certain unspent budget amounts for use in the subsequent year.

(f) Department budget carry-forwards:

The Board has approved the carry-forward of certain unspent budget amounts for use in the subsequent year.

(g) Extended Day and Child Care Programs:

The Board has approved the carry-forward of the combined net operating surplus of the Extended Day and Child Care programs. A portion of this amount has been identified to support the acquisition of computer software to manage participant registration and billing. The remainder will be used to respond to reduced revenues and increased expenses in comparison to the annual budget.

(h) Committed capital projects:

The Ministry of Education required school boards to establish appropriated accumulated surplus amounts equal to their spending on non-Ministry funded capital projects. There is an annual transfer to unappropriated accumulated surplus of an amount equal to the amortization of the relevant capital assets.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

8. Accumulated surplus (continued):

Unavailable for compliance:

(i) OCENET:

The balance is OCENET's accumulated surplus. The Board of OCENET determines its use.

(j) School generated funds:

Schools and school councils operate various fundraising activities during the year. The proceeds are used for the benefit of the students in the schools.

(k) Employee future benefits:

The basis of accounting described in note 1(a), requires school boards to record the annual deemed impact of employee earning benefits that will not actually be paid to them until future years. This balance is the offset to the accumulated annual expense entries.

(l) Revenue recognized for land:

The amount of revenue recognized for the purchase of land.

9. Commitments and contingent liabilities:

(a) Litigation:

The Board is involved with pending litigation and claims, which arose in the normal course of operations. In the opinion of the administration, any additional liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

(b) Capital construction:

Letters of credit totalling $6,785,732 (2017 - $5,979,239) were issued on behalf of the Board as required by the City of Ottawa for ongoing school construction projects.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

9. Commitments and contingent liabilities (continued):

(c) Contractual obligations:

The Board has a total of $44,599,902 (2017 - $27,006,811) of contractual obligations at year end relating to the construction or renovation of buildings, which are funded from government grants, existing deferred revenues and reserves and the issuance of new debt during the year.

(d) Ontario School Board Insurance Exchange ("OSBIE"):

The school board is a member of OSBIE, a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks for this school board, and as such the Board shares in the pooled risk of all OSBIE members.

The ultimate premiums over a five-year period are based on the reciprocals and the Board's actual claims experience. 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.

10. Grants for student needs:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: direct grants from the provincial government and education property taxes. The provincial government sets the education property tax rate. Eighty-six percent of the consolidated revenues of the Board are directly controlled by the provincial government through the grants for student needs. The payment methods of this funding are as follows:

	2018	2017
Local property taxation	$ 292,652,992	$ 304,045,751
Ministry of Education direct funding	547,577,126	495,675,166
	$ 840,230,118	$ 799,720,917

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

11. Expenses by object:

The following is a summary of the expenses reported on the "Consolidated Statement of Operations" by object:

	2018 Budget	2018 Actual	2017 Actual
Salary and wages	$ 642,518,650	$ 643,889,063	$ 620,909,498
Employee benefits	104,490,651	108,659,349	98,739,852
Total salary and benefits	747,009,301	752,548,412	719,649,350
Staff development	2,472,756	1,383,380	1,529,599
Supplies and services	40,951,768	36,295,952	32,750,014
Utilities	16,233,396	17,315,676	17,327,302
Rentals/leases	1,584,591	929,735	960,902
Fees/contracts/provincial schools	17,648,578	21,016,871	19,797,362
Transportation contracts	38,299,771	38,301,493	36,432,605
Other	3,559,115	14,077,635	4,928,359
Transfers to Other Boards	–	92,635	–
Interest on debt	6,547,455	6,547,455	6,878,679
Amortization of tangible capital assets	45,821,873	48,611,506	42,974,601
Loss on disposal of tangible capital assets		51,104	1,894,183
School-funded activities	23,041,000	23,084,653	24,151,198
Subtotal other operating expenses	196,160,303	207,708,095	189,624,804
Decrease in employee future benefits	–	(7,994,339)	(21,225,953)
Total expenses	$ 943,169,604	$ 952,262,168	$ 888,048,201

12. School council activities:

The cash balance on the consolidated statement of financial position includes $1,772,615 (2017 - $1,794,538) relating to school councils whose activities were included in these consolidated financial statements. The school-funded activities revenue and school-funded activities expenses respectively include $3,518,853 (2017 - $3,820,783) and $3,540,777 (2017 - $3,846,579) of school council activities.

13. Trust funds:

Trust funds administered by the Board amounting to $3,104,857 (2017 - $3,112,851) 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, in accordance with the basis of accounting described in note 1(c).

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2018

14. Ottawa Student Transportation Authority:

The Board is a member of the Ottawa Student Transportation Authority (“OSTA”) with the Ottawa Catholic School Board (“OCSB”). Related party transactions and balances with OSTA include the following:

(a) The Board had expenditures of $39,809,918 (2017 - $38,109,453) for student transportation services of OCSB students in the year.

(b) The Board has a payable to OSTA of $297,405 (2017 - $283,619) for student transportation services.

(c) The Board has a receivable from OSTA of $329,857 (2017 - $227,966).

OSTA’s assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2018 are as follows:

	2018	2017
Financial assets	$ 2,711,192	$ 2,694,772
Financial liabilities	(2,943,876)	(3,012,079)
Net debt	(232,684)	(317,307)
Non-financial assets	232,684	317,307
Accumulated surplus	$ –	$ –

	2018	2017
Revenue	$ 61,191,322	$ 58,388,290
Expenses	61,191,322	58,388,290
Annual deficit	$ –	$ –

AUDIT COMMITTEE **19 November 2018**
Report No. 18-102

Analysis of the District's 2017-2018 Financial Results

Key Contact: Mike Carson, Chief Financial Officer, 613-596-8211 ext. 8881

PURPOSE:

1. To provide the Audit Committee with information regarding the District's financial results for the year ended 31 August 2018.

CONTEXT:

The District's financial results significantly contribute to those reported in the draft 2017-2018 Consolidated Financial Statements. An analysis of the District's results provides insight into relevant changes that occurred during the year. The narrative reflects areas discussed in forecasts presented during the year and amounts have been updated based on actual results.

KEY CONSIDERATIONS:

2. In June 2017, the Board approved the 2017-2018 Budget authorizing expenses totaling $928.1 million. Funding of the expenses was provided through grants and other revenues totaling $928.1 million. This resulted in a balanced budget.

The District's 2017-2018 financial results show expenses of $937.2 million, revenues of $952.3 million and a surplus of $15.1 million. Table 1 compares the surplus reflected in the updated forecast with the amount originally budgeted.

Table 1 – Comparison of Actual Results and Approved Budget

	Actual	Approved Budget	Change	Change
	$	$	$	%
Revenues	952,309,000	928,126,900	24,182,100	2.6
Expenses	937,171,900	928,122,900	9,049,000	1.0
Surplus	15,137,100	4,000	15,133,100	

Changes to revenues and expenses since the passing of the 2017-2018 Budget are expanded upon in Appendix A - Analysis of Changes in Revenues and Expenses. Costs by program area for the current and prior year are presented in Appendix B - Comparative Summary of Expenses. Additional detail regarding grants is provided in Appendix C - Grants for Student Needs and a list of special purpose grants is provided in Appendix D - Other Program Grants.

3. **Enrolment Estimates and Grants**

The 2017-2018 Budget was developed using enrolment estimates established in early 2017. Average daily enrolment (ADE) levels have a direct impact on funding and also affect related instructional expenses. The approved budget reflected ADE of 48,011 for elementary and 22,235 for secondary.

Actual elementary ADE for 2017-2018 was 49,091 students which is an increase of 1,080 students (2.2%) over the approved budget. Secondary day-school enrolment ADE was 22,351 students which is an increase of 116 students (0.5%) over the approved budget.

As previously mentioned, enrolment has a direct impact on various grants and in particular the Pupil Foundation Grant (PFG). This grant applies to students of the District under 21 years of age and excludes 'high credit' ADE. Table 2 shows that the District's PFG is $6.3 million more than budgeted.

Table 2 – Effect of Increased Average Daily Enrolment on Pupil Foundation Grant

	Enrolment (Pupils of the Board)			Pupil Foundation Grant		
	Actual	Approved Budget	Change	Actual	Approved Budget	Change
				$	$	$
Elementary	49,091	48,011	1,080	260,962,100	255,375,900	5,586,200
Secondary	22,351	22,235	116	131,416,100	130,736,500	679,600
Total	71,442	70,246	1,196	392,378,200	386,112,400	6,265,800

Other allocations that comprise the Grants for Student Needs (GSNs) are affected by changes in enrolment and student demographics. One grant that had significant growth was the Language grant which increased by $3.7 million beyond the budgeted amount. This grant has two components: The first part relates to enrolment in French as a Second Language (FSL) studies which provides funding based on the grade level and duration of French instruction. The second component is the English as a Second Language (ESL) amount which provides funding based on confirmed enrolment of students whose first language is not English and who have arrived in Canada since September 2013. FSL funding accounted for $571,300 of the increase while the remaining balance of $3.1 million resulted from ESL funding. The Language grant amount is part of the Net Other line on Appendix A – Analysis of Changes in Revenues and Expenses.

A number of other grants also had significant increases. The Special Education grant increased (net of revenue deferrals) by $1.3 million, the Transportation grant increased by $1.1 million and both the School Operations grant and the

Learning Opportunities grant increased by $1.2 million. The latter amount is included in the Net Other line shown on Appendix A.

Appendix C - Grants for Student Needs compares the GSNs with the approved budget and reflects the effect of revenue deferrals.

4. **Employee Future Benefits**

As part of the ratified centrally bargained collective agreements for unionized employees and ratified central discussions with the principals and vice-principals associations, employee life and health trusts (ELHTs) were established in 2016-2017 for the following employee groups: ETFO, OSSTF, OSSTF-EW, and non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to eligible District staff and retired individuals. ELHTs are governed jointly by the bargaining/employee groups, the school board trustees' association and the Government of Ontario. The trusts are funded through a combination of employee and employer contributions as well as with transitional funding provided by the Ministry of Education.

The District's elementary and secondary teachers, as well as unionized education workers, transitioned to the ELHTs effective 1 November 2016. Principals and vice-principals transitioned on 1 April 2018 and other non-unionized employees transitioned on 1 June 2018.

The District's budget provided for its share of employee benefit plan costs including those for ELHTs. With regard to ELHTs, the budget was determined in accordance with Ministry requirements and reflected an amount per full-time equivalency (FTE) based on 2014-2015 actual benefit costs plus inflationary increases for subsequent years.

The transition to ELHTs has had an effect on the amount of benefit costs to be reported for the year. Prior to the date of transition, the District was responsible for costs relating to premium waivers for individuals receiving long-term disability (LTD) benefits and amounts had been reflected in the budget to support these costs. As of the date of transition, the liability became the responsibility of the respective trust and there is no requirement to transfer equivalent assets to the trusts. The effect of this change for LTD-related employee future benefits (EFB) is the reduction of associated benefit costs totaling $2.3 million.

The savings that resulted from the transition to ELHTs were partially offset by increased costs of $880,300 relating to retirement gratuities and compensated absences which are also considered to be EFB. Net EFB savings relative to the budget were slightly more than $1.4 million.

5. **Workers Safety Insurance Board**

Amendments to Workers Safety Insurance Board (WSIB) programs have introduced benefits to support work-related chronic mental stress. WSIB describes work-related chronic mental stress as an appropriately diagnosed mental disorder that has been predominantly caused by a substantial work-related stressor or series of stressors. A work-related stressor would generally be considered substantial if it is excessive in intensity and/or duration compared with the normal pressures and tensions experienced by people working in similar circumstances. The legislative change was effective 1 January 2018 and provided for retroactive application to 29 April 2014.

The District contracts with School Board Cooperative Inc. (SBCI) to assist with the management of WSIB claim costs. Based on information provided by SBCI, a provision of $2.4 million was reflected in the revised estimates to support costs relating to incidents occurring during the current school year or that may be eligible for retroactive coverage.

Actual WSIB costs were confirmed as part of the actuarial valuation prepared at the end of the school year. The valuation showed that the anticipated costs related to chronic mental stress claims did not materialize. In fact, the liability actually decreased by the end of the year. The decrease was recognized as a $1.2 million reduction in overall instruction-related benefit costs reported for the year.

6. **Special Education Needs**

Staff costs relating to special education increased by $221,300 when compared to the budget. Spending on regular teaching staff was on target while vacancies in administrative positions provided savings that, in combination with additional funding, supported increased costs of educational assistants and professional support staff.

Spending on supplies and services relative to the budget was $563,000 less than planned. This amount is part of the net instruction-related savings discussed in Section 16. Of the amount, $425,700 relates to savings on the cost of equipment and supports funded using the Special Equipment Amount (SEA). The SEA grant is a specific funding envelope within the special education envelope. Funds not used in the current year are carried over for use in subsequent years.

The cost of occasional teachers (OTs) assigned to meet special education needs increased by $505,900 relative to the budget. This amount is also supported by the increased grant, but for this analysis the costs are grouped with other OT costs and discussed in Section 14.

7. **Student Transportation**

Transportation of the District's students is provided by the Ottawa Student Transportation Authority (OSTA). Amounts reflected in the 2017-2018 Budget were based on information received from OSTA. The year-end results show that costs were $322,900 less than budgeted, of which $213,900 relates to supplies and services while the balance of $109,000 is attributable to compensation.

Transportation expenses of $39.8 million are reported which are supported by the $40.0 million Transportation grant. Although not quantified, some of the savings may relate to efficiencies associated with school learning and accommodation planning reviews.

8. **Minor Tangible Capital Assets**
A portion of the annual GSN is budgeted for the acquisition of minor tangible capital assets (MTCA) such as furniture, equipment and computers. If the funds are not required for capital purposes, they are reported as operating revenue and support overall operating costs.

Actual results show that a realignment of spending between operations and capital was required. In total, $1.1 million previously identified as an operating cost is now expected to be classified as MTCA acquisitions. Instruction costs have been reduced by this amount as has related operating revenue.

9. **Deferred Capital Contributions and Amortization Expenses**
Funding received for the purpose of acquiring or developing a depreciable tangible capital asset is termed a deferred capital contribution (DCC). Such contributions are recognized as revenue at the same rate as the related tangible capital asset is amortized into expense. Amortization is based on the expected useful life of the asset.

In addition to the contributions discussed above, certain capital projects are supported internally through the use of the District's accumulated surplus. Internally supported tangible capital assets are amortized in the same manner as those supported by contributions from others, but there is no related revenue.

During the year, various capital projects were completed and a variety of capital assets were acquired. These items have increased the net value of the tangible capital assets managed by the District. In accordance with accounting requirements, the amortization of an asset's value commences immediately upon completion of the capital project. This has had a direct impact on both revenues and expenses.

The approved budget projected amortization expenses of $45.8 million and related revenue of $45.8 million. Both expenses and related revenues increased by $2.8 million.

10. **Other Program Grants**
The Ministry announces special purpose grants throughout the year. The grants are targeted to support Ministry priorities and are termed Educational Program Grants-Other (EPO). These grants augment the District's budget; however, funding is tied to actual spending for the specified purpose. Amounts not spent are recovered by the Ministry or, if the funding agreements permit, are carried forward for use in the subsequent year. The District reports EPO grants as deferred revenue. Revenue from these grants is recognized in an amount equal to the associated expenses. Grants from other ministries and non-government organizations are treated in a similar manner and for this analysis are also referred to as EPO grants.

The District's 2017-2018 Budget reflected EPO grants totaling $7.8 million. An additional $8.2 million has been added to this amount. Of this amount, $4.9 million relates to remedy payments which are discussed in the next section and the remaining $3.3 million is for a variety of initiatives as shown in Appendix D – Other Program Grants.

EPO-related revenues and expenses reflected in the financial results both equal $16.0 million. With the exception of the EPO supporting remedy payments, almost all of the expenses relating to EPO funding are shown in the Instruction category in Appendix B - Comparative Summary of Expenses.

11. **Remedy Payments**

In February 2017, a settlement was reached between the Ontario Secondary School Teachers' Federation (OSSTF) and the Province as a remedy for the Ontario Superior Court ruling in April 2016 on the *Putting Students First Act, 2012* (PSFA). The ruling determined that the PSFA was a violation of s.2(d) (freedom of association) of the Canadian Charter of Rights and Freedoms.

The remedy was provided to eligible staff in three parts:

- a payment to compensate for lost or reduced retirement gratuities;
- a lump sum payment to reflect half of the loss created by the grid movement delay in the 2012-2013 and 2013-2014 school years; and
- one paid day off to permanent OSSTF-represented teachers (excluding long-term OTs) who were employed in the 2016-2017 school year.

For 2017-2018, remedy payments totaled $4.9 million. In accordance with Ministry requirements, these costs have been reported as a non-operating expense and are shown in the Other category on Appendix B. The costs are supported by equivalent grant revenue as reported in section 10.

12. **International Students**

The Ottawa-Carleton Education Network (OCENET) is a not for profit organization that offers international students the opportunity to learn alongside the District's students. OCENET helps prospective students to submit their applications and fees and also supports their transition into the school and community. Fees collected cover OCENET's administrative costs but most of the fee is remitted to the District.

The District's 2017-2018 Budget reflected revenue of over $8.3 million based on 698 students. Actual results show revenue of just over $10.4 million based on 804 students. Increased enrolment of 106 students accounts for more than $2.0 million in additional revenue.

Administrative fees paid to OCENET by the District are reported in the Instruction category. These costs have increased by $779,400 to $4.1 million based on the increased enrolment.

13. **Enrolment-Related Compensation Adjustments**

As noted in section 3, growth in enrolment was seen in both the elementary and secondary panels during 2017-2018. This growth resulted in the need for additional resources which was funded by increased grants. Expectations were that 57.0 FTE elementary teachers and 15.3 FTE secondary teachers would be needed at an incremental cost of $7.4 million. This pressure was presented in the 2017-2018 Revised Estimates.

A review of actual staffing levels indicates that the number of additional secondary FTEs was in line with expectations; however, elementary staffing was less than expected and only 41.4 FTE were added to the budgeted complement. The less than expected growth in the number of elementary teachers indicates that some of the additional enrolment was accommodated within established staffing provisions.

The combined incremental cost of teaching staff due to enrolment growth was approximately $5.8 million.

14. **Teacher Absences**

OTs provide coverage when teachers are absent due to illness or to attend medical appointments. In addition, OTs provide coverage when teachers are attending certain professional development and student support activities on a school day.

For 2017-2018, the District shows that supply teaching costs of $18.4 million were incurred, which is $2.0 million more than budgeted. The additional cost is attributable to the increase in teaching staff in response to increased enrolment and overall needs experienced during the year.

Improvements in the attendance support program in terms of both effectiveness and efficiency continue to be pursued. The changes are focused on reducing OT cost pressures and enhancing the learning environment. A key element for 2018-2019 efforts will be the continued promotion of a healthy workplace. An important step in the strategy is the engagement of staff in a manner that fosters employee well-being.

15. **Other Instruction-Related Compensation Costs**

Aside from items already discussed, significant instruction-related compensation savings totaling $11.5 million were realized. The amount was significantly larger than anticipated during the forecasts and staff continue to investigate the factors that contributed to the variance.

A preliminary analysis suggests that newly hired staff are starting at rates of pay lower than that reflected in the budget. In addition, casual staff who may be fulfilling the duties pending completion of staffing processes are generally compensated at a lower rate of pay which would further inflate the savings. A third factor that is being assessed is how benefit cost models may have been affected as a result of the transition to ELHTs.

Staff expect to be in a position to provide more information as part of the finalization of the 2018-2019 Revised Estimates.

16. **Other Instruction-Related Non-Compensation Costs**

Other instruction-related non-compensation costs are those that are not specifically identified elsewhere in the report, but form part of the overall spending classified as Instruction. These costs represent an overall savings relative to the budget of $1.0 million. Of this amount, $425,700 is attributable to funds not immediately required to support the acquisition of specialized equipment used by students with special needs. The remaining balance of $611,200 has resulted from overall variances relative to budget provisions.

A comparison of instruction-related non-compensation costs shown on Appendix B to the related budget amount indicates that a budget alignment issue exists. Staff will be performing a comprehensive review during 2018-2019 to improve budget alignment. This will assist staff with preparing timely variance analyses in the future.

17. **Facility Operations**

Spending on school facilities represents the largest operating cost category outside of the Instruction envelope. Compensation costs were $687,600 more than budgeted and generally relate to the increase in the minimum wage and other service needs in schools.

Overspending on supplies and services totaled $2.7 million. Demographic shifts and overall programming needs resulted in significantly higher demand for portable relocations. The budget established for portable relocations was $900,000 which aligns with the available funding. Actual costs incurred were $3.5 million. The resulting budget variance of close to $2.6 million accounts for almost all of the reported overspending.

18. **Extended Day Program**

The Extended Day Program (EDP) commenced operations in 2010. Significant growth in the program ensued and it now operates District-run programs in 63 schools and serves over 5,000 children. The program, which is an integral part of the Early Learning strategy, is closely tied to the operations of the District’s kindergarten programs. In fact, early childhood educators that staff the EDP, before and after school, also partner with teachers during the core day to provide the kindergarten program.

A modest increase of $58,100 in program revenue relative to the budget was recognized for the year. This change is generally attributable to the flexibility of the program and fluctuating participation rates.

More significantly, costs of the program were lower than budgeted and this has contributed to the program’s positive year-end position. Direct compensation costs are $433,300 less than budgeted while compensation transfers decreased by $127,300 to reflect a refinement in how internal support costs that are allocated to the program are determined. As previously discussed, reasons for the positive variance may be differences in starting rates of pay, use of casual staff pending the results of staffing processes, and a general need to reassess how benefit cost estimates have been affect by the transition to ELHTs.

The budget for supplies and services has decreased by $286,600. This amount is consistent with past forecasts. The savings reflect that the planned purchase of computer software to manage participant registration and billing was delayed until 2018-2019.

The EDP's $905,300 operating surplus has been used to fully support the deficit incurred by the Child Care Program. The net surplus of $673,200 has been added to the $213,100 of accumulated surplus that resulted from last year's EDP activities. The net accumulated surplus of the two programs as at 31 August 2018 was $886,300. The funds will be used to acquire computer software and to offset deficits that may occur in subsequent years. Table 3 compares the EDP's actual results with the original budget.

Table 3 – Extended Day Program Comparative Amounts

	Actual	Budget	Change Increase (Decrease)
	$	$	$
Expenses			
Compensation	14,299,700	14,733,000	(433,300)
Compensation Transfer	569,600	696,900	(127,300)
Supplies	566,000	852,600	(286,600)
Supplies Transfer	327,000	327,000	-
	15,762,300	16,609,500	(847,200)
Less: Revenues	16,667,600	16,609,500	58,100
Surplus	905,300	-	905,300

19. **Child Care Program**

In September 2013 the District assumed the operations of four child care centres that had previously been run by the Ottawa School Day Nursery. The Infant, Toddler and Preschool Child Care program operated at four sites and was intended to operate on a cost recovery basis. Changes to cost structures in relation to revenues resulted in the program operating at a deficit.

As part of the 2017-2018 Budget, the Board approved the closure of two underutilized sites and increased user fees. This, combined with clarification from the City of Ottawa that the District is eligible for general operating (GO) funding, has helped limit growth in the program's recurring deficits. In addition, expense savings relative to the budget were obtained during the year which further contributed to a better than planned year-end position.

Table 4 compares the actual results with the original budget.

Table 4 – Child Care Program Comparative Amounts

	Actual	Budget	Change Increase (Decrease)
	$	$	$
Expenses			
Compensation	1,791,500	1,858,100	(66,600)
Supplies	82,900	124,500	(41,600)
	1,874,400	1,982,600	(108,200)
Less: Revenues	1,642,300	1,576,000	66,300
Deficit	232,100	406,600	(174,500)

20. **Other Non-Instruction Costs**

Other non-instruction compensation costs relate to the activities of the Continuing Education department and central administrative departments, inclusive of staff secondments.

Continuing Education programs are supported by specific funding including funding from the federal government and various government ministries. Growth in the program resulted in increases in both compensation and supplies and services relative to the approved budgets. Compensation costs were $868,800 more than budgeted while supplies and services costs were $383,600.

Central departments collectively showed expenses that exceeded the budget by just over $1.0 million. Of this amount, $572,400 is attributable to compensation and includes the incremental costs that resulted from the approval of the executive compensation framework as well as those that resulted from the transition of non-unionized employees to ELHTs. The remaining $461,700 relates to supplies and services which includes the transfer of interest earned on school generated funds bank balances to individual schools.

The District pays the salaries of staff seconded to other organizations. The costs are recovered and reported as revenue in accordance with Ministry requirements. Costs in this area were $863,800 less than budgeted. The latter amount is included as a component of the Other Net Revenue Adjustments line shown on Appendix A. Residual costs related to staff on loan total $320,000 and reflect contractual obligations that limit the amounts recoverable from teacher federations. Obligations relating to legal matters represent the balance of the budget overage.

21. **Other Net Revenue Adjustments**

Other net revenue adjustments showed a decrease relative to the budget of $3.0 million.

Two significant revenue items contributed to the reduction. Staff expected that funds totaling $1.5 million and held as a reserve by the former benefits carrier would be returned during the year. This amount is now expected to be returned in 2018-2019. The District also planned for a contribution from OCENET totaling $1.5 million, but given the projected positive results this was deferred to a future year.

22. **Accumulated Surplus**

An accumulated surplus is the excess of revenues over expenses that has resulted over time. The *Education Act* allows the Board to use its accumulated surplus to balance its operating budget, but it also restricts the use in any school year to 1% of the operating grants provided by the Ministry. The 2018-2019 Budget showed this amount as $8.5 million. Approval to use accumulated surplus in excess of this amount must be obtained from the Ministry.

In past years, the District had experienced budget challenges that resulted in the development of a Multi-Year Financial Recovery Plan (MYFRP). The plan, which was approved in June 2016, responded to the Ministry's two articulated objectives for 2017-2018:

- A balanced budget, such that the Board was compliant as per section 231 of the *Act*, including any use of unrestricted accumulated surplus to balance the budget; and
- An overall accumulated surplus balance for compliance purposes that was between 0.5% and 1.0% of the District's operating allocation, after accounting for amounts that have been encumbered as a result of legally binding commitments including amounts for committed capital, and growing to 2% in subsequent years.

On 6 April 2018, the OCDSB was advised by the Ministry that it was being released from the terms of the MYFRP, as it had exceeded the Ministry's requirement for an accumulated surplus, had strong financial results for 2016-2017 and projected similar results for 2017-2018. At the same time, Ministry staff expressed the view that the District would still need to be cautious as there were still significant cost pressures, such as expenditures on replacement staff, and the uncertainty around funding upon the expiry of the extension agreements at the end of 2018-2019.

Table 5 presents the components of the accumulated surplus and shows the increase resulting from the 2017-2018 operating surplus of $15.1 million.

Table 5 – Accumulated Surplus Available for Compliance

	Actual as at 31 Aug 2018	Actual as at 31 Aug 2017	Change increase (decrease)
	$	$	$
Available for compliance			
Restricted-committed capital	471,600	513,200	(41,600)
Internally appropriated			
Extended Day Program	886,300	213,100	673,200
Budgets carried forward	2,149,000	2,211,800	(62,800)
Contingencies	17,000,000	16,000,000	1,000,000
Unappropriated	14,362,300	793,900	13,568,400
	34,869,200	19,732,000	15,137,200

The $17.0 million internal appropriation as at 31 August 2018 and noted as "Contingencies" has been identified to respond to revenue shortfalls or increased expenses relative to the budget. The amount is aligned with the Ministry recommendation that a provision equal to 2% of the annual operating allocation be established. Of the amount, $5.0 million has been identified for potential costs relating to gratuity payments and WSIB claims and $2.0 million has been provisioned for the replacement of business systems. The remainder has not been assigned to a specific need.

23. **Summary**
The District's 2017-2018 financial results include the impact of increased enrolment, enhanced spending authority provided through the use of targeted Ministry grants, the effects of in-year changes to programs, increased costs resulting from portable relocations and the extraordinary (but funded) costs which resulted from a settlement reached between OSSTF and the Province as a remedy to the violation of charter rights.

The District's 2017-2018 financial results show expenses of $937.2 million, revenues of $952.3 million and a surplus of just over $15.1 million. The amount increases the District's accumulated surplus to $34.9 million which places the District in an excellent position to respond to the financial challenges expected over the coming years.

RESOURCE IMPLICATIONS:

24. The District's surplus of close to $15.1 million is substantially more than the modest surplus approved by the Board with the passing of the 2017-2018 Budget.

COMMUNICATION/CONSULTATION ISSUES:

25. The analysis of the District's financial results was prepared by Finance department staff in consultation with other departments.

STRATEGIC LINKS:

26. An effectively functioning Audit Committee and approach to risk management is a key component of the focus on sustainably allocating resources, in particular by enhancing operational practices to effectively and responsibly manage human and financial resources in support of students. Monitoring actual performance in relation to the Board's approved budget allows staff to identify opportunities to reallocate resources to address emerging needs and to respond to changes in revenue streams and expense patterns.

GUIDING QUESTIONS:

27. The following questions are provided to support the discussion of this item by the Committee:
    - Does the analysis explain the significant changes in revenues and expenses?
    - Is staff taking steps to mitigate any adverse financial impacts and to leverage opportunities that were identified during the preparation of the analysis?

Mike Carson
Chief Financial Officer

Jennifer Adams
Director of Education and Secretary of the Board

Appendices:

Appendix A – Analysis of Changes in Revenues and Expenses
Appendix B – Comparative Summary of Expenses
Appendix C – Grants for Student Needs
Appendix D – Other Program Grants

Ottawa-Carleton District School Board
Analysis of Changes in Revenues and Expenses
for the year ending 31 August 2018

	Report Reference	Revised Estimates	Actual	Change from Revised increase (decrease)
		$	$	$
Planned Surplus in Original Estimates		4,000	4,000	4,000
Revenues Increase (Decrease)				
Grants for Student Needs				
Pupil Foundation	3	6,421,700	6,265,800	(155,900)
Language	3	57,100	3,682,400	3,625,300
Special Education	3,6	1,461,000	1,263,000	(198,000)
School Operations	3	1,108,500	1,191,100	82,600
Transportation	3,7	442,300	1,053,800	611,500
Minor Tangible Capital	8	(1,634,800)	(1,095,500)	539,300
Net Other (School Foundation, Learning, etc.)	3	707,100	1,655,300	948,200
		8,562,900	14,015,900	5,453,000
Other Revenue				
Amortization of Capital Assets	9	1,717,700	2,838,100	1,120,400
Education Program Grants	10,11	6,363,300	8,158,600	1,795,300
International Student Fees (OCENET)	12	2,229,000	2,043,900	(185,100)
Extended Day Program	18	189,500	58,100	(131,400)
Child Care Program	19	73,000	66,300	(6,700)
Other Net Revenue Adjustments	21	480,300	(2,998,800)	(3,479,100)
		11,052,800	10,166,200	(886,600)
Total Increase in Revenues		19,615,700	24,182,100	4,566,400
Expenses (Increase) Decrease				
Compensation Costs				
Employee Future Benefits	4	2,831,800	1,417,100	(1,414,700)
WSIB Provision	5	(2,400,000)	1,166,900	3,566,900
Special Education Staff	6	(1,072,000)	221,300	1,293,300
Other Education Program Grants	10	(1,519,100)	(3,266,700)	(1,747,600)
Education Program Grants-Remedy Payments	11	(4,844,200)	(4,891,900)	(47,700)
Teaching Complement	13	(7,378,700)	(5,765,800)	1,612,900
Teacher Absences	6,14	(824,200)	(2,048,700)	(1,224,500)
Other Instruction	15	254,200	11,540,400	11,286,200
Facilities	17	(209,000)	(687,600)	(478,600)
Extended Day Program	18	58,100	560,600	502,500
Child Care Program	19	(108,400)	66,600	175,000
Other Non-Instruction	7,20	(378,200)	(468,400)	(90,200)
		(15,589,700)	(2,156,200)	13,433,500
Non-Compensation Costs				
Student Transportation	7	(500,000)	213,900	713,900
Minor Tangible Capital Assets	8	1,634,800	1,095,500	(539,300)
Amortization of Capital Assets	9	(1,720,300)	(2,840,700)	(1,120,400)
International Student Fees (OCENET)	12	(866,000)	(779,400)	86,600
Other Instruction	6,16	(2,081,100)	1,439,800	3,520,900
Facilities	17	302,000	(2,694,600)	(2,996,600)
Extended Day Program	18	1,400	286,600	285,200
Child Care Program	19	21,600	41,600	20,000
Other Non-Instruction	20	169,500	(3,655,500)	(3,825,000)
		(3,038,100)	(6,892,800)	(3,854,700)
Total Increase in Expenses		(18,627,800)	(9,049,000)	9,578,800
Surplus (Deficit)	22	991,900	15,137,100	14,149,200
Increase (Decrease) from Original Estimates		987,900	15,133,100	14,145,200

Ottawa-Carleton District School Board
Comparative Summary of Expenses
for the year ending 31 August 2018

Appendix B
Report 18-102

In $ Millions	2017-2018					2016-2017				
				Variance	% Spent				Variance	% Spent
EXPENSE CATEGORY	Approved Budget	Revised Estimates	Actual Year End Expenses	Actual minus Approved	Forecast over Approved	Approved Budget	Revised Estimates	Actual Year End Expenses	Actual minus Approved	Actual over Approved
Instruction										
Salaries and Benefits	636.6	649.8	631.3	(5.3)	-0.8%	592.0	614.8	604.6	12.5	2.1%
Salaries and Benefits (Occasional Teachers)	16.4	17.2	18.4	2.0	12.5%	15.6	15.5	16.3	0.8	4.9%
Staff Development, Supplies and Services	24.9	25.2	20.3	(4.6)	-18.6%	21.9	22.0	18.6	(3.3)	-15.2%
Fees, Contractual and Rentals	9.4	10.2	12.3	2.9	30.7%	7.2	7.8	11.4	4.2	59.0%
Instruction Sub-Total	687.3	702.4	682.2	(5.0)	-0.7%	636.7	660.1	650.9	14.2	2.2%
Continuing Education										
Salaries and Benefits	9.1	9.5	9.9	0.9	9.6%	8.8	8.8	9.1	0.4	4.3%
Staff Development, Supplies and Services	0.5	0.5	0.7	0.3	57.0%	0.4	0.4	0.5	0.1	32.4%
Fees, Contractual and Rentals	0.4	0.4	0.5	0.1	29.8%	0.4	0.4	0.5	0.1	13.7%
Continuing Education Sub-Total	9.9	10.4	11.2	1.3	12.6%	9.6	9.6	10.2	0.6	5.9%
Transportation										
Salaries and Benefits	1.3	1.3	1.2	(0.1)	-8.5%	1.1	1.1	1.3	0.2	18.0%
Staff Development, Supplies and Services	0.4	0.4	0.3	(0.1)	-18.9%	0.4	0.4	0.2	(0.2)	-41.4%
Fees, Contractual and Rentals	38.4	38.9	38.3	(0.1)	-0.3%	36.5	37.0	36.6	0.1	0.4%
Transportation Sub-Total	40.1	40.6	39.8	(0.3)	-0.8%	37.9	38.5	38.1	0.2	0.4%
School Facilities										
Salaries and Benefits	50.8	51.9	51.5	0.7	1.4%	48.5	49.0	49.5	1.0	2.0%
Staff Development, Supplies and Services	24.7	24.0	24.1	(0.7)	-2.7%	25.6	25.6	23.4	(2.2)	-8.4%
Fees, Contractual and Rentals	8.1	8.5	7.8	(0.2)	-3.0%	7.4	7.5	8.0	0.6	7.5%
Other/Temporary Pupil Accommodation	0.9	0.9	3.5	2.6	286.3%	1.7	1.6	2.1	0.4	22.5%
Interest Charges on Capital	6.5	6.5	6.5	(0.0)	0.0%	6.9	6.9	6.9	-	0.0%
School Facilities Renewal Expense	5.7	5.7	6.7	1.0	17.9%	5.1	5.7	6.2	1.2	22.7%
School Facilities Sub-Total	96.7	97.5	100.1	3.4	3.5%	88.4	89.5	89.3	0.9	1.0%
Central Administration										
Salaries and Benefits	16.3	16.2	16.8	0.6	3.5%	15.1	15.1	14.7	(0.4)	-2.3%
Staff Development, Supplies and Services	1.9	1.9	1.9	0.1	3.8%	1.9	1.9	1.7	(0.2)	-9.8%
Fees, Contractual and Rentals	1.3	1.3	1.7	0.4	29.1%	1.4	1.4	1.0	(0.4)	-29.6%
Central Administration Sub-Total	19.5	19.4	20.5	1.0	5.3%	18.3	18.3	17.3	(0.9)	-5.1%

Ottawa-Carleton District School Board
Comparative Summary of Expenses
for the year ending 31 August 2018

In $ Millions	2017-2018					2016-2017				
				Variance	% Spent				Variance	% Spent
EXPENSE CATEGORY	Approved Budget	Revised Estimates	Actual Year End Expenses	Actual minus Approved	Forecast over Approved	Approved Budget	Revised Estimates	Actual Year End Expenses	Actual minus Approved	Actual over Approved
Other										
Extended Day Program Compensation	15.4	15.4	14.9	(0.6)	-3.6%	12.8	14.1	14.6	1.8	14.0%
Extended Day Program Supplies/Int Svcs	1.2	1.2	0.9	(0.3)	-24.3%	1.2	1.2	0.8	(0.5)	-38.7%
Child Care Program Compensation	1.9	2.0	1.8	(0.1)	-3.6%	2.1	2.1	2.1	0.0	0.8%
Child Care Program Supplies/Int Svcs	0.1	0.1	0.1	(0.0)	-33.4%	0.2	0.2	0.1	(0.0)	-15.1%
Recoverable Compensation (Secondments)	7.6	7.6	6.8	(0.9)	-11.3%	7.4	7.2	7.4	0.0	0.1%
Litigation Provision and other	-	-	2.8	2.8	0.0%	-	-	-	-	0.0%
Remedy Payments	-	-	4.9	4.9	0.0%	6.9	6.9	6.9	-	0.0%
Fifty-Five Board Trust (Capital and Interest)	2.5	2.5	2.5	-	0.0%	2.5	2.5	2.5	-	0.0%
Other Sub-Total	28.8	28.8	34.6	5.9	20.5%	33.1	34.2	34.5	1.3	3.9%
Amortization										
Ministry Approved Projects	45.8	47.5	48.6	2.8	6.2%	40.4	43.4	44.8	4.4	11.0%
Board Approved Projects	0.0	0.0	0.0	0.0	6.7%	0.4	0.1	0.1	(0.3)	-82.9%
Amortization Sub-Total	45.8	47.5	48.7	2.8	6.2%	40.8	43.4	44.9	4.1	10.1%
Grand Total	928.1	946.8	937.2	9.0	1.0%	864.8	893.6	885.1	20.3	2.4%

Finance 2018.11.12 (numbers may not add due to rounding)

Ottawa-Carleton District School Board
Grants for Student Needs (with deferred revenue impact)
for the year ending 31 August 2018

	Budget	Revised Estimates	Actual	Actual to Budget increase (decrease)
	$	$	$	$
Revenue				
Pupil Foundation-ADE only	386,112,343	392,534,090	392,378,154	6,265,811
School Foundation	50,277,487	50,945,588	50,882,657	605,170
Special Education	92,036,958	93,541,875	93,768,797	1,731,839
Language	28,767,473	28,824,565	32,449,918	3,682,445
Rural and Northern Education Fund	-	189,525	189,525	189,525
Learning Opportunity (includes Mental Health Leader)	26,279,336	26,910,527	27,479,048	1,199,712
Adult Education, Continuing Education and Summer School	6,949,816	6,625,860	6,937,513	(12,303)
Cost Adjustment and Teacher Qualification and Experience	80,147,768	79,593,050	79,858,745	(289,023)
ECE Qualification and Experience Allocation	4,569,783	4,784,149	4,800,343	230,560
New Teacher Induction Program (NTIP)	604,462	554,562	357,803	(246,659)
Restraint Savings	(279,158)	(279,158)	(279,158)	-
Transportation	38,954,113	39,396,445	40,007,875	1,053,762
Administration and Governance	19,078,834	19,297,000	19,551,825	472,991
School Operations	73,764,989	74,873,507	74,956,060	1,191,071
Community Use of Schools	1,062,318	1,062,318	1,062,318	-
Declining Enrolment Adjustment	87,455	-	-	(87,455)
Indigenous Education Allocation	1,237,022	1,248,233	1,346,081	109,059
Safe Schools	1,817,028	1,837,792	1,837,206	20,178
Permanent Financing of NPF (55 Board Trust)	2,523,115	2,523,115	2,523,115	-
	813,991,142	824,463,043	830,107,825	16,116,683
Revenue Deferrals				
Deferred Revenue - MTCA Allocation	(20,349,779)	(20,611,576)	(20,752,696)	(402,917)
Deferred Revenue - Rural and Northern Education Fund	-	(189,525)	(189,525)	(189,525)
Deferred Revenue - Special Education	(92,036,958)	(93,541,875)	(93,768,797)	(1,731,839)
Deferred Revenue - Mental Health Leader	(123,113)	(123,113)	(123,113)	-
Deferred Revenue - Library Staffing	(235,183)	(235,183)	(235,183)	-
Deferred Revenue - Student Achievement Envelope	(6,113,620)	(6,605,705)	(7,174,226)	(1,060,606)
Deferred Revenue - Indigenous Education	(646,963)	(658,174)	(657,976)	(11,013)
	(119,505,616)	(121,965,151)	(122,901,516)	(3,395,900)
Deferred Revenue Recognition and Adjustments				
Deferred Revenue - MTCA Ops (from Sch 5.1 Capital)	19,517,704	17,882,917	18,422,253	(1,095,451)
Deferred Revenue - Rural and Northern Education Fund	-	189,525	10,683	10,683
Deferred Revenue - Special Education	91,510,981	92,971,952	92,773,994	1,263,013
Deferred Revenue - Mental Health Leader Amount	123,113	123,113	123,113	-
Deferred Revenue - Library Staffing	235,183	235,183	235,183	-
Deferred Revenue - Student Achievement Envelope	6,113,620	6,605,705	7,174,226	1,060,606
Deferred Revenue - Indigenous Education Base Envelope	646,963	658,174	657,976	11,013
Deferred Revenue - School Renewal (Operating Portion)	5,683,122	5,683,122	5,683,122	-
Deferred Revenue - Interest on Capital Projects	6,954,695	6,986,265	6,999,943	45,248
Deferred Revenue - Temporary Accommodation	900,000	900,000	900,000	-
Trustees' Association Fee	43,316	43,316	43,316	-
	131,728,697	132,279,272	133,023,809	1,295,112
Total Operating and Capital Support GSN	826,214,223	834,777,164	840,230,118	14,015,895

Finance 2018.11.12

Ottawa-Carleton District School Board
Other Program Grants
for the year ending 31 August 2018

Appendix D
Report 18-102

	Budget	Revised Estimates	Actual	Actual to Budget increase (decrease)
	$	$	$	$
Education Program-Other Grants				
After School Skills Development	-	50,000	41,791	41,791
Applied Behaviour Analysis Training Opportunities	105,677	95,000	101,114	(4,563)
Autism Pilot Project	-	235,000	135,254	135,254
Board Leadership Development Strategy	118,582	100,000	47,247	(71,335)
Common European Framework of Reference	-	95,000	74,204	74,204
Early Development Instrument	56,360	75,000	92,266	35,906
Early Years Leadership Strategy	182,740	185,908	185,908	3,168
Early Years Experience	-	45,000	6,424	6,424
Ensuring Equitable Access to Post-Secondary Education	-	200,000	166,258	166,258
Focus on Youth	476,000	476,000	476,000	-
French as a Second Language	-	250,000	272,156	272,156
Gap Closing in Literacy Grades 7-12	30,000	30,000	38,000	8,000
Indigenous Support	100,000	100,000	68,247	(31,753)
Innovation Learning Fund	-	95,000	75,152	75,152
K-12 International Education	15,000	-	-	(15,000)
Mentoring for All	-	7,268	26,270	26,270
PD for Designated ECEs	296,047	286,483	224,904	(71,143)
Ontario 150 Projects	-	4,250	1,753	1,753
Ontario Focused Intervention Partnership	-	20,000	11,087	11,087
OSSTF Remedy Payments	-	4,844,189	4,891,927	4,891,927
Occasional Teacher Professional Development	-	-	16,483	16,483
Outreach Coordinator	152,800	152,800	152,800	-
Parent and Family Literacy Centres	-	222,642	196,565	196,565
Parents Reaching Out	-	80,199	80,199	80,199
Parents Reaching Out Regional	-	12,500	11,815	11,815
Priority Schools	510,000	510,000	510,000	-
Re-engagement Initiative (12 & 12+)	108,033	56,421	69,679	(38,354)
Safe, Inclusive, and Accepting Schools	193,289	180,000	193,290	1
Speak Up	21,150	21,150	58,543	37,393
Specialist High Skills Major	82,757	236,313	242,263	159,506
Teacher Learning and Leadership Program	-	27,066	24,606	24,606
Tutors in the Classroom	46,800	56,600	41,600	(5,200)
The Renewed Mathematics Strategy	1,682,261	1,300,000	1,682,261	-
Transition to the Ontario Autism Program	217,645	385,720	483,220	265,575
Indigenous Education - Collaborative Inquiry	-	-	10,516	10,516
Indigenous Student Learning & Leadership Strategy	-	-	11,093	11,093
Jiangsu Summer Leadership Program 2018	-	-	43,000	43,000
Physical Activity in Secondary Schools	-	-	75,367	75,367
Adult Education Hybrid Project	-	-	9,919	9,919
Culturally Responsive & Relevant Pedagogy	-	-	27,916	27,916
Daily Physical Activity	-	-	11,651	11,651
Support for Implementation of Rev. Curriculum Documents	-	-	11,355	11,355
Ontario Region Equity Network	-	-	14,297	14,297
Ontario Region Equity Network other boards	-	-	92,635	92,635
Enhancements to Support Experiential Learning	-	-	63,327	63,327
Summer Experience Program	-	-	6,561	6,561
DECE PA Day Release	-	-	-	-
Experiential Learning for Adults	-	-	7,634	7,634
One-Time Benefit Trust Costs	-	-	112,906	112,906
OECD Study	-	-	85,434	85,434
	4,395,141	10,435,509	11,282,897	6,887,756
Other Deferred Revenues				
Literacy and Basic Skills (Training, Colleges and Universities)	740,780	791,044	885,511	144,731
English as a Second Language (Citizenship and Immigration)	1,543,799	1,726,936	1,876,599	332,800
Infrastructure, Environment and Climate Change	-	-	349,541	349,541
Breakfast Program (ONFE)	529,570	555,978	580,463	50,893
Ontario Works	508,082	538,574	513,128	5,046
MISA - PNC			10,000	10,000
CODE Summer Learning	105,000	103,286	87,295	(17,705)
CODE Technology and Learning Fund			95,916	95,916
CODE Student Injury Prevention	-	11,221	2,502	2,502
CODE Support for Environmental Education	-	9,250	9,250	9,250
Outdoor Education Grants	-	13,832	-	-
Ontario Early Years Child & Family Centre	-	-	287,909	287,909
	3,427,231	3,750,121	4,698,114	1,270,883
Total	7,822,372	14,185,630	15,981,011	8,158,639

8,158,639

Audit Committee
Long Range Agenda
2018-2019

19 November 2018

1.	Approval of District Consolidated Financial Statements	Public	MC	Action
2.	External Audit on EDP and Child Care Programs	In Camera	MC	Info
3.	Regulatory Compliance Register	Public	MC	Info
4.	Evaluation of Regional Internal Audit Team performance	In Camera	MC	Action
5.	Analysis of the District's 2017-2018 Financial Results	Public	MC	Info
7.	Audit Committee External Member Selection Process	Public	MC	Info

23 January 2019

1.	Orientation to Audit Committee	Public	MC	Info
2.	Purchasing Policy Exceptions	Public	MC	Info
3.	2018-2019 Revised Estimates	Public	MC	
4.	Election of Chair (Annual)			

Cyclical/Regular Items

1.	Receipt of Report (Minutes) from previous meeting			Action
2.	Review internal audit team findings completed since last meeting	In Camera	MC	Info
3.	Long Range Agenda	Public	MC	Info
4.	Regional Internal Auditor's Multi-Year Internal Audit Plan (June)	In Camera	MC	Action
5.	External Auditor's Audit Plan for the Year-End Audit (September)	Public	MC	Action
6.	Financial Forecast/Revised Estimates (Jan, Apr, June)	Public	MC	Info
7.	Evaluation of Regional Internal Audit Manager and Team (Nov)	In Camera	MC	Action
8.	Annual Audit Committee Reports to Ministry and Board (Sept)	Public	MC	Action
9.	Approval of District Financial Statements (November)	Public	MC	Action
10.	Orientation to Audit Committee (January)	Public	MC	Info
11.	Information Technology Update (June and November, as required)	In Camera	SL	Info
12.	In Camera Action Tracking Log	In Camera	MC	Info
13.	Self-evaluation of the Audit Committee (November)	Public	MC	Info
14.	Legal Issues Being Defended by OSBIE (periodically)	In Camera	MC	Info
15.	Purchasing Exceptions Reporting (Annual)	Public	MC	Info
16.	OSBIE Incident Report to Audit Committee (April)	In Camera	MC	Info

Future Agenda Items to be Scheduled

1.	Succession Planning	In Camera	MC	Action

Updated 14 September 2018