

## AUDIT COMMITTEE PUBLIC AGENDA

**Monday, November 23, 2020, 6:00 pm**

**Zoom Meeting**

*In Camera to follow the Public Session*

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## **AUDIT COMMITTEE REPORT (PUBLIC)**

**Wednesday, October 21, 2020**

**6:00 pm**

**Zoom Meeting**

**Members:** Mark Fisher (Trustee), Keith Penny (Trustee), Erik Husband (External Member), Annik Blanchard (External Member)

**Staff and Guests:** Lynn Scott (Trustee), Justine Bell (Trustee), Camille Williams-Taylor (Director of Education), Michael Carson (Chief Financial Officer), Kevin Gardner (Manager of Financial Services), Sandra Lloyd (Manager of Risk and Supply Chain Management), Genevieve Segu (Regional Internal Audit Manager), Gordon Champagne (Senior Internal Auditor), Rebecca Grandis (Senior Board Coordinator)

1. Call to Order

Chair Fisher called the public session to order at 6:04 p.m. and acknowledged that the meeting is taking place on unceded Algonquin Territories and thanked the Algonquin Nations for hosting the meeting on their land.

2. Approval of Agenda

**Moved by Trustee Penny,**

**THAT the agenda be approved.**

**Carried**

3. Delegations

There were no delegations.

4. Superintendent's Report

Chief Financial Officer (CFO) Carson advised that the Ontario School Boards' Insurance Exchange (OSBIE) provided an insurance premium refund to the District in the amount of \$200,000. This amount represents approximately 20% of the premiums paid by the District. OSBIE has been successful at keeping administration costs low and is focused on risk and claims management. The refund will be reflected in the financial statements and will provide funding to support further risk management work.

CFO Carson noted that staff continues to work on finalizing the 2019-2020 financial statements. Although there are challenges carrying out some of the audit work while working remotely, CFO Carson is confident that the November timelines for the presentation of the financial statements will be met.

CFO Carson congratulated Manager Sandra Lloyd on her thirty-year association with the OCDSB and the Supply Chain Management Association of Canada.

CFO Carson reported that the District received the approval to proceed with the construction of a new secondary school in the Riverside South area. Of the \$550 million in capital funding to school boards from the province, the OCDSB has received over \$65 million for local projects. The provincial funding for the new secondary school will need to be augmented to complete the construction. Design and Construction staff will apply the experience they have gained from the construction of the new secondary school in Stittsville to plan the new project.

## 5. COVID-19 Update

CFO Carson advised that there have been fewer than 100 confirmed cases of COVID-19 in the District since schools reopened. Considering the number of staff and students in District buildings, the measures that have been put in place to limit the spread of the virus are working. Staff shortages continue to be a concern across the province. The District has been able to manage shortages and mitigate school closures.

CFO Carson reported that *Ontario Regulation 274, Hiring Practices*, was recently repealed by the province. It is hoped that the movement away from seniority-based hiring practices may provide more flexibility within the District to hire additional staff. There continues to be staff shortages in occasional teachers, early childhood educators, educational assistants and custodians.

Manager Lloyd noted that the province underestimated the cost of supplying personal protective equipment (PPE). Acquiring and managing PPE, supplied through the provincial supply chain, has been challenging. The October order for the District, which was composed of twelve tractor trailers of supplies, arrived at the end of September. The District does have the capacity to house the supplies in the warehouse, but it was never intended to function as a distribution centre. There continues to be demand for hand sanitizer, gowns and gloves. Staff will continue to monitor the supply chain issues to ensure the District has adequate supplies.

During the question period, the following points were noted:

- Staff have used Ministry funding for enhancement to lower-tier HVAC systems to ensure increased maintenance and more frequent filter changes;
- Ottawa Public Health (OPH) is satisfied with the District process for ventilation monitoring;

- Winter may be problematic in sites where open windows are part of the ventilation system; and
- Staff are looking at leasing or acquiring a backup heating system to employ on short notice if windows must be open in winter.

## 6. Matters for Action

### 6.1 Review of Audit Committee Report

#### a. 23 September 2020

**Moved by Annik Blanchard,**

**THAT the Audit Committee report dated 23 September 2020 be received.**

**Carried**

#### b. Business Arising

There was no business arising.

### 6.2 Report 20-074, 2019-2020 Annual Report on Internal Audit Activity

Your Committee had before it Report 20-074, seeking approval of the annual report to the Board summarizing the work performed by the Regional Internal Audit Team (RIAT), during the 2019-2020 year, in accordance with *Ontario Regulation 361/10, Audit Committees*.

Manager Gardner advised that the report is a summary of the work of the RIAT and the plan, approved in September of 2019, proposed two audit engagements; attendance support review and attendance data visualization.

Moved by Trustee Penny,

THAT Appendix A to Report 20-074 be approved as the 2019-2020 Annual Report on Internal Audit Activity.

Follow-up procedures were also conducted and reported on past audits. It was confirmed that there have not been any enrollment audits planned for this year. Appendix A to Report 20-074 will be shared with the Ministry as required.

**Moved by Trustee Penny,**

**THAT Appendix A to Report 20-074 be approved as the 2019-2020 Annual Report on Internal Audit Activity. (Attached as Appendix A)**

**Carried**

### 6.3 Report 20-075, Audit Committee Annual Report for 2019-2020

Your Committee had before it Report 20-075, seeking approval of the 2019-2020 annual report on the work performed by the Audit Committee.

CFO Carson noted that despite the challenges presented during the year, the Audit Committee was able to accomplish a great deal. The work on the Strategic Enterprise Risk Management (SERM) continues. Staff have used a risk-based approach to managing the District's COVID-19 response. It is anticipated that there will be an orientation and training session on the SERM for all trustees and the new external members in the coming year.

Moved by Annik Blanchard,

THAT Report 20-075 be approved as the Audit Committee Annual Report to the Board for 2019-2020.

Chair Scott asked for clarification on the Audit Committee's review of the District's policies for risk assessment and risk management and whether a specific review had been conducted. CFO Carson committed to reviewing the wording in the report.

**Moved by Annik Blanchard,**

**THAT Report 20-075 be approved as the Audit Committee Annual Report to the Board for 2019-2020.(Attached as Appendix B)**

**Carried**

#### 6.4 2020-2021 Regional Internal Audit Plan (G. Segu)

RIAT Manager Segu presented the 2020-2021 Annual Report on Internal Audit Activities for the review and the approval of the Audit Committee.

The plan for 2020-2021, includes the following work:

- the continuation of work initiated in 2019-2020;
- cyclical follow-up procedures;
- a placeholder for management requests and changing priorities; and
- one new engagement if time allows.

Ms. Segu noted that the plan also includes a new COVID-19 response review. This review would evaluate the District's response to the pandemic and consider opportunities to improve emergency preparedness and crisis management in the future. In addition, a review of educational assistant (EAs) deployment has been included to provide management with an assessment of the deployment of EAs and the challenges they face in managing student behaviours.

Moved by Annik Blanchard,

During the discussion about the COVID-19 response review the following points were noted:

- the process for selecting a firm to undertake the work on the COVID-19 response review was determined by the dollar value of the contract as it falls within the sole source threshold;
- MNP LLP was the firm engaged to conduct the COVID-19 response review as they are doing the work across the region and are familiar with the risk profile of school boards;
- the purpose of the COVID-19 response review is to identify gaps and establish an action plan for future emergency preparedness;
- the review should consider the uncertainties boards faced around the timing of announcements and the impact on planning;
- the review will focus on general gaps;
- Trustee Penny expressed concern about the vague description of the review as well as the increased workload this may cause for staff. He noted that the District's COVID-19 response was not planned and is tactical and dynamic;
- CFO Carson expressed concern that it may be too early to conduct a review and that staff will monitor the work to ensure it has value;
- Trustee Fisher noted that the work of the RIAT must be aligned with the external audit work; and
- Ms. Segu noted that she would contemplate areas of review identified as priorities by the District.

**Moved by Annik Blanchard,**

**THAT the Ottawa-Carleton District School Board Audit Committee Recommends for Approval the 2020-21 Internal Audit Plan as Presented in Appendix 1. (Attached as Appendix C)**

**Carried**

## 7. Matters for Discussion

### 7.1 2019-2020 Annual Report on (RIAT) Internal Audit Activities (G. Segu)

Your Committee had before the 2019-2020 Annual Report on Internal Audit Activities.

The report includes requirements under the regulation, the RIAT mandate and the Framework. Highlights from the report include the following:

- the mandate defines the purpose of the RIAT and it has not changed since its presentation to the Audit Committee in September of 2019;
- to ensure independence, the RIAT reports functionally to the nine Audit Committees of the Eastern Ontario region and administratively to the senior business official of the host board;
- the RIAT consists of two internal auditors, one senior auditor and one internal audit manager, all are qualified staff with professional designations. The RIAT manager and members complete annual professional development that includes ethics training; and
- the mandate requires the RIAT to perform duties in accordance with the Framework and that internal and external quality assessments be conducted on a periodic basis.

The report included the 2019-2020 plan for the District that included three completed engagements:

- attendance support review;
- attendance visualization; and
- follow-up procedures.

The RIAT presented follow-up procedures to the District in the 2019-20 Detailed Status report, to date there are 18 recommendations outstanding. Due to COVID-19, the recommendations have not been updated.

## 8. Information Items

### 8.1 Memo No. 20-117, Regional Internal Audit Team Evaluation Process for 2019-2020

Your Committee had before it Memo 20-117, providing information for the performance evaluation process of the RIAT for 2019-2020.

CFO Carson urged committee members to complete the evaluation form and submit their responses to Manager Gardner no later than 30 October 2020. The responses will be compiled and presented at the 23 November 2020 Audit Committee meeting.

### 8.2 Long Range Agenda (Draft Version)

CFO Carson noted that the long range agenda (LRA) contains items for the consideration of the Audit Committee for a future meeting. The document was drafted to align with the regulation.

CFO Carson and Trustee Fisher will review the LRA to consider the content of meetings and focus areas in the new year. Members of the committee will also have an opportunity to provide input into the planning of future meetings.



9. New Business

Trustee Fisher advised that the 23 November 2020 meeting would be the last meeting with external members Annik Blanchard and Erik Husband in attendance. Trustee Fisher noted the committee would welcome their feedback or reflection on any items or structural changes that could be focused on in the future.

10. Adjournment

The public meeting adjourned at 7:19 p.m.

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Mark Fisher, Chair, Audit Committee





*Report 20-074, 2019-2020 Annual Report on Internal Audit Activity* was approved by Audit Committee as its annual report to the Board summarizing the work performed by the regional internal audit team (RIAT) during 2019-2020 in accordance with *Ontario Regulation 361/10, Audit Committees*. The following information has been prepared based on the report.

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**District School Board Name:** Ottawa-Carleton District School Board

**Fiscal Year:** 2020

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

During the 2020 fiscal year, the following internal audits were started and/or completed by 31 August 2020:

1. **Attendance Support Review**  
As a consulting engagement, the objective of the review was to provide the District with an assessment of the processes used in its attendance support program as compared to leading practices and the practices used in other school boards of similar size. The review commenced during the previous school year and was completed in 2019-2020. The results of the review, which included opportunities to enhance processes, were shared with Audit Committee on 11 June 2020.
2. **Attendance Data Visualization**  
As a consulting engagement, the objective was to present the District's absenteeism data in a format that would enable management to interpret the data, form conclusions on usage and consider changes to improve staff attendance. The RIAT engaged Deloitte LLP to assist with the development of the model that focused on absences from September 2012 to August 2019. The results of the review were shared with Audit Committee on 11 June 2020.
3. **Follow-up Procedures on Past Audits**  
The RIAT customarily conducts follow-up procedures to ascertain the District's progress towards implementing changes in response to audit recommendations. The RIAT completed its update of follow-up procedures and provided a summary of outstanding recommendations. The update noted that a small number of recommendations remain outstanding. Further updates on the outstanding recommendations will be presented during 2020-2021.

Based on the internal audit plan, the District is not expecting an enrolment audit to be performed in the 2020 fiscal year.

**Approved by Audit Committee on 21 October 2020**

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Mark Fisher  
Audit Committee Chair





**AUDIT COMMITTEE**  
**Report No. 20-075**

**21 October 2020**

**Audit Committee Annual Report for 2019-2020**

**Key Contact: Michael Carson, Chief Financial Officer, (613) 596-8211 ext. 8881**

**PURPOSE:**

1. To seek approval of Report 20-075 as the 2019-2020 annual report of activities for submission to the Board in accordance with *Ontario Regulation 361/10, Audit Committees*.

**CONTEXT:**

2. *Ontario Regulation 361/10, Audit Committees* requires that a summary of work performed by the Audit Committee be provided to the Board. This report is in compliance with the requirement set out in the regulation and covers the period 01 September 2019 to 31 August 2020.

**KEY CONSIDERATIONS:**

3. The Audit Committee is integral to the District's corporate governance framework. Reporting to the Board, the Audit Committee works with District management to ensure that matters affecting financial, compliance and risk management activities are conducted appropriately. The Audit Committee meets this mandate by providing oversight in ensuring that management has implemented an appropriate system of internal control, by liaising with internal and external auditors, by discussing risks that may have a significant effect on the District's operational and financial resources, and by reviewing specific financial reports.

The work of the Audit Committee was significantly affected by the COVID-19 pandemic and the lockdown imposed by the provincial government in response to the public health emergency. The lockdown resulted in the closure of the District's schools effective 14 March 2020 and the cancellation of a number of scheduled meetings.

#### 4. **Audit Committee Governance**

Audit Committee is a statutory committee of the Board. It is established pursuant to *Ontario Regulation 361/10* and is supported by Board policy P.016.GOV. The regulations and policy stipulate various governance requirements including committee composition, maximum term of office for external members, the minimum number of meetings that must be held during the year and the role and responsibilities of the committee.

Five individuals serve on the Audit Committee. Prior to 01 December 2014, trustee members were appointed for terms commencing 01 December in each year as part of the Board's annual organizational meeting. The Board policy was updated and now allows for one trustee to be appointed for a two-year term while the others continue to serve one-year terms. In addition to trustee members, two external members are appointed for terms of up to three years.

The following table shows the names of committee members and meeting dates. As required by regulation, attendance at each meeting is also noted.

##### Committee Members for the Period 01 September 2019 to 30 November 2019

Trustees: Sandra Schwartz, Mark Fisher and Keith Penny

External Members: Annik Blanchard and Erik Husband

<u>Meeting Date</u>	<u>Attendance</u>
25 September 2019	All members present
25 November 2019	Sandra Schwartz, regrets

##### Committee Members for the Period 01 December 2019 to 31 August 2020

Trustees: Sandra Schwartz, Mark Fisher and Keith Penny

External Members: Annik Blanchard and Erik Husband

<u>Meeting Date</u>	<u>Attendance</u>
22 January 2020	Keith Penny, regrets
11 June 2020	All members present

Audit Committee met four times during the year. The work performed during the year is summarized below. The work has previously been communicated to the Board through the provision of meeting minutes which are included in Committee of the Whole agenda packages.

#### 5. **Review of Draft Financial Statements**

The *Education Act* requires that school boards prepare audited financial statements annually and make the statements available to the public. A primary responsibility of the Audit Committee is to review the draft consolidated financial statements and recommend them for Board approval.

Audit Committee reviewed the draft 2018-2019 Consolidated Financial Statements at its 25 November 2019 meeting and recommended that the

financial statements be approved. The statements were presented to, and subsequently, approved by the Board.

**6. Liaising with the External Auditor**

The external auditor met with the Audit Committee and provided an engagement letter and audit plan to ensure that members of the Audit Committee were aware of the purpose, extent and limitations relating to the audit of the 2018-2019 Consolidated Financial Statements. Audit Committee also discussed the draft 2018-2019 Consolidated Financial Statements both publicly and in-camera with the external auditor and reviewed observations and recommendations identified in the auditor's Audit Findings Report. The in-camera meeting included a session restricted to the external auditor and Audit Committee members.

At the September meeting, the Audit Committee reappointed KPMG LLP to audit the District's financial statements for both the 2020-2021 and 2021-2022 school years.

**7. Liaising with the Internal Auditor**

The regional internal audit team (RIAT) supports the Audit Committee by providing analyses, assessments, recommendations, and advice that contribute to the effectiveness of risk management, internal control, and governance processes. The RIAT is led by the RIAT manager who reports administratively to the senior business official of the host board (Ottawa Catholic School Board) and functionally to the audit committees in the region. The RIAT was present at all four Audit Committee meetings during the year.

The following work was completed during the year:

- attendance support review - as a consulting engagement, the objective of the review was to provide the District with an assessment of the processes used in its attendance support program as compared to leading practices and the practices used in other school boards of similar size. The review commenced during the previous school year and was completed in 2019-2020. The results of the review, which included opportunities to enhance processes, were shared with Audit Committee at the 11 June 2020 meeting;
- attendance data visualization - as a consulting engagement, the objective was to present the District's absenteeism data in a format that would enable management to interpret the data, form conclusions and consider changes to reduce staff absences. The RIAT engaged Deloitte LLP to assist with the development of the model. The results of the review were shared with Audit Committee at the 11 June 2020 meeting; and
- follow-up procedures - the RIAT customarily conducts follow-up procedures to ascertain the District's progress towards implementing changes in response to audit recommendations. The RIAT completed its update of follow-up procedures and provided a summary of outstanding recommendations as part of the information shared in Report 20-034, Regional Internal Audit Manager's Update. The update noted that a small

number of recommendations remain outstanding. Further updates on follow-up procedures will be presented during 2020-2021.

The RIAT manager also shared information on the internal audit mandate, the structure of the internal audit team and the findings of a review of the internal audit model as it currently exists.

In addition to discussing the audit findings and the need to ensure that audit plans are aligned with the District's strategic enterprise risk management (SERM) framework, Audit Committee provided the host board with an assessment of the work performed by the audit team in 2018-2019. Providing formal feedback to the internal audit team through a high-level performance evaluation contributes to continued improvement in the team's effectiveness. Feedback is also provided to the audit team during Audit Committee meetings.

Additional information on the work of the RIAT is provided in Report 20-074, 2019-2020 Annual Report on Internal Audit Activity. Staff continues to work with the RIAT to finalize the internal audit plan for 2020-2021.

#### 8. **Review of Financial Projections**

Monitoring actual performance against the Board's approved budget allows management to identify opportunities to reallocate resources to address emerging needs and to respond to changes in revenue streams and expense patterns.

Finance staff presented the 2019-2020 Revised Estimates to the Audit Committee at the 22 January 2020 meeting. The forecast showed a modest decrease in the projected deficit in comparison to that approved by the Board with the approval of the 2019-2020 Budget.

An updated forecast was presented at the 11 June 2020 meeting. The forecast identified anticipated changes in revenues and expenses as a result of the pandemic and it also included the impact of labour sanctions taken by unionized staff in support of the collective bargaining process. Additional provincial funding is expected to mitigate the effect of lower revenues from child care operations and staff anticipates a deficit that is smaller than originally budgeted.

Three forecasts are planned for the 2020-2021 year.

#### 9. **Risk Management**

The duties of the Audit Committee related to the District's risk management activities include inquiring about significant risks, reviewing the District's policies for risk assessment and risk management and ensuring there is adequate insurance to cover risks. Significant risks are brought to the attention of the Audit Committee through the Director of Education and Chief Financial Officer as well as in external and internal auditor reports. Audit Committee also receives a staff report annually on the District's insurance coverage and associated costs.

At the 25 September 2019 meeting, the Audit Committee received an update on the implementation of the District's SERM framework. As a reminder, the



framework being adopted aligns with the International Organization for Standardization (ISO) 31000 risk management guidelines and is customized for school boards under the leadership of the Council of Senior Business Officials (COSBO) and the Ontario School Boards' Insurance Exchange (OSBIE). The framework will enhance the District's strategic planning and operational processes by developing an organizational culture that considers both risk exposure and risk tolerance as a fundamental aspect in decision making.

Phase 1 of the SERM initiative was a readiness assessment which assessed elements of governance, leadership and principles for applying the SERM framework. Phase 2, which focused on the development of a toolkit to be used for SERM integration planning and execution, progressed during the year. Phase 3 will focus on operationalizing the plan in alignment with the 2019-2023 Strategic Plan.

A further update on SERM was provided at the 11 June 2020 meeting. This included the status of the work on the project. As part of the update, there was a comprehensive review of the challenges presented by the pandemic and discussion of the District's responses. The SERM toolkit was used in managing the District's response to the pandemic.

Updates on the SERM project will be provided to Audit Committee on a regular basis in the coming year. Importantly, staff will be seeking the Audit Committee's input for the development, finalization and approval of the Board's draft risk management policy.

#### 10. **Regulatory Compliance**

The Audit Committee is responsible to ensure that appropriate processes and controls are in place so that the District is in compliance with regulations and to monitor and correct instances of non-compliance. A report is provided annually to the Audit Committee on the key statutes and regulations governing the District, the associated substantial compliance or areas of partial or non-compliance, and the plan for becoming fully compliant. The report was presented at the 22 January 2020 meeting, but regulatory compliance is always a consideration in many of the discussions.

#### 11. **Information Technology**

A reliance on the information technology network is integral to the District's business and learning activities. A number of issues were discussed at Audit Committee during the year including:

- the planned conversion of the student management system;
- changes to the Business and Learning Technologies department's organizational structure;
- the approach to managing network and application security;
- the deployment of technology to assist with remote learning and working arrangements in response to the pandemic; and
- a review of Policy P.074.IT Computer Network Security.

## 12. **Oversight of Internal Controls and Regulatory Compliance Reporting**

Audit Committee recognizes that a system of internal control is essential to managing risk and to ensuring the provision of quality financial information. Audit Committee's oversight of internal controls included receiving formal presentations and having discussions on key areas including:

- responsibilities of Audit Committee and the role of the internal auditor;
- information technology and information security;
- adherence to purchasing policies and procedures including the effect of new trade treaties and the impact of the Government of Ontario's centralized procurement initiative;
- insurance coverage and business continuity considerations; and
- incidents that may result in significant financial and reputational risk.

## 13. **Mandatory Audit Committee Reports**

*Ontario Regulation 361/10* requires that the Audit Committee provide the Board with a summary of its activities for the previous fiscal year. A separate report summarizing the work of the RIAT during the previous fiscal year must also be provided to the Board and shared with the Ministry of Education.

In September 2019, Audit Committee approved the mandatory reports for 2018-2019 and the report summarizing the work of the RIAT was submitted to the Ministry.

## 14. **Summary**

Audit Committee performs work that contributes to the District's successful corporate governance framework. The work performed by the Audit Committee during 2019-2020 continues to enhance the District's internal control, risk management, and financial reporting processes.

## **RESOURCE IMPLICATIONS:**

15. Approval of the report has no financial impact.

## **COMMUNICATION/CONSULTATION ISSUES:**

16. The report was prepared by Finance staff. No consultation was required.

## **STRATEGIC LINKS:**

17. Aligned with the culture of social responsibility identified in the Board's 2019-2023 Strategic Plan, an effectively functioning Audit Committee and approach to risk management is a key component in the Board's efforts to allocate resources in a sustainable manner. Audit Committee works with District management to ensure that matters affecting financial, compliance and risk management activities are conducted efficiently and that an appropriate system of internal control exists.



**RECOMMENDATION:**

THAT Report 20-075 be approved as the Audit Committee Annual Report to the Board for 2019-2020.

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Michael Carson  
Chief Financial Officer

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Camille Williams-Taylor  
Director of Education and  
Secretary of the Board



## Appendix 1 - 2020-21 RIAT Plan – Ottawa-Carleton DSB

Status	Audit & Scope	Schedule
Continuation	<p><b>Cyber Security Review</b></p> <p>This engagement is in alignment with the board’s Strategic Enterprise Risk Management (SERM) Corporate Risk Profile which identified risks and opportunities under “Culture of Innovation”. More specifically to “identify and effectively respond to network security threats”.</p> <p>This engagement also aligns with the Region-Wide Strategic Risk Assessment which identified Cybersecurity as both a risk and an opportunity to promote the School Boards ability to safeguard IT systems to protect information and avoid service disruption.</p> <p>An in-person/virtual workshop with all Ontario East School Boards Information Technology leads, took place October 8<sup>th</sup> &amp; 9<sup>th</sup>.</p> <p>The goal of the workshop was to identify business drivers and critical assets, and perform an IT risk assessment.</p> <p>The output is a matrix that will provide the school board with a priority list of top framework content to implement.</p>	October 8 <sup>th</sup> & 9 <sup>th</sup> , 2020
Cyclical	<p><b>Follow-up Procedures</b></p> <p>This is a recurring item on RIAT’s annual plan.</p> <p>RIAT continues to follow-up on the remaining recommendation, as they come due.</p>	Ongoing
As needed	<p><b>Management Request Engagement</b></p> <p>To cover any important items that may be required during the school year.</p>	If Requested



New	<p><b>Covid Response Review</b></p> <p>Purpose:</p> <p>Reflect on response to Covid to-date and integrate the lessons learned to improve the emergency preparedness / crisis management process.</p> <p>It is a way to collectively learn quickly from an event and integrate improvements to generate better outcomes in the short, medium and long term.</p> <p>Utilize real-time improvements to response planning, processes and workflows.</p> <p>Timing</p> <p>It can be done at any point in time and implemented as readily as needed.</p> <p>Can be done in as little as a week up to a month, depending on Management's availability and ability to provide documentation in a timely manner.</p> <p>Methodology:</p> <ul style="list-style-type: none"> <li>• Kick-off meeting:             <ul style="list-style-type: none"> <li>○ Define objectives</li> <li>○ List documentation that should be available</li> <li>○ Determine survey participants and workshop attendees</li> </ul> </li> <li>• Gather relevant documentation relevant to the Covid 19 response (minutes, charts, communications).</li> <li>• Survey staff involved in response planning and implementation</li> <li>• Workshop (2h) with Board leaders to ID the following in regards to the plan:             <ul style="list-style-type: none"> <li>○ Preparation</li> <li>○ Response</li> <li>○ Activation</li> </ul> </li> <li>• Reports with recommendations/action plan prioritized</li> </ul> <p>Background</p> <ul style="list-style-type: none"> <li>○ Pilot for region-wide engagement.</li> <li>○ Co-sourced with MNP for OCDSB</li> <li>○ Ability to benchmark with comparable tier DSB as working with other regions</li> </ul>	TBD
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New	<p><b>Educational Assistant Deployment Engagement</b></p> <p>This engagement is in alignment with the board's Strategic Enterprise Risk Management (SERM) Corporate Risk Profile which identified staff well-being, under Culture of Caring, as one of the top threats in the portfolio.</p> <p>This engagement also aligns with the Region-Wide Strategic Risk Assessment which identified student and staff health and safety as a priority. More specifically, the presence of appropriate controls and capabilities to best ensure student and staff well being and safety.</p> <p>The scope is to provide Management with a current assessment of the deployment of Educational Assistants and challenges faced relating to an increase in student aggression and challenging behaviours.</p>	TBD
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**AUDIT COMMITTEE**  
**Report No. 20-092**

**23 November 2020**

**Draft 2019-2020 Consolidated Financial Statements**

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

**PURPOSE:**

1. To seek approval of the draft 2019-2020 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. The Ministry of Education requires school districts to budget and report on a slightly different basis of accounting than that presented in the consolidated financial statements. This basis is referred to as “compliance” meaning in accordance with regulations which govern how certain funding must be used and that limit the use of accumulated surplus to support a deficit.

The compliance results are summarized in Section 5 and are expanded upon in Report 20-093, Analysis of the District’s 2019-2020 Financial Results.

**KEY CONSIDERATIONS:**

3. The draft 2019-2020 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 65%.

On a consolidated basis, the 2019-2020 actual results showed expenses of \$959.6 million, revenues totaling \$970.8 million and a surplus of \$11.2 million. Table 1 compares the consolidated results and the consolidated budget. As can be seen in the table, there was a net increase in the surplus relative to the consolidated budget.

Table 1 – Comparison of Consolidated Results and Consolidated Budget

	Actual	Consolidated Budget	Change Increase (decrease)	Change (decrease)
		\$	\$	%
Revenues	970,788,300	996,204,900	(25,416,600)	(2.6)
Expenses	959,600,300	995,292,600	(35,692,300)	(3.6)
Surplus	11,188,000	912,300	10,275,700	

#### 4. **Accumulated Surplus**

Note 8 to the draft consolidated financial statements 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; 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 \$118.8 million.

Table 2 – Summary of Note 8 – Consolidated Accumulated Surplus

	Actual as at 31 Aug 2020	Actual as at 31 Aug 2019	Change increase (decrease)
	\$	\$	\$
<u>Available for compliance</u>			
Restricted-committed capital	7,950,700	2,742,400	5,208,300
Internally appropriated			
Extended Day Program	677,700	2,073,400	(1,395,700)
Budgets carried forward	3,938,100	1,656,100	2,282,000
Business systems	2,000,000	2,000,000	-
Contingencies	17,200,000	17,200,000	-
Unappropriated	8,005,800	16,709,900	(8,704,100)
	39,772,300	42,381,800	(2,609,500)
<u>Unavailable for compliance</u>			
OCENET	5,422,800	4,255,000	1,167,800
School generated funds	10,839,400	9,555,600	1,283,800
Employee future benefits	(31,809,900)	(39,804,300)	7,994,400
Revenue recognized for land	94,542,700	91,191,200	3,351,500
	78,995,000	65,197,500	13,797,500
Total accumulated surplus	118,767,300	107,579,300	11,188,000

As shown in the summary, the accumulated surplus available for compliance at the end of 2019-2020 was \$39.8 million. Of this amount, \$8.0 million 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:

- \$677,700 is the accumulated surplus established through the activities of the Extended Day and the Infant, Toddler and Preschool Child Care programs to be used to offset adverse budget shortfalls incurred by the programs;
- \$3.9 million has been identified as a budget carryforward and will be used to support school, department and trustee costs to be incurred in 2020-2021. These are itemized in Section 5;
- \$2.0 million has been set aside for the renewal of the District's business management systems which includes the student management, finance and human resources/payroll systems; and
- \$17.2 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 \$8.0 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 \$110.8 million. The District's unfunded liability relating to employee future benefits (EFB) was \$31.8 million. When combined, these amounts result in an externally appropriated (or restricted) net deficit of \$79.0 million. Additional detail on each component is provided in the sections that follow.

## 5. **Ottawa-Carleton District Results**

The District's 2019-2020 actual results on a non-consolidated (compliance) basis showed expenses of \$954.0 million, revenues of \$951.4 million and a deficit of \$2.6 million.

The approval of the draft 2019-2020 Consolidated Financial Statements includes the provision that certain unspent budgets be carried forward for use in 2020-2021. 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 2019-2020 and 2018-2019.

Table 3 – Budgets Carried Forward

	2019-2020	2018-2019	Increase (Decrease)
	\$	\$	\$
French immersion arts programs	290,800	165,300	125,500
Music repairs and consumables	283,400	167,900	115,500
Net school operating budgets	3,211,100	1,293,700	1,917,400
Department operating budgets	145,000	17,000	128,000
Trustees	7,800	12,200	(4,400)
	3,938,100	1,656,100	2,282,000

Changes in revenues and expenses since the approval of the District's 2019-2020 Budget are expanded upon in Report 20-093, Analysis of the District's 2019-2020 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 2019-2020 resulted in an operating surplus of \$1.2 million. The accumulated surplus at the end of the year is \$5.4 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 2019-2020, SGF activities resulted in an operating surplus of \$1.3 million. The surplus increased the related accumulated surplus to \$10.8 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 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

(EARS�) 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 2020 is \$31.6 million. The remaining amortization period is four 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 EARS� of eligible employees. The annual amortization is \$83,700 and the unamortized balance as at 31 August 2020 is \$167,400. The remaining amortization period is two 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 \$31.8 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 2019-2020, EDC revenue of \$9.2 million was collected bringing total EDC deferred revenue available during the year to \$12.1 million. Of the deferred revenue, \$3.4 million was used to acquire land during the year. The balance in the deferred revenue account is \$8.7 million.

As at 31 August 2020, EDC revenue of \$94.5 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 2019-2020 Consolidated Financial Statements.

The opinion expressed in the Independent Auditors' Report is without qualification and states "In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2020, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the 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 was 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. Aligned with the 2019-2023 Strategic Plan's pillar of developing a culture of social responsibility, 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 2019-2020 Consolidated Financial Statements attached as Appendix A to Report 20-092 be approved.

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Mike Carson  
Chief Financial Officer

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Camille Williams-Taylor  
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, 2020 (Draft)

Appendix A  
to Report 20-092

Consolidated Financial Statements of

**OTTAWA-CARLETON  
DISTRICT SCHOOL BOARD**

and Independent Auditors' Report thereon

Year ended August 31, 2020

DRAFT

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Consolidated Financial Statements

Year ended August 31, 2020

## Management Report

## Independent Auditors' Report

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## 2019-2020 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.

Camille Williams-Taylor

Michael Carson, CPA, CA

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Director of Education/Secretary of the Board

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Chief Financial Officer

(date)

## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the consolidated financial statements of the Ottawa-Carleton District School Board (the "Entity"), which comprise:

- the consolidated statement of financial position as at August 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2020, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with the basis of accounting described in note 1(a) to the financial statements.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### ***Emphasis of Matter – Basis of Presentation***

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

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

(date)

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

## Consolidated Statement of Financial Position

August 31, 2020, with comparative information for 2019

	2020	2019
Financial assets:		
Cash	\$ 99,941,013	\$ 79,498,431
Accounts receivable:		
Government of Ontario - approved capital funding (note 2)	110,810,153	133,582,854
Municipality (note 2)	113,557,425	37,506,852
Other	24,483,688	23,487,145
Total financial assets	348,792,279	274,075,282
Financial liabilities:		
Accounts payable and accrued liabilities	163,287,573	87,192,830
Other accounts payable (note 5c)	8,672,629	5,394,738
Net long-term liabilities (note 3)	90,603,438	95,211,608
Deferred revenue (note 4)	37,901,192	30,838,177
Employee future benefits liability (note 5)	45,664,864	49,452,692
Deferred capital contributions (note 6)	758,093,539	756,079,749
Total financial liabilities	1,104,223,235	1,024,169,794
Net debt	(755,430,956)	(750,094,512)
Non-financial assets:		
Prepaid expenses	12,085,934	6,408,984
Inventories of supplies	1,525,381	1,251,545
Tangible capital assets (note 7)	860,586,944	850,013,323
Total non-financial assets	874,198,259	857,673,852
Commitments and contingent liabilities (note 9)		
Impact of Coronavirus COVID-19 pandemic (note 15)		
Accumulated surplus (note 8)	\$ 118,767,303	\$ 107,579,340

See accompanying notes to consolidated financial statements.

Camille Williams-Taylor  
Director of Education/Secretary of the Board

Lynn Scott  
Chair of the Board

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

## Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2020, with comparative information for 2019

	2020 Budget	2020 Total	2019 Total
Revenue:			
Provincial grants:			
Grants for student needs (note 10)	\$ 848,993,087	\$ 847,697,668	\$ 863,714,172
Program specific	7,390,243	6,682,886	8,799,848
Ontario Youth Apprenticeship Program	330,175	319,789	319,789
Amortization of deferred capital contributions	61,757,118	50,724,146	49,672,200
Federal grants and fees	2,486,646	2,304,552	2,378,950
Other school boards	615,835	701,829	670,733
Other fees and revenue	50,590,825	44,973,780	60,591,597
Interest income	1,000,000	1,347,096	1,624,472
School-funded activities	23,041,000	16,036,514	24,309,360
	996,204,929	970,788,260	1,012,081,121
Expenses (note 11):			
Instruction	721,966,449	713,227,697	714,681,578
School operations and maintenance	153,582,510	143,442,689	150,856,563
Transportation (note 14)	46,044,956	40,159,052	41,868,519
Administration	21,149,763	21,989,402	20,237,048
Other	29,507,952	27,196,603	31,307,425
School-funded activities	23,041,000	13,584,854	23,254,348
	995,292,630	959,600,297	982,205,481
Annual surplus	912,299	11,187,963	29,875,640
Accumulated surplus, beginning of year	108,124,167	107,579,340	77,703,700
Accumulated surplus, end of year (note 8)	\$ 109,036,466	\$ 118,767,303	\$ 107,579,340

See accompanying notes to consolidated financial statements.

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

## Consolidated Statement of Change in Net Debt

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 11,187,963	\$ 29,875,640
Tangible capital assets (note 7):		
Acquisition of tangible capital assets	(61,598,622)	(105,754,042)
Amortization of tangible capital assets	51,025,001	49,781,798
	(10,573,621)	(55,972,244)
Non-financial assets:		
Acquisition of inventories of supplies	(761,671)	(719,487)
Acquisition of prepaid expenses	(24,670,523)	(10,531,065)
Consumption of inventories of supplies	487,835	642,358
Use of prepaid expenses	18,993,573	10,695,015
	(5,950,786)	86,821
Increase in net debt	(5,336,444)	(26,009,783)
Net debt, beginning of year	(750,094,512)	(724,084,729)
Net debt, end of year	\$ (755,430,956)	\$ (750,094,512)

See accompanying notes to consolidated financial statements.

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Operating transactions:		
Annual surplus	\$ 11,187,963	\$ 29,875,640
Items not involving cash:		
Amortization of tangible capital assets	51,025,001	49,781,798
Amortization of deferred capital contributions	(50,724,146)	(49,672,200)
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(77,047,116)	5,804,966
Increase in accounts payable and accrued liabilities	76,094,743	7,440,507
Increase (decrease) in other accounts payable	3,277,891	(1,844,284)
Increase (decrease) in deferred revenue	7,063,015	(7,072,077)
Decrease in employee future benefits liability	(3,787,828)	(5,614,948)
Decrease (increase) in prepaid expenses	(5,676,950)	163,950
Increase in inventories of supplies	(273,836)	(77,129)
Cash applied to operating transactions	11,138,737	28,786,223
Capital transactions:		
Acquisition of tangible capital assets	(61,598,622)	(105,754,042)
Financing transactions:		
Principal repayments of net long-term liabilities	(4,608,170)	(36,866,567)
Decrease in accounts receivable -		
Government of Ontario approved capital funding	22,772,701	42,291,530
Additions to deferred capital contributions	52,737,936	90,060,074
Cash applied to financing transactions	70,902,467	95,485,037
Increase in cash	20,442,582	18,517,218
Cash, beginning of year	79,498,431	60,981,213
Cash, end of year	\$ 99,941,013	\$ 79,498,431

See accompanying notes to consolidated financial statements.



# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2020

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### 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, 2020

## 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 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, 2020

## 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, 2020

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## 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. 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, 2020

## 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.

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

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## 1. Significant accounting policies (continued):

### (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. As required by Regulation 395/11, government transfers for the purchase or development of tangible capital assets are recorded as deferred capital contributions and recognized as revenue in the consolidated statement of operations and accumulated surplus at the same rate and over the same periods as the asset is amortized.

### (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 Board of Trustees ("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 2019-2020 was approved on June 10, 2019, 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.

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

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## 1. Significant accounting policies (continued):

### (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.

## 2. Accounts receivable:

### (a) 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 \$110,810,153 (2019 - \$133,582,854) as at August 31, 2020 with respect to capital grants.

### (b) Municipality:

Due to the response to COVID-19, the Province extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$74,559,812 (2019 - \$Nil) and has been included in accounts receivable on the consolidated statement of financial position. This amount will be recovered fully by the Board in the following school year.

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

## 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:

	2020	2019
Ontario Financing Authority capital debenture debt:		
bearing interest at a rate of 4.56% per annum (1 <sup>st</sup> issue), maturity date November 17, 2031	\$ 28,724,550	\$ 30,588,155
bearing interest at a rate of 4.90% per annum (2 <sup>nd</sup> issue), maturity date March 31, 2033	10,240,484	10,804,574
bearing interest at a rate of 5.06% per annum (3 <sup>rd</sup> issue), maturity date March 31, 2034	7,327,413	7,686,225
bearing interest at a rate of 5.232% per annum (4 <sup>th</sup> issue), maturity date April 13, 2035	14,198,670	14,814,978
bearing interest at a rate of 4.833% per annum (5 <sup>th</sup> issue), maturity date March 11, 2036	5,364,720	5,586,366
bearing interest at a rate of 3.97% per annum (6 <sup>th</sup> issue), maturity date November 17, 2036	557,251	580,781
bearing interest at a rate of 3.564% per annum (7 <sup>th</sup> issue), maturity date March 9, 2037	10,112,903	10,545,664
bearing interest at a rate of 3.799% per annum (8 <sup>th</sup> issue), maturity date March 19, 2038	9,809,265	10,187,872
bearing interest at a rate of 4.003% per annum (9 <sup>th</sup> issue), maturity date March 11, 2039	3,816,694	3,950,527
bearing interest at a rate of 3.242% per annum (10 <sup>th</sup> issue), maturity date March 15, 2041	451,488	466,466
	<b>\$ 90,603,438</b>	<b>\$ 95,211,608</b>



# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

## 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
2020-2021	\$ 4,820,925	\$ 4,052,899	\$ 8,873,824
2021-2022	5,043,624	3,830,200	8,873,824
2022-2023	5,276,739	3,597,085	8,873,824
2023-2024	5,520,762	3,353,062	8,873,824
2024-2025	5,776,209	3,097,615	8,873,824
Thereafter	64,165,179	15,439,824	79,605,003
	\$ 90,603,438	\$ 33,370,685	\$ 123,974,123

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

	2020	2019
Principal payments	\$ 4,608,170	\$ 36,866,567
Interest payments	4,265,653	5,979,281
	\$ 8,873,823	\$ 42,845,848

### (b) 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, 2020 (2019 - \$Nil) and, accordingly, no liability is reported.

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

## 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:

	2020	2019
By legislation, regulation or agreement:		
Proceeds of disposition - school buildings	\$ 1,603,414	\$ 1,578,342
Amounts restricted by external funders	36,297,778	29,259,835
	<u>\$ 37,901,192</u>	<u>\$ 30,838,177</u>
Balance, beginning of year	\$ 30,838,177	\$ 37,910,254
Amounts received during the year (note 4(b))	46,834,624	46,393,163
Amounts recognized as revenue or transferred to deferred capital contributions	(39,771,609)	(53,465,240)
Balance, end of year	<u>\$ 37,901,192</u>	<u>\$ 30,838,177</u>

### (a) Proceeds of disposition - school buildings:

The proceeds of disposition deferred revenue balance consists 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:

	2020	2019
School renewal	\$ 14,587,471	\$ 14,533,875
Temporary accommodations	859,131	840,000
Special education	2,660,030	2,630,535
Grants from other provincial ministries	2,456,555	2,606,582
Other various Ministry of Education	11,737,913	15,587,122
Education development charges	9,245,262	6,625,823
School generated funds, OCENET and other	5,263,190	3,535,557
Proceeds of disposition	25,072	33,669
Total	<u>\$ 46,834,624</u>	<u>\$ 46,393,163</u>

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

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## 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, 2020, the Board contributed \$12,586,054 (2019 - \$12,437,472) 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, 2019, based on the actuarial valuation of the pension benefit obligation resulting in the plan being 97% funded (2019 - 96% 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, 2020

## 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 4½ 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 \$572,184 (2019 - \$537,809).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as at August 31, 2020. 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, 2020.

#### (iii) Long-term disability life insurance:

Prior to 2019, the Board provided group life insurance benefits to employees on long-term disability leave that were not yet members of an ELHT. The premiums were waived for the employee and the Board. The costs were reflected in the experience of the plan. The Board provided these benefits through an unfunded defined benefit plan. Commencing 2019, all employees were members of an ELHT and, accordingly the Board did not incur costs during the year. 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, 2020

## 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, 2020. The actuarial valuation was based on assumptions about future events.

During 2018, 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 was reported as an unamortized actuarial loss which is being recognized over the remaining service life of employees eligible for a gratuity payment.

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

	2020	2019
Discount rate	1.45% per annum	2.00% 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	2020 Total employee future benefits	2019 Total employee future benefits
Accrued employee future benefit obligations at August 31	\$ 55,111,031	\$ 594,477	\$ 55,705,508	\$ 58,388,032
Unamortized actuarial gains (losses) at August 31	(8,583,916)	2,548	(8,581,368)	(7,007,987)
	46,527,115	597,025	47,124,140	51,380,045
Current portion of retirement gratuities included in other accounts payable	(1,459,276)	—	(1,459,276)	(1,927,353)
Employee future benefits liability at August 31	\$ 45,067,839	\$ 597,025	\$ 45,664,864	\$ 49,452,692

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

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

(c) Accrued benefit liability (continued):

		Retirement gratuities	Other employee future benefits	2020 Total employee future benefits	2019 Total employee future benefits
Current year benefit cost	\$	429,203	\$ 573,584	\$ 1,002,787	\$ 581,972
Interest on accrued benefit obligation		1,102,000	475	1,102,475	1,675,484
Benefits paid		(5,818,330)	(542,837)	(6,361,167)	(7,903,528)
Change in employee future benefits liability	\$	(4,287,127)	\$ 31,222	\$ (4,255,905)	\$ (5,646,072)

## 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.

	2020	2019
Opening balance, September 1	\$ 756,079,749	\$ 715,691,875
Additions to deferred capital contributions	52,737,936	90,060,074
Amortization of deferred capital contributions	(50,724,146)	(49,672,200)
Closing balance, August 31	\$ 758,093,539	\$ 756,079,749

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

## 7. Tangible capital assets:

Cost	Balance at August 31, 2019	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2020
Land	\$ 91,191,203	\$ 3,351,516	\$ —	\$ 94,542,719
Land improvements	28,349,580	2,472,900	—	30,822,480
Buildings	1,170,434,545	30,831,602	—	1,201,266,147
Portable structures	19,142,563	5,386,152	—	24,528,715
First-time equipping of schools	11,111,002	241,157	(1,661,137)	9,691,022
Furniture	1,104,825	413,889	—	1,518,714
Equipment	11,260,657	298,181	(33,408)	11,525,430
Computer hardware	10,698,929	5,561,853	(1,645,613)	14,615,169
Computer software	6,123,942	582,474	(133,830)	6,572,586
Vehicles	1,464,200	585,985	(495,593)	1,554,592
Leasehold improvements	146,394	—	—	146,394
Construction-in-progress	9,474,754	11,872,913	—	21,347,667
<b>Total</b>	<b>\$ 1,360,502,594</b>	<b>\$ 61,598,622</b>	<b>\$ (3,969,581)</b>	<b>\$ 1,418,131,635</b>

Accumulated amortization	Balance at August 31, 2019	Amortization	Disposals write-offs and adjustments	Balance at August 31, 2020
Land improvements	\$ 15,807,006	\$ 2,964,888	\$ —	\$ 18,771,894
Buildings	471,616,984	41,052,627	—	512,669,611
Portable structures	6,209,560	553,868	—	6,763,428
First-time equipping of schools	6,307,483	1,040,105	(1,661,137)	5,686,451
Furniture	407,211	131,177	—	538,388
Equipment	4,522,632	1,189,163	(33,408)	5,678,387
Computer hardware	3,815,758	2,531,410	(1,645,613)	4,701,555
Computer software	881,616	1,269,653	(133,830)	2,017,439
Vehicles	842,110	282,196	(495,593)	628,713
Leasehold improvements	78,911	9,914	—	88,825
<b>Total</b>	<b>\$ 510,489,271</b>	<b>\$ 51,025,001</b>	<b>\$ (3,969,581)</b>	<b>\$ 557,544,691</b>

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

## 7. Tangible capital assets (continued):

	Net book value August 31, 2020	Net book value August 31, 2019
Land	\$ 94,542,719	\$ 91,191,203
Land improvements	12,050,586	12,542,574
Buildings	688,596,536	698,817,561
Portable structures	17,765,287	12,933,003
First-time equipping of schools	4,004,571	4,803,519
Furniture	980,326	697,614
Equipment	5,847,043	6,738,025
Computer hardware	9,913,614	6,883,171
Computer software	4,555,147	5,242,326
Vehicles	925,879	622,090
Leasehold improvements	57,569	67,483
Construction-in-progress	21,347,667	9,474,754
<b>Total</b>	<b>\$ 860,586,944</b>	<b>\$ 850,013,323</b>

## 8. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
<b>Available for compliance - unappropriated</b>		
Operating accumulated surplus	\$ 8,005,802	\$ 16,709,964
<b>Available for compliance - internally appropriated by Board:</b>		
Provision for contingencies	12,200,000	12,200,000
Employee future benefits	5,000,000	5,000,000
Computer systems replacement	2,000,000	2,000,000
School budget carry-forwards	3,211,112	1,293,664
Department budget carry-forwards	726,995	362,481
Extended Day and Child Care Programs	677,710	2,073,376
Committed capital projects	7,950,687	2,742,372
<b>Total internally appropriated</b>	<b>31,766,504</b>	<b>25,671,893</b>
<b>Total accumulated surplus available for compliance</b>	<b>39,772,306</b>	<b>42,381,857</b>
<b>Unavailable for compliance:</b>		
OCENET	5,422,801	4,254,996
School generated funds	10,839,426	9,555,571
Employee future benefits (note 5)	(31,809,949)	(39,804,287)
Revenue recognized for land	94,542,719	91,191,203
<b>Total externally appropriated</b>	<b>78,994,997</b>	<b>65,197,483</b>
<b>Total accumulated surplus</b>	<b>\$ 118,767,303</b>	<b>\$ 107,579,340</b>



# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

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## 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, 2020

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## 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; however, a liability of \$4,500,000 (2019 - \$4,500,000) has been reported in response to a number of specific sexual assault claims. 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 \$5,607,016 (2019 - \$6,031,845) were issued on behalf of the Board as required by the City of Ottawa for ongoing school construction projects.

### (c) Contractual obligations:

The Board has a total of \$51,638,237 (2019 - \$28,819,338) 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.

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

## 9. Commitments and contingent liabilities (continued):

### (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-seven 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:

	2020	2019
Local property taxation	\$ 299,774,574	\$ 300,678,601
Ministry of Education direct funding	547,923,094	563,035,571
	<b>\$ 847,697,668</b>	<b>\$ 863,714,172</b>

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

## 11. Expenses by object:

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

	2020 Budget	2020 Actual	2019 Actual
Salary and wages	\$ 666,377,187	\$ 664,193,521	\$ 665,739,008
Employee benefits	115,741,567	117,125,567	115,492,768
Total salary and benefits	782,118,754	781,319,088	781,231,776
Staff development	2,413,597	1,608,924	1,338,797
Supplies and services	42,769,722	32,460,603	36,747,646
Utilities	16,538,396	16,585,117	17,527,832
Rentals/leases	1,453,190	916,724	2,012,042
Fees/contracts/provincial schools	19,942,846	21,936,175	22,790,081
Transportation contracts	44,340,486	38,423,380	40,268,933
Other	4,571,444	5,469,117	9,267,286
Interest on debt	4,265,653	4,265,653	5,979,281
Amortization of tangible capital assets	61,831,883	51,025,001	49,781,798
School-funded activities	23,041,000	13,584,854	23,254,348
Subtotal other operating expenses	221,168,217	186,275,548	208,968,044
Decrease in employee future benefits	(7,994,341)	(7,994,339)	(7,994,339)
Total expenses	\$ 995,292,630	\$ 959,600,297	\$ 982,205,481

## 12. School council activities:

The cash balance on the consolidated statement of financial position includes \$2,128,220 (2019 - \$1,800,897) 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 \$2,708,378 (2019 - \$3,629,156) and \$2,381,055 (2019 - \$3,600,873) of school council activities.

## 13. Trust funds:

Trust funds administered by the Board amounting to \$3,198,686 (2019 - \$3,174,146) 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, 2020

## 14. Ottawa Student Transportation Authority:

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

- (a) The Board had expenditures of \$40,159,052 (2019 - \$41,868,519) for student transportation services of OCDSB students in the year.
- (b) The Board has a payable to OSTA of \$19,451 (2019 - \$556,549) for student transportation services.
- (c) The Board has a receivable from OSTA of \$363,037 (2019 - \$110,589).

OSTA's assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2020 are as follows:

	2020	2019
Financial assets	\$ 7,895,204	\$ 2,799,240
Financial liabilities	(8,104,932)	(2,986,086)
Net debt	(209,728)	(186,846)
Non-financial assets	209,728	186,846
Accumulated surplus	\$ —	\$ —
	2020	2019
Revenue	\$ 61,801,022	\$ 64,586,411
Expenses	(61,801,022)	(64,586,411)
Annual deficit	\$ —	\$ —

# OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

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## 15. Impact of Coronavirus COVID-19 pandemic:

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") a global pandemic. This resulted in the Province mandating that all Boards close their schools and administrative buildings on March 13, 2020 and moving to online/learn-from-home education format for the remainder of the 2019-2020 school year based on recommendations from Public Health Ontario. For the 2020-2021 school year the schools reopened to students, effective September 2020, with enhanced public health protocols, or the option to continue with online education and at-home distance learning. The Board continues to monitor the situation and plan for potential changes during the fiscal 2021 school year and beyond.

As a result of the pandemic, the Board may experience increased risk exposure in several areas. This includes an increased credit risk exposure on accounts receivable where the risk of default on contractual obligations may increase.

The Board is actively monitoring cash flow forecasts and budget. As detailed in note 3 and 7, to mitigate the financial impact of the deferral on the education property tax to school boards, the Ministry of Education adjusted its cash flow schedule to help offset the deferral through an increased School Board Operating Grant in June 2020.

Subsequent to year-end, the Board received personal protective equipment (PPE) and cleaning supplies from the Ministry of Education for all teachers, other school board staff. The cost recovery model for PPE received from the Ministry of Education has not yet been formally communicated to School Boards.

As at August 31, 2020, the Board did not have significant adjustments to reflect the possible future impact of COVID-19. Management assessed the impact on the Board and believes there are no significant financial issues as the Board has strong working capital available and access to sufficient liquid resources to sustain operations in the coming year. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.



## AUDIT COMMITTEE Report No. 20-093

23 November 2020

### Analysis of the District's 2019-2020 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 2020.

#### CONTEXT:

2. The District's financial results significantly contribute to those reported in the draft 2019-2020 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:

3. In June 2019, the Board approved the 2019-2020 Budget authorizing expenses totaling \$980.2 million. Funding of the expenses was provided through grants and other revenues totaling \$971.8 million. This resulted in a planned deficit of \$8.4 million.

The District's 2019-2020 financial results shows expenses of \$954.0 million, revenues of \$951.4 million and a deficit of \$2.6 million. Table 1 compares the deficit with the amount originally budgeted.

Table 1 – Comparison of Actual Results and Approved Budget

	Actual	Budget	Change	Change
	\$	\$	\$	%
Revenues	951,400,300	971,802,500	(20,402,200)	(2.1)
Expenses	954,009,800	980,246,000	(26,236,200)	(2.7)
Deficit	(2,609,500)	(8,443,500)	5,834,000	

Changes to revenues and expenses since the approval of the 2019-2020 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 – Priorities and Partnerships Fund and Other Deferred Revenues.

#### 4. **Centrally Negotiated Collective Agreements**

All teachers, and most administrative and support staff, are represented by either the Elementary Teachers' Federation of Ontario (ETFO) or the Ontario Secondary School Teachers' Federation (OSSTF). The collective agreements for staff represented by these unions expired on 31 August 2019. Accordingly, the collective bargaining process figured prominently during the 2019-2020 school year.

As a reminder, central negotiations are carried out by the provincial representatives of the employee (unions) and the employer (the Ontario Public School Boards' Association (OPSBA) represents the OCDSB). The government, through the Ministry of Education, also participates. Decisions about which items are negotiated locally or centrally are determined by the central table. Those items not considered "central" are then handled at a local level. Compensation was a central item.

Although the negotiation process resulted in the year being punctuated by strike action that included lost instructional days, the parties ultimately negotiated collective agreements which were centrally ratified during the year. Significant to the 2019-2020 financial reporting process was the provision in each agreement for a 1% wage increase retroactive to 1 September 2019. The wage increase was also given to the District's non-unionized staff.

The financial results reported on Appendix B include savings of \$16.6 million that resulted from strike days for which staff were not paid and the increased costs of \$6.3 million to reflect the accrued effect of the retroactive wage settlement.

The Ministry also adjusted the 2019-2020 salary benchmarks by 1% to provide the funding needed for the wage increase. The higher benchmarks are reflected throughout the Grants for Student Needs (GSNs) and the additional funding approximates the \$6.3 million in increased costs.

#### 5. **Enrolment and Grants**

GSNs are affected by changes in enrolment, student demographics and funding benchmark adjustments.

The 2019-2020 Budget was developed using enrolment estimates established in early 2019. Average daily enrolment (ADE) levels have a direct impact on funding and also affect related instructional expenses. The approved budget reflected ADE of 50,246 for elementary and 23,373 for secondary (excluding high credit and adult day school enrolment).

Actual elementary ADE for 2019-2020 was 50,480 students which is an increase of 234 students (0.5%) over the approved budget. Secondary day school enrolment ADE was 22,926 students which was a decrease of 447 students (1.9%) from the approved budget.



The following highlights some of the significant changes in the individual grants that make up the GSNs:

#### Pupil Foundation Grant

The Pupil Foundation Grant (PFG) applies to students of the District under 21 years of age and excludes high credit and adult day school ADE. The grant provides a significant portion of the funding which supports classroom needs such as teachers, librarians, guidance counsellors, classroom supplies and learning materials. Table 2 shows that the District's PFG is \$2.8 million more than budgeted.

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

	Enrolment (Pupils of the Board)			Pupil Foundation Grant		
	Actual	Approved Budget	Change	Actual	Approved Budget	Change
Elementary	50,480	50,246	234	\$ 275,440,100	\$ 271,519,300	\$ 3,920,800
Secondary	22,926	23,373	(447)	112,967,600	114,102,200	(1,134,600)
Total	73,406	73,619	(213)	388,407,700	385,621,500	2,786,200

Although not shown in the table, the \$2.8 million increase is actually comprised of an \$880,600 reduction in funding as a result of lower enrolment and a \$3.7 million increase in funding as a result of higher benchmarks to support the 1% wage increase that was provided for in the centrally negotiated collective agreements.

#### Indigenous Education

The District's Indigenous Education grant is comprised of a base amount to support the Board's action plan on indigenous education, a per pupil amount reflective of the enrolment of Indigenous students and an Indigenous studies amount which provides funding based on student enrolment in qualifying secondary panel courses. Almost all of the \$1.9 million increase relates to Indigenous studies where 2,877 pupil credits were provided as compared to the 1,300 pupil credits assumed during budget development. The increase is attributable to enrolment in compulsory English credit courses which qualify for the supplemental funding.

#### Language Allocation

The Language grant increased by \$2.1 million beyond the amount budgeted. 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 2014. FSL funding accounted for \$561,600 of the increase while the remaining balance of \$1.5 million resulted from ESL funding.

### Cost Adjustment and Teacher Qualifications and Experience

The grant is used to provide funding for teacher compensation relative to the provincial benchmark that is used in the PFG. It also provides funding to cover the Ministry's contributions to employee life and health benefit trusts and, commencing 2019-2020, to provide attrition protection funding as part of the government's plan to achieve financial savings through changes to average class sizes for certain grades. The grant shows a \$2.0 million reduction relative to the budget. The reduction is comprised of three amounts:

- A \$2.1 million reduction in the teacher qualifications and experience allocation. The 2019-2020 Budget assumed that the qualifications and experience of teachers would result in higher average compensation costs for the District. The actual placement of teachers on the salary grid for the year reflects a modest reduction in average costs;
- A \$1.3 million increase in benefit trust funding in response to adjustments to contribution amounts negotiated as part of the ratified centrally negotiated collective agreements; and
- A \$1.2 million reduction attributable to teacher job protection funding. The 2019-2020 Budget anticipated that 230 secondary teacher FTEs would be protected; however, actual attrition during the calculation period increased beyond projections and, when combined with the reduced enrolment at the secondary level, resulted in only 217 FTEs being protected.

### Transportation

The transportation grant provides funding to deliver regular and specialized student transportation. Transportation of the District's students is facilitated by the Ottawa Student Transportation Authority (OSTA). The actual grant was \$1.5 million less than anticipated in the budget; however, of this amount, \$1.0 million was attributable to the Ministry's grant reduction to recognize that fuel was not being used by bus operators during the school closures that resulted from the COVID-19 pandemic.

### Strike Savings

A general reduction of GSN revenue totaling \$16.6 million is reflected in the financial results. The reduction is the net savings realized as a result of the labour sanctions and work withdrawals by ETFO and OSSTF staff during the collective bargaining process. The reduced funding is offset by lower compensation costs.

### Minor Tangible Capital Assets

The additional revenue relating to minor tangible capital assets (MTCA) was \$13.2 million. The allocation and use of the funding is discussed in Section 14.

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

## 6. **Compensation-Related Instruction Costs**

Compensation-related instruction costs are those incurred in meeting the needs of students in the classroom. Examples of staff whose costs are reported in the Instruction category include classroom teachers, school-based administrators, learning consultants and professional and support staff such as psychologists, educational assistants (EAs), and early childhood educators (ECEs).

As previously noted, the effect of labour sanctions and retroactive wage settlements are included in the compensation-related instruction costs shown on Appendix B. Net savings totaled \$640,700.

The main contributors to the savings are:

- Close to \$14.6 million in savings as a result of the labour sanctions and work withdrawals initiated by ETFO and OSSTF during the collective bargaining process. The strike savings are offset by reduced Ministry funding;
- Increased compensation costs of \$5.7 million which resulted from the retroactive wage settlements;
- Increased compensation pressures of \$6.2 million for teaching staff;
- Increased costs of \$1.7 million incurred as a result of higher than anticipated needs to support principals and vice-principals for reasons including absences and increased workload;
- Increased costs of \$1.3 million for EAs including those positions that had been approved during the year; and
- Savings of \$940,700 in office support and ECE costs.

## 7. **Teacher Absences**

Occasional teachers (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.

Actual supply teaching costs of \$18.5 million were incurred, which is \$715,400 more than budgeted. The limited requirement for OTs since the start of the COVID-19 pandemic lessened the traditional overspending that is incurred for this purpose.

Although the use of OTs has a financial impact, the effect on student learning is also a primary consideration. Accordingly, OT use will continue to be monitored as will the continued promotion of a healthy workplace that fosters employee well-being. It is also important to note that OTs are used to staff vacant contract teaching positions, but that such costs are reported in the Instruction category.

## 8. **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 and approximately 60% of the fee is remitted to the District. The percentage is an estimate of the amount of tuition fees necessary to support instruction-related costs.

The District's 2019-2020 Budget reflected revenue of close to \$12.9 million based on 846 students. The actual revenue was \$11.1 million based on 809 students. Reduced enrolment of 37 students accounts for \$571,600 of the revenue decrease. The balance of close to \$1.2 million is attributed to the Ministry's facilities recovery fee that was announced after OCENET had set its tuition fees. The recovery fee is now incorporated into future tuition rates.

Administrative fees paid to OCENET by the District are reported as a fee in the Instruction category. These costs have decreased by \$223,800 to \$4.3 million.

## 9. **Other Instruction-Related Costs**

Other instruction-related 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 decrease relative to the budget of \$7.7 million.

Substantial savings were experienced by both schools and central departments as a result of the COVID-19 closure. For instance, schools were unable to fully use their budgets for learning materials and office supplies. In addition, contracts for services administered by both schools and central departments were delayed. For the purpose of this analysis, this category includes reduced spending of the Priorities and Partnerships Fund and other deferred revenues totaling \$964,400.

## 10. **Student Transportation**

Amounts reflected in the 2019-2020 Budget were based on information received from OSTA. Actual transportation costs, inclusive of compensation costs, were \$6.0 million less than budgeted. The majority of the savings are attributable to reduced student transportation costs that have resulted from COVID-19 service reductions, but approximately \$1.2 million relates to an anticipated need for specialized transportation services that did not materialize.

Transportation expenses of \$40.2 million were reported for the year and are supported by the \$42.3 million Transportation grant.

## 11. **Facility Operations**

Spending on school facilities represents the largest operating cost category outside of the Instruction envelope. Compensation costs have remained relatively stable and show an increase of \$707,200 relative to the budget. Non-compensation costs have increased by \$192,800. The significant contributors to the latter amount include:

- \$602,400 for additional costs to relocate portables during the year;
- Close to \$1.2 million for additional school renewal maintenance needs such as roof and floor repairs, masonry work, ventilation improvements and supporting consulting services; and
- Just over \$1.6 million of savings from supplies, snow clearing, property maintenance and for natural gas and electricity.

## 12. **Other Non-Instruction Costs**

Other non-instruction costs relate to the activities of the Continuing Education department and central departments.

Continuing Education programs are supported by specific funding, including funding from the federal government and various government ministries. Compensation costs were \$600,400 less than budgeted while supplies and services costs were \$315,300 lower.

Central departments show increased compensation costs of \$283,000 while supplies and services costs were \$207,500 more than budgeted. Much of the increased compensation costs were the result of wage settlements and were offset by lower costs incurred for staff who were seconded to other organizations.

## 13. **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. Straight-line amortization is based on the remaining service life (RSL) 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 into expense in the same manner as those supported by contributions from others, but there is no related revenue.

Various capital projects were completed and a variety of capital assets were acquired during the year. In addition, adjustments to incorporate prior year actual results are reflected. These items increase 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 a direct impact on both revenues and expenses.

During 2018-2019, the Ministry directed all school boards to review the RSL of major capital assets using a prescribed methodology. As previously noted, the RSL is used in determining the revenues and expenses reported in a year based on straight-line amortization rules. The objective of the review was to update the RSL to reflect the significant infrastructure investments that had been made since 2013-2014. The review resulted in increased RSLs for various investments (e.g., the 2014-2015 addition at Longfields-Davidson Heights Secondary School). The effect of the change is being accounted for prospectively and it resulted in a significant decrease in both expenses and related revenues for 2019-2020 relative to the budget.

The approved budget projected amortization expenses and related revenues of \$61.8 million. Actual expenses of \$51.0 million were reported and are supported by \$50.7 million in revenues. Expenses and revenues decreased by \$10.8 million and \$11.0 million, respectively.

#### 14. **Minor Tangible Capital Assets**

A portion of the annual GSN is budgeted for the acquisition of MTCA such as furniture, equipment and computers. Significant investments were planned for 2019-2020, particularly for new technology including the broadband modernization project which is being undertaken as part of the District's technology roadmap. Capital investments directly supported using MTCA funds totaled \$6.7 million for the year. These amounts are not reported as an operating expense; rather, they have been capitalized and are being amortized into expense over the RSL of the assets.

In addition, capital investments totaling \$5.5 million were made to acquire new classroom portables and to upgrade facilities at 440 Albert Street and the Confederation Education Centre. The Ministry prevents the direct use of MTCA funding for such investments, but the funding can be flowed through operations to replenish the accumulated surplus which effectively supports the capital costs incurred. The financial results reflect the use of \$5.5 million of accumulated surplus for this purpose. Again, the costs are being amortized into expense over the RSL of the assets.

In total, \$13.2 million previously identified to support MTCA acquisitions was recognized as operating revenue, and of this amount, \$5.5 million has been used to support projects funded using the accumulated surplus.

#### 15. **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 65 schools and, prior to the onset of the COVID-19 pandemic, served approximately 5,500 children. The program is closely tied to the operations of the District's kindergarten programs. In fact, ECEs who staff the EDP, before and after school, also partner with teachers during the core day to provide the kindergarten program.

The program was significantly affected in 2019-2020. The receipt of user fee revenue ceased in March 2020 and only \$10.9 million was received from normal operations. The decrease is a direct result of the COVID-19 closure and lost revenue resulting from the labour disruption experienced during the year; however, the revenue was augmented by \$3.7 million in the form of a financial sustainability grant provided to the District as part of the government's efforts to support child care operations during the pandemic.

Costs of the program have also changed. A net decrease in compensation costs totaling \$1.2 million was observed. The savings resulted from temporarily vacant positions that occurred during the year, lower than anticipated needs for special education supports and overall rates of compensation that were less than budgeted. The amount also includes lower costs as a result of the suspension of the summer day care program and reduced needs for replacement staff, both of which are the direct result of the COVID-19 closure. Savings from the labour disruption are also included.

The cost of supplies and services are expected to be \$617,100 less than budgeted. Again, the COVID-related closure figured prominently in the cost reduction.

Table 3 shows the original budget and actual results by category.

Table 3 – Extended Day Program Comparative Amounts

	Actual	Budget	Change
	\$	\$	\$
Revenues	14,599,200	17,950,600	(3,351,400)
Expenses			
Compensation	14,496,900	15,712,300	(1,215,400)
Administrative Transfers (Comp)	588,100	588,100	-
Supplies and Services	402,700	1,026,500	(623,800)
Facility Transfers (Supplies)	340,300	333,600	6,700
	15,828,000	17,660,500	(1,832,500)
(Deficit) Surplus	(1,228,800)	290,100	(1,518,900)

#### 16. **Child Care Program**

The Infant, Toddler and Preschool (ITP) program operates at two sites and provides 96 licensed child care spaces. The ITP program is eligible for general operating (GO) funding. GO funding is the grant provided to licensed not-for-profit child care programs by the City of Ottawa and covers direct operating, pay equity, and wage enhancement grants. The program also derives revenue from user fees and child care subsidies.

Similar to the EDP, the suspension of child care services in response to the COVID-19 pandemic had a significant impact on revenues and only \$1.2 million was received from normal operations. The revenue was augmented by \$500,000 in the form of a financial sustainability grant provided to the District as part of the government's efforts to support child care operations during the pandemic.

Table 4 shows the original budget and actual results by category. The lower expenses reflect savings in casual staffing costs and operating supplies.

Table 4 – Child Care Program Comparative Amounts

	Actual	Budget	Change
Revenues	\$ 1,680,000	\$ 1,791,000	\$ (111,000)
Expenses			
Compensation	1,786,400	1,858,700	(72,300)
Supplies and Services	60,500	135,000	(74,500)
	1,846,900	1,993,700	(146,800)
Deficit	(166,900)	(202,700)	(35,800)

17. **Benefit Plan Surplus, Property Rentals and Other Net Revenue Adjustments**

The revised estimates reflected a provision of \$1.5 million relating to the return of funds held by the District's former employee benefits plan administrator. The funds were being held to cover benefit claims during the windup of the former benefit plan. Although the administrator has returned the surplus funds to the District, collective agreement provisions require that the distribution of the surplus be agreed to by the federations. The District has received confirmation from the Ministry that the distribution of the plan surplus will be finalized in 2020-2021. Accordingly, the anticipated revenue was not recognized in the current year.

Lower revenue from property leases and rentals was expected as a result of the pandemic. A revenue shortfall of \$532,600 was reported and is mainly attributable to lower revenues generated from fees charged for the use of the District's schools.

Other net revenue adjustments resulted in a revenue decrease of \$1.4 million. This amount includes reduced revenues from program and learning, continuing education, interest earnings, prior year grant adjustments and miscellaneous sources such as cafeteria commissions and insurance rebates.

18. **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. This amount is \$8.4 million for 2019-2020. Approval to use accumulated surplus in excess of this amount must be obtained from the Ministry.

Table 5 presents the components of accumulated surplus and shows the alignment of the 2019-2020 net operating deficit of \$2.6 million. The District is well within the 1% compliance threshold.



Table 5 – Accumulated Surplus Available for Compliance

	Actual as at 31 Aug 2020	Actual as at 31 Aug 2019	Change increase (decrease)
	\$	\$	\$
Available for compliance			
Restricted-committed capital	7,950,700	2,742,400	5,208,300
Internally appropriated			
Extended Day Program	677,700	2,073,400	(1,395,700)
Budgets carried forward	3,938,100	1,656,100	2,282,000
Business Systems	2,000,000	2,000,000	-
Contingencies	17,200,000	17,200,000	-
Unappropriated	8,005,800	16,709,900	(8,704,100)
	39,772,300	42,381,800	(2,609,500)

19. **Summary**

The District's 2019-2020 financial results shows expenses of \$954.0 million, revenues of \$951.4 million and a deficit of \$2.6 million. The amount reduces the District's accumulated surplus to \$39.8 million. The District is in an excellent position to respond to the financial challenges expected over the coming years.

**RESOURCE IMPLICATIONS:**

20. The net operating deficit of \$2.6 million represents a variance of 0.27% in relation to planned expenses approved in the 2019-2020 Budget. The District's accumulated surplus available for compliance is \$39.8 million.

**COMMUNICATION/CONSULTATION ISSUES:**

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

**STRATEGIC LINKS:**

22. Aligned with the 2019-2023 Strategic Plan's pillar of developing a culture of social responsibility, an effectively functioning 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:

23. 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?

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Mike Carson  
Chief Financial Officer

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Camille Williams-Taylor  
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 – Priorities and Partnerships Fund and Other Deferred Revenues

**Ottawa-Carleton District School Board**  
**Analysis of Changes in Revenues and Expenses**  
**2019-2020 Year End (August 31, 2020)**

Appendix A  
to Report 20-093  
Page 1 of 1

	Report Reference	Revised Estimates	Actual
		\$	\$
<b>Planned Deficit in Original Estimates</b>		<b>(8,443,500)</b>	<b>(8,443,500)</b>
<b>Revenues Increase (Decrease)</b>			
Grants for Student Needs			
Pupil Foundation	5	(196,200)	2,786,200
Indigenous Education	5	427,200	1,903,900
Language	5	104,800	2,104,600
Teacher Qualifications and Experience	5	(3,736,200)	(1,950,600)
Transportation	5,10	(831,200)	(1,549,700)
Minor Tangible Capital Assets	5,14	7,193,500	13,244,100
Strike Savings Funding Reduction	5	-	(16,577,700)
Net Other (School Foundation, Learning, etc.)		(1,046,600)	(1,256,200)
		<u>1,915,300</u>	<u>(1,295,400)</u>
Other Revenue			
International Student Fees (OCENET)	8	(787,000)	(1,731,800)
Priorities and Partnerships Fund and Other Deferred Revenues	9	(36,400)	(964,400)
Amortization of Capital Assets	13	(4,899,000)	(11,033,000)
Extended Day Program	15	(61,900)	(3,351,400)
Child Care Program	16	-	(111,000)
Property Leases and Short-Term Rentals	17	12,900	(532,600)
Benefits Plan Surplus	17	1,500,000	-
Other Net Revenue Adjustments	17	(35,800)	(1,382,600)
		<u>(4,307,200)</u>	<u>(19,106,800)</u>
<b>Total Decrease in Revenues</b>		<b>(2,391,900)</b>	<b>(20,402,200)</b>
<b>Expenses (Increase) Decrease</b>			
Compensation Costs			
Compensation-Related Instruction Costs	6	1,406,300	640,700
Teacher Absences	7	(1,000,000)	(715,400)
Facilities	11	(133,500)	(707,200)
Other Non-Instruction	12	(9,900)	317,400
Extended Day Program	15	1,114,800	1,215,400
Child Care Program	16	-	72,300
		<u>1,377,700</u>	<u>823,200</u>
Non-Compensation Costs			
International Student Fees (OCENET)	8	144,600	223,800
Other Instruction	9	(294,900)	7,728,200
Student Transportation	10	(29,300)	6,047,500
Facilities	11	(3,694,100)	(192,800)
Other Non-Instruction	12	77,800	107,800
Amortization of Capital Assets	13	4,587,500	10,806,900
Extended Day Program	15	273,300	617,100
Child Care Program	16	-	74,500
		<u>1,064,900</u>	<u>25,413,000</u>
<b>Total Decrease in Expenses</b>		<b>2,442,600</b>	<b>26,236,200</b>
<b>Deficit</b>	18	<b>(8,392,800)</b>	<b>(2,609,500)</b>

**Ottawa-Carleton District School Board**  
Comparative Summary of Expenses  
2019-2020 Year End (August 31, 2020)

In \$ Millions  <b>EXPENSE CATEGORY</b>	2019-20					2018-19				
	Budget	Revised Estimates	Actual	Variance	% Spent	Budget	Revised Estimates	Actual	Variance	% Spent
				Actual minus Budget	Actual over Budget				Actual minus Budget	Var Actual over Budget
<b>Instruction</b>										
Salaries and Benefits	658.8	657.4	658.2	(0.6)	-0.1%	667.2	659.4	655.6	(11.6)	-1.7%
Salaries and Benefits (Occasional Teachers)	17.0	18.0	17.7	0.7	4.2%	16.9	19.0	19.9	3.1	18.1%
Staff Development, Supplies and Services	27.3	27.4	16.4	(10.8)	-39.8%	26.4	27.4	19.7	(6.7)	-25.3%
Fees, Contractual and Rentals	10.4	10.4	13.1	2.7	26.2%	9.8	10.0	12.2	2.4	24.8%
<b>Instruction Sub-Total</b>	<b>713.5</b>	<b>713.3</b>	<b>705.5</b>	<b>(8.0)</b>	<b>-1.1%</b>	<b>720.4</b>	<b>715.8</b>	<b>707.6</b>	<b>(12.8)</b>	<b>-1.8%</b>
<b>Continuing Education</b>										
Salaries and Benefits	10.7	10.5	10.1	(0.6)	-5.6%	10.0	10.0	10.3	0.2	2.5%
Staff Development, Supplies and Services	0.5	0.6	0.3	(0.2)	-46.4%	0.5	0.5	0.5	0.1	14.2%
Fees, Contractual and Rentals	0.5	0.5	0.4	(0.1)	-17.0%	0.5	0.5	0.5	0.1	19.3%
<b>Continuing Education Sub-Total</b>	<b>11.6</b>	<b>11.5</b>	<b>10.7</b>	<b>(0.9)</b>	<b>-7.9%</b>	<b>11.0</b>	<b>11.0</b>	<b>11.4</b>	<b>0.4</b>	<b>3.7%</b>
<b>Transportation</b>										
Salaries and Benefits	1.2	1.2	1.4	0.2	13.4%	1.2	1.2	1.2	0.1	4.5%
Staff Development, Supplies and Services	0.4	0.4	0.4	(0.0)	-2.3%	0.4	0.4	0.4	(0.1)	-13.1%
Fees, Contractual and Rentals	44.5	44.5	38.4	(6.0)	-13.6%	39.9	40.6	40.3	0.4	1.0%
<b>Transportation Sub-Total</b>	<b>46.0</b>	<b>46.1</b>	<b>40.2</b>	<b>(5.9)</b>	<b>-12.8%</b>	<b>41.5</b>	<b>42.1</b>	<b>41.9</b>	<b>0.4</b>	<b>1.0%</b>
<b>School Facilities</b>										
Salaries and Benefits	51.6	51.8	52.3	0.7	1.4%	52.1	52.1	52.3	0.2	0.4%
Staff Development, Supplies and Services	24.9	25.4	23.3	(1.5)	-6.2%	24.5	24.2	25.4	0.9	3.7%
Fees, Contractual and Rentals	8.5	10.0	8.4	(0.1)	-0.8%	8.5	9.8	10.8	2.3	26.6%
Other/Temporary Pupil Accommodation	1.9	3.0	2.5	0.6	31.5%	0.8	2.0	3.4	2.6	310.0%
Interest Charges on Capital	4.3	4.3	4.3	-	0.0%	6.2	6.2	6.0	(0.2)	-3.4%
School Facilities Renewal Expense	5.1	5.7	6.3	1.2	23.7%	5.7	5.7	6.6	0.9	15.9%
<b>School Facilities Sub-Total</b>	<b>96.3</b>	<b>100.1</b>	<b>97.2</b>	<b>0.9</b>	<b>0.9%</b>	<b>97.8</b>	<b>99.9</b>	<b>104.4</b>	<b>6.7</b>	<b>6.8%</b>
<b>Central Administration</b>										
Salaries and Benefits	17.2	17.4	17.9	0.6	3.6%	17.5	17.5	17.1	(0.4)	-2.2%
Staff Development, Supplies and Services	2.1	2.1	3.1	1.0	48.0%	2.1	2.1	1.9	(0.2)	-11.4%
Fees, Contractual and Rentals	2.1	1.9	1.2	(0.8)	-39.5%	1.9	1.9	1.6	(0.4)	-19.7%

**Ottawa-Carleton District School Board**  
Comparative Summary of Expenses  
2019-2020 Year End (August 31, 2020)

In \$ Millions  <b>EXPENSE CATEGORY</b>	2019-20					2018-19				
	Budget	Revised Estimates	Actual	Variance	% Spent	Budget	Revised Estimates	Actual	Variance	% Spent
				Actual minus Budget	Actual over Budget				Actual minus Budget	Var Actual over Budget
<b>Central Administration Sub-Total</b>	21.4	21.5	22.3	0.8	3.9%	21.5	21.6	20.5	(1.0)	-4.6%
<b>Other</b>										
Extended Day Program Compensation	16.3	15.2	15.1	(1.2)	-7.5%	16.0	16.2	15.5	(0.5)	-3.0%
Extended Day Program Supplies/Int Svcs	1.4	1.1	0.7	(0.6)	-45.4%	1.1	1.1	1.1	(0.0)	-0.8%
Child Care Program Compensation	1.9	1.9	1.8	(0.1)	-3.9%	2.0	1.9	1.9	(0.1)	-3.6%
Child Care Program Supplies/Int Svcs	0.1	0.1	0.1	(0.1)	-55.1%	0.1	0.1	0.1	0.0	2.8%
Recoverable Compensation (Secondments)	7.3	7.3	6.8	(0.5)	-6.8%	7.2	7.2	7.4	0.2	2.9%
Other-COVID, Legal Provisions	-	-	0.2	0.2	0.0%	-	3.3	2.9	2.9	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%
<b>Other Sub-Total</b>	29.5	28.1	27.2	(2.3)	-7.8%	28.8	32.3	31.4	2.6	9.0%
<b>Amortization</b>										
Ministry Approved Projects	61.8	56.9	50.7	(11.0)	-17.9%	53.4	55.9	49.7	(3.7)	-6.9%
Board Approved Projects	0.1	0.4	0.3	0.2	302.4%	0.0	0.0	0.1	0.1	163.4%
<b>Amortization Sub-Total</b>	61.8	57.2	51.0	(10.8)	-17.5%	53.4	56.0	49.8	(3.6)	-6.8%
<b>Grand Total</b>	980.2	977.8	954.0	(26.2)	-2.7%	974.3	978.7	966.9	(7.4)	-0.8%

Finance 2020.11.09 (numbers may not add due to rounding)

**Ottawa-Carleton District School Board**

Grants for Student Needs (with deferred revenue impact)

2019-2020 Year End (August 31, 2020)

Appendix C

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	Budget	Revised Estimates	Actual Actual	Actual - Budget incr (decr)
	\$	\$	\$	\$
<b>Revenue</b>				
Pupil Foundation-ADE only	385,621,536	385,425,261	388,407,760	2,786,224
School Foundation	53,511,209	53,403,779	53,511,110	(99)
Special Education	101,247,505	101,177,962	101,936,707	689,202
Language	34,707,951	34,812,797	36,812,554	2,104,603
Rural and Small Community Allocation	194,481	194,481	195,743	1,262
Learning Opportunity (includes mental health leader)	19,443,779	19,078,676	19,209,426	(234,353)
Adult Education, Continuing Education and Summer School	7,674,733	7,121,869	7,164,296	(510,437)
Cost Adjustment and Teacher Qualifications and Experience	101,927,896	98,261,195	99,977,269	(1,950,627)
ECE Qualifications and Experience Allocation	3,897,242	3,827,749	3,870,538	(26,704)
New Teacher Induction Program (NTIP)	511,212	511,212	249,207	(262,005)
Restraint Savings	(279,158)	(279,158)	(279,158)	-
Transportation	43,895,596	43,064,411	42,345,868	(1,549,728)
Administration and Governance	20,747,693	20,734,389	20,844,229	96,536
School Operations	78,484,394	78,189,544	78,150,886	(333,508)
Community Use of Schools	1,078,910	1,078,910	1,078,910	-
Declining Enrolment Adjustment	-	-	-	-
Indigenous Education Allocation	2,283,685	2,710,885	4,187,624	1,903,939
Safe and Accepting Schools	1,905,160	1,902,757	1,913,671	8,511
Permanent Financing of NPF (Board 55 Trust)	2,523,115	2,523,115	2,523,115	-
	<u>859,376,939</u>	<u>853,739,834</u>	<u>862,099,755</u>	<u>2,722,816</u>
<b>Revenue Deferrals</b>				
Deferred Revenue - MTCA Allocation	(21,484,423)	(21,343,496)	(21,552,494)	(68,071)
Deferred Revenue - Rural and Northern Education Fund	(194,481)	(194,481)	(195,743)	(1,262)
Deferred Revenue - Special Education	(101,247,505)	(101,177,962)	(101,936,707)	(689,202)
Deferred Revenue - Library Staffing	(238,628)	(238,628)	(241,014)	(2,386)
Deferred Revenue - Student Achievement Envelope	(6,536,325)	(6,171,222)	(6,194,112)	342,213
Deferred Revenue - Indigenous Education	(751,180)	(750,457)	(756,200)	(5,020)
	<u>(130,452,542)</u>	<u>(129,876,246)</u>	<u>(130,876,270)</u>	<u>(423,728)</u>
<b>Deferred Revenue Recognition and Adjustments</b>				
Deferred Revenue (5.1) - Special Education	100,256,176	100,252,692	100,477,988	221,812
Deferred Revenue (5.1) - Library Staffing	238,628	238,628	241,014	2,386
Deferred Revenue (5.1) - Student Achievement Envelope	6,536,325	6,171,222	6,194,112	(342,213)
Deferred Revenue (5.1) - Indigenous Education PPA	751,180	750,457	756,200	5,020
Deferred Revenue - MTCA (Sch 5.1 Capital)	1,496,551	8,549,098	14,808,769	13,312,218
Deferred Revenue - School Renewal (this is maintenance)	5,087,333	5,087,333	5,087,333	-
Deferred Revenue - Interest on Capital Projects (OFA)	4,605,569	4,666,219	4,584,024	(21,545)
Deferred Revenue - Temporary Accommodation	859,131	1,091,329	859,131	-
Deferred Revenue - Rural and Northern Education Fund	194,481	194,481	-	(194,481)
Strike Savings Funding Reduction	-	-	(16,577,704)	(16,577,704)
Trustees' Association Fee	43,316	43,316	43,316	-
	<u>120,068,690</u>	<u>127,044,775</u>	<u>116,474,183</u>	<u>(3,594,507)</u>
<b>Total Operating and Capital Support GSN</b>	<u>848,993,087</u>	<u>850,908,363</u>	<u>847,697,668</u>	<u>(1,295,419)</u>

**Ottawa-Carleton District School Board**

Priorities and Partnerships Fund and Other Deferred Revenues  
2019-2020 Year End (August 31, 2020)

Appendix D  
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Page 1 of 1

	Budget	Revised Estimates	Actual	Actual - Budget incr (decr)
	\$	\$	\$	\$
<b>Priorities and Partnerships Fund</b>				
After School Skills Development	58,268	138,498	131,041	72,773
Autism Pilot Project	247,595	34,000	23,233	(224,362)
Curriculum Implementation Funding	-	56,554	-	-
Enhancements to Support Experiential Learning	258,693	285,696	276,842	18,149
First Nations, Metis & Inuit Studies	-	69,600	-	-
Focus on Youth	476,000	476,000	336,030	(139,970)
Focusing on Fundamental Mathematics (replaces RMS)	1,682,261	1,236,000	1,236,000	(446,261)
French as a Second Language	-	313,826	264,221	264,221
Graduation Coach Program (Pilot for Black Students)	-	224,162	14,228	14,228
Human Rights and Equity Advisor	-	170,430	73,181	73,181
Identity-Based Data Collection, Analysis and Use	-	46,720	83,455	83,455
Indigenous Support and Engagement Initiative	100,000	-	69,600	(30,400)
Keeping Students in School	-	47,747	26,393	26,393
Mental Health Workers in Schools	607,188	616,024	616,024	8,836
Mental Health & Well Being	180,755	-	-	(180,755)
OSSTF Education Workers Apprenticeship Training	425,997	150,404	(13,453)	(439,450)
Parents Reaching Out	84,475	40,521	40,521	(43,954)
Prepare for Recreational Cannabis	-	44,401	44,401	44,401
Safe, Inclusive, and Accepting Schools	-	90,482	90,482	90,482
Specialist High Skills Major	343,998	367,548	282,037	(61,961)
Summer Learning Program (LSS)	-	-	180,979	180,979
Math Additional Qualification Subsidy	-	-	35,520	35,520
Indigenous Graduation Coach	-	-	8,072	8,072
Teacher Learning and Leadership Program	50,000	50,000	-	(50,000)
Transportation Funding for Children and Youth in Care	167,378	192,193	192,193	24,815
	4,682,608	4,650,806	4,011,000	(671,608)
<b>Other Deferred Revenues</b>				
Literacy and Basic Skills (Advanced Education & Skills Dev)	831,469	831,469	728,854	(102,615)
English as a Second Language (Citizenship & Immigration)	1,886,552	1,757,425	1,731,732	(154,820)
Ottawa Network for Education (ONFE) Breakfast Program	555,978	601,926	578,559	22,581
Ontario Works	538,574	558,261	516,071	(22,503)
Council of Ontario Directors of Education (CODE)	-	58,855	85,973	85,973
Unity for Autism	-	-	24,000	24,000
Ontario Early Years Child & Family Centre	563,952	563,952	418,563	(145,389)
	4,376,525	4,371,888	4,083,752	(292,773)
<b>Total</b>	<b>9,059,133</b>	<b>9,022,694</b>	<b>8,094,752</b>	<b>(964,381)</b>







<b>Subject:</b>	Regional Internal Audit Update – Public Session							
<b>Presented by:</b>	Geneviève Segu, Regional Internal Audit Manager Gord Champagne, Senior Internal Auditor							
<b>Meeting Date:</b>	November 23, 2020							
<b>Purpose</b>	<p>To provide the Audit Committee with an update from the Regional Internal Audit Manager (RIAM) on the progress of the 2020-21 RIAT work.</p> <p>This report links with Regulation 361/10 in relation to the Audit Committee's duties to the Internal Auditor 9(3) and the Board's Internal Controls 9(2).</p>							
<b>Content</b>	<p><b>2020-2021 Regional Internal Audit Plan Update</b></p> <p>The Audit Committee approved the 2020-21 Audit Plan at the October 21, 2020 meeting. The following presents an update on the engagements:</p> <table border="1"> <thead> <tr> <th>Status</th><th>Audit &amp; Scope</th><th>Schedule</th></tr> </thead> <tbody> <tr> <td>In Progress</td><td> <p><b>Cyber Security Review</b></p> <p>This engagement aligns with the region-wide Strategic Risk Assessment which identified Cybersecurity as both a risk and an opportunity to promote the School Boards ability to safeguard IT systems to protect information and avoid service disruption.</p> <p>A virtual workshop with all Ontario East School Boards Information Technology leads, took place on October 8<sup>th</sup> &amp; 9<sup>th</sup>, 2020.</p> <p>The goal of the virtual workshop was to identify business drivers, critical assets, and perform an IT risk assessment.</p> <p>The output will provide the school board with a list of controls to prioritize in the cybersecurity framework.</p> </td><td> <p>28 Feb 2020: Presented the project to EOIT Managers.</p> <p>8-9 Oct 2020: virtual workshop</p> <p>Currently: Finalizing results.</p> <p>Next Steps: Meet with EOIT Managers to validate priorities for each School Board.</p> </td></tr> </tbody> </table>		Status	Audit & Scope	Schedule	In Progress	<p><b>Cyber Security Review</b></p> <p>This engagement aligns with the region-wide Strategic Risk Assessment which identified Cybersecurity as both a risk and an opportunity to promote the School Boards ability to safeguard IT systems to protect information and avoid service disruption.</p> <p>A virtual workshop with all Ontario East School Boards Information Technology leads, took place on October 8<sup>th</sup> &amp; 9<sup>th</sup>, 2020.</p> <p>The goal of the virtual workshop was to identify business drivers, critical assets, and perform an IT risk assessment.</p> <p>The output will provide the school board with a list of controls to prioritize in the cybersecurity framework.</p>	<p>28 Feb 2020: Presented the project to EOIT Managers.</p> <p>8-9 Oct 2020: virtual workshop</p> <p>Currently: Finalizing results.</p> <p>Next Steps: Meet with EOIT Managers to validate priorities for each School Board.</p>
Status	Audit & Scope	Schedule						
In Progress	<p><b>Cyber Security Review</b></p> <p>This engagement aligns with the region-wide Strategic Risk Assessment which identified Cybersecurity as both a risk and an opportunity to promote the School Boards ability to safeguard IT systems to protect information and avoid service disruption.</p> <p>A virtual workshop with all Ontario East School Boards Information Technology leads, took place on October 8<sup>th</sup> &amp; 9<sup>th</sup>, 2020.</p> <p>The goal of the virtual workshop was to identify business drivers, critical assets, and perform an IT risk assessment.</p> <p>The output will provide the school board with a list of controls to prioritize in the cybersecurity framework.</p>	<p>28 Feb 2020: Presented the project to EOIT Managers.</p> <p>8-9 Oct 2020: virtual workshop</p> <p>Currently: Finalizing results.</p> <p>Next Steps: Meet with EOIT Managers to validate priorities for each School Board.</p>						



	In Progress	<b>Follow-up Procedures</b>  RIAT continues to follow-up on the remaining recommendations, as they come due.	Ongoing
	Not Initiated	<b>Management Request Engagement</b>  To cover any important items that may be required to during the school year.	If requested
	In Progress	<b>Covid Response Review</b>  Reflect on response to Covid to-date and integrate the lessons learned to improve the emergency preparedness / crisis management process.  It is a way to collectively learn quickly from an event and integrate improvements to generate better outcomes in the short, medium and long term.  Utilize real-time improvements to response planning, processes and workflows.	Nov 10, 2020: Terms of Reference sent.  Next Step: Kick-off meeting
	Not Initiated	<b>Educational Assistant Deployment Engagement</b>  This engagement is in alignment with the board's Strategic Enterprise Risk Management (SERM) Corporate Risk Profile which identified staff well-being, under Culture of Caring, as one of the top threats in the portfolio.  This engagement also aligns with the Region-Wide Strategic Risk Assessment which identified student and staff health and safety as a priority. More specifically, the presence of appropriate controls and capabilities to best ensure student and staff well being and	TBD



		<p>safety.</p> <p>The scope is to provide Management with a current assessment of the deployment of Educational Assistants and challenges faced relating to an increase in student aggression and challenging behaviours.</p>		
<b>Recommendation</b>	<p>That the Ottawa-Carleton District School Board Audit Committee receives for information the November 23<sup>rd</sup> 2020 RIAT update.</p>			