

Consolidated Financial Statements of

**HALTON CATHOLIC DISTRICT
SCHOOL BOARD**

And Independent Auditors' Report hereon

Year ended August 31, 2020

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Halton Catholic District School Board are the responsibility of the Board management and have been prepared in accordance with the Financial

Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 205/11 of the Financial Administration Act as described in Note 1 to the



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Halton Catholic District School Board:

Opinion

We have audited the consolidated financial statements of the Halton Catholic District School Board ("the Entity"), which comprise:

- € the consolidated statement of financial position as at August 31, 2020
- € the consolidated statement of operations for the year then ended
- € the consolidated statement of changes in net debt for the year then ended
- € the consolidated statement of cash flows and 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 financial position of the Entity as at August 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated 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 report.

We are independent of the Entity in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

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



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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 to the financial statements, 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 these 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.

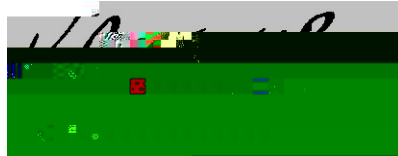
We also:

- € 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.



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- € 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 audit evidence regarding the financial information of the entities or business activities within the 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

Hamilton, Canada

December 1 , 2020

HALTON CATHOLIC DISTRICT SCHOOL BOARD

As at August 31, 2020, with comparative information for 2019

	2020	2019
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Financial Assets

Accounts receivable (notes 2 and 18)	45,031,161	18,202,065
Long-term receivable - Government of Ontario (note 3)	174,475,245	171,328,709
Total financial assets	244,940,918	250,388,289

Financial Liabilities

Temporary borrowing (note 4)	74,000,000	88,100,000
Accounts payable and accrued liabilities (note 18)	57,356,496	32,664,501
Deferred revenue (note 5)	22,899,613	34,800,985
Retirement and other employee future benefits payable (note 6)	7,364,036	5,941,720
Net long-term liabilities (note 7)	145,881,580	158,222,446

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations

For the year ended August 31, 2020 with comparative information for 2019

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

For the year ended August 31, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019
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HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

For the year ended August 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 12,746,517	\$ 16,092,544
Items not involving cash:		
Gain transferred to deferred revenue	–	(10,286,446)
Amortization of tangible capital assets	17,603,003	16,708,148
Change in employee future benefits	1,422,316	(78,517)
Amortization of deferred capital contributions	(16,283,524)	(15,420,440)
Change in non-cash assets and liabilities:		
Accounts receivable	(26,829,096)	2,103,959
Accounts payable and accrued liabilities	24,691,995	9,068,134
Deferred revenue	(11,901,372)	(13,997,646)
Prepaid expenses	(141,330)	64,316
Net change in cash from operating activities	1,308,509	4,254,052
Capital Activities:		
Net proceeds on the sale of assets	–	10,286,446
Cash used to acquire tangible capital assets	(43,262,949)	(85,512,437)
Net change in cash from capital activities	(43,262,949)	(75,225,991)

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

(f) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing depreciable tangible capital assets for use in providing services, or any contributions of depreciable tangible assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset has been acquired as required by Ontario Regulation 395/11. Amounts are recognized as revenue in the statement of operations at the same rate and over the same periods as the related asset is amortized.

(g) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity, worker's compensation and long-term disability benefits. As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: OECTA. The following ELHTs were established in 2017-2019: EWAO, CUPE, ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff. Currently ONE-T ELHT also provides benefits to individuals who are retired prior to the Board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board provides health, dental and life insurance benefits for retired individuals that were previously represented by the following unions/federations: OECTA and CUPE.

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

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):

(h) Tangible capital assets (continued):

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

Asset	Estimated Useful Life in Years
Land improvements	15 years

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

1. Significant accounting policies (continued):
 - (k) Budget figures:

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

5. Deferred revenue:

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

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2020 is comprised of:

	Balance as at August 31, 2019	Externally restricted revenue and investment income	Revenue recognized in the period	Transfer to deferred capital contributions (note 8)	Balance as at August 31, 2020
Special education	\$ 763,736	\$ 49,288,468	\$ (49,351,322)	\$ –	\$ 700,882
Proceeds of disposition	29,711,334	126,783	–	(14,738,023)	15,100,094
Retrofit for childcare	1,032,200	–	–	–	1,032,200
School renewal	–	4,734,425	(900,762)	(2,009,159)	1,824,504
International students' tuition	2,634,250	1,994,725	(2,657,586)	–	1,971,389
Other	659,465	35,330,691	(32,481,060)	(1,238,552)	2,270,544
	\$ 34,800,985	\$ 91,475,092	\$ (85,390,730)	\$ (17,985,734)	\$ 22,899,613

6. Retirement and other employee future benefits:

	Retirement benefits	Other employee future benefits	2020 Total employee future benefits	2019 Total employee future benefits
Retirement and other employee future benefit liabilities				
Accrued employee future benefit obligations at August 31	\$ 2,423,491	\$ 5,118,349	\$ 7,541,840	\$ 6,146,518
Less: Unamortized actuarial loss at August 31	(177,804)	–	(177,804)	(204,798)
Employee future benefits liability at August 31	\$ 2,245,687	\$ 5,118,349	\$ 7,364,036	\$ 5,941,720

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

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

Retirement and other employee future benefit expenses	Retirement benefits	Other employee future benefits	2020 Total employee future benefits	2019 Total employee future benefits
Current year benefit expense	\$ 174,284	\$ 2,589,199	\$ 2,763,483	\$ 1,204,046
Interest on accrued benefit obligation	48,824	81,938	130,762	173,595

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HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

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

Retirement benefits (continued):

(ii) Ontario Municipal Employees Retirement System (continued):

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 97.0% funded (2018 - 96.0% funded). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

(iii) Gratuity benefits:

The Board provides 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 the gratuities payable to eligible employees is based on their salary, accumulated sick days, and years of service up to August 31, 2012.

(iv) Retirement life insurance and health care benefits:

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age.

The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

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. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

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

Other employee future benefits (continued):

(ii) Long-term disability salary compensation:

The Board provides long-term disability benefits including partial salary compensation during the period an employee is unable to work or until their normal retirement date. 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.

(iii) Sick leave benefits:

As a result of new changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the

HALTON CATHOLIC DISTRICT SCHOOL BOARD

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

7. Net long-term liabilities (continued):

Principal payments relating to net debt of \$145,881,589 are due as follows:

	Principal	Interest	Total
2020/21	\$ 12,978,568	\$ 7,227,697	\$ 20,206,265
2021/22	12,932,950	6,554,146	19,487,096
2022/23	12,899,025	5,868,902	18,767,927
2023/24	13,615,031	5,152,896	18,767,927
2024/25	14,372,806	4,395,121	18,767,927
Thereafter	79,083,209	19,362,427	98,445,636
	<u>\$ 145,881,589</u>	<u>\$ 48,561,189</u>	<u>\$ 194,442,778</u>

The expenditure for debt charges includes principal and interest payments as follows:

	2020	2019
Principal payments on long-term liabilities	\$ 12,340,857	\$ 11,736,940
Interest payments on long-term liabilities	7,865,408	8,469,325
	<u>\$ 20,206,265</u>	<u>\$ 20,206,265</u>

8. Deferred capital contributions:

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

	2020	2019
Opening balance, September 1	\$ 435,239,109	\$ 417,472,749
Additions to deferred capital contributions	18,133,096	15,580,719
Transfer from deferred revenue (note 5)	17,985,734	17,606,081
Amortization of deferred capital contributions	(16,283,524)	(15,420,440)
Ending balance, August 31	<u>\$ 455,074,415</u>	<u>\$ 435,239,109</u>

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

9. Tangible capital assets:

Year ended August 31, 2020

Cost			Accumulated Amortization				Net book value	Net book value
Balance at August 31, 2019	Additions and transfers	Transfers, disposals and write-offs	Balance at August 31, 2020	Balance at August 31, 2019	Amortization	Transfers, disposals and write-offs	August 31, 2020	August 31, 2019

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

9. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$20,692,902 (2019 - \$21,294,446) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$nil (2019 - \$nil).

10. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Available for compliance - unappropriated		
Total operating surplus	\$ 1,097,153	\$ 1,097,153
Available for compliance – internally appropriated		
Retirement gratuities	4,060,660	–
Operating reserve	7,943,549	7,700,000
School budgets	1,043,445	565,935
Facility capital reserve	9,105,113	13,337,193
Capital capacity planning	70,533	70,533
Committed capital interest earned	1,290,845	1,367,227
Committed capital projects	12,770,436	8,457,074
Other programs	1,741,057	1,250,000
	39,122,791	33,845,115
Unavailable for compliance		
Employee future benefit	(3,303,376)	(3,761,594)
Interest accrual	(2,132,854)	(2,319,239)
School generated funds	3,763,538	3,537,966
Revenues recognized for land	120,383,153	113,784,487
	118,710,461	111,241,620
Balance, end of year	\$ 157,833,252	\$ 145,086,735

11. Provincial legislative grants:

Under Public Sector Accounting Standards the entity that determines and sets the tax levy records the revenue in their consolidated financial statements. As a result, property tax revenue received from the municipalities is recorded as part of Provincial legislative grants in the amount of \$94,264,521 (2019 - \$92,616,233).

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

12. Expenses:

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

	2020 Budget Note 1(k)	2020 Actual	2019 Actual
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HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

13. Partnership in Halton Student Transportation Services (continued):

The following provides condensed financial information:

	2020		2019	
	Total	Board portion	Total	Board portion
Financial Position:				
Financial assets	\$ 236,365	\$ 87,470	\$ 110,642	\$ 41,020
Financial liabilities	(259,244)	(95,936)	(139,424)	(51,690)
Non-financial assets	23,639	8,748	29,542	10,952
Accumulated surplus	\$ 760	\$ 282	\$ 760	\$ 282
Operations:				
Revenues	\$ 24,027,244			

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020

15. Contractual obligations and contingent liabilities (continued):

- (ii) The Board was contingently liable under letters of credit issued to municipalities with respect to construction projects in the amount of \$3,329,853 (2019 - \$2,815,325).
- (iii) The nature of the Board activities is such that there is usually litigation pending or in the prospect at any time. With respect to claims at August 31, 2020, management believes that the Board has valid defenses and appropriate insurance coverage in place. In the event claims are successful, management believes that such claims are not expected to have a material effect on the Board's financial position.
- (iv) The Board, in the normal course of business, enters into commodities contracts, in order to fix the price of commodities to be acquired in the future. The Board has entered into these contracts in conjunction with two consortiums which includes other school boards.

16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2020 original budget approved by the Board on June 18, 2019.

17. Repayment of "55 School Board Trust" funding:

On June 1, 2003, the Board received \$635,000 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, the 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2020
