

Consolidated Financial Statements of

**HALTON CATHOLIC DISTRICT  
SCHOOL BOARD**

Year ended August 31, 2014

### Mathematical Properties of the Real Number System

Mathematical properties of the real number system are the rules that govern how real numbers behave. These properties are essential for understanding and working with real numbers. The real number system is a set of numbers that includes all rational and irrational numbers. It is denoted by the symbol  $\mathbb{R}$ .

- **Closure:** The real number system is closed under addition, subtraction, multiplication, and division (except by zero).
- **Associativity:** The order in which numbers are added or multiplied does not matter.
- **Commutativity:** The order of numbers in an addition or multiplication does not matter.
- **Distributivity:** Multiplication distributes over addition.
- **Identity:** There are identity elements for addition (0) and multiplication (1).
- **Inverses:** Every real number has an additive inverse and a multiplicative inverse (except for 0).

Mathematical Properties of the Real Number System

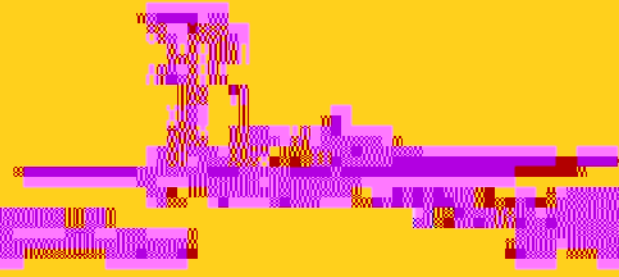
Mathematical Properties of the Real Number System

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Mathematical Properties of the Real Number System

**KPMG LLP**  
**Chartered Professional Accountants**  
Box 976  
21 King Street West Suite 700  
Hamilton ON L8N 3R1

Telephone (905) 523-8200  
Telefax (905) 523-2222  
www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Halton Catholic District School Board, which comprise the consolidated statement of financial position as at August 31, 2014, the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with et



# HAMILTON CATHOLIC DISTRICT SCHOOL BOARD

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### Program: Literacy

#### Program Description:

The Literacy Program is designed to provide all students with the opportunity to learn to read and write effectively. The program is based on the Ontario Curriculum for Literacy and Language, and is implemented through a variety of strategies and resources. The program is designed to be flexible and to meet the needs of all students, including those who are struggling learners and those who are gifted and talented. The program is implemented through a variety of strategies and resources, including direct instruction, guided reading, and independent reading. The program is designed to be flexible and to meet the needs of all students, including those who are struggling learners and those who are gifted and talented.

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#### Program Objectives:

The program is designed to be flexible and to meet the needs of all students, including those who are struggling learners and those who are gifted and talented.

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# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Operations

For the year ended August 31, 2014, with comparative information for 2013

	2014 Budget	2014 Actual	2013 Actual
Revenues:			
Provincial legislative grants (note 11)	\$ 288,118,909	\$ 288,410,142	\$ 284,025,527
Provincial grants – other	15,664,117	17,383,501	11,756,783
Federal grants and fees	1,769,662	1,892,303	1,724,758
Other fees and revenues	6,871,420	8,360,856	7,131,329
Investment income	10,000	26,197	11,236
School fundraising	11,000,000	12,085,367	11,458,810
Amortization of deferred capital contributions	13,562,759	11,086,231	11,718,015
Total revenue			

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Change in Net Debt

For the year ended August 31, 2014, with comparative information for 2013

	2014 Budget	2014 Actual	2013 Actual
Annual surplus	\$ 6,124,623	\$ 3,583,352	\$ 6,338,400
Acquisition of tangible capital assets	(31,587,998)	(41,523,891)	(54,815,424)
Amortization of tangible capital assets	15,453,301	12,756,112	13,553,724
Change in net debt	(10,010,074)	(25,184,427)	(34,923,300)
Net debt, beginning of year	(455,557,420)	(455,557,420)	(420,634,120)
Net debt, end of year	\$(465,567,494)	\$ (480,741,847)	\$ (455,557,420)

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

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

For the year ended August 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 3,583,352	\$ 6,338,400
Items not involving cash:		
Amortization	12,756,112	13,553,724
Change in employee benefits	(371,051)	(1,391,044)
Amortization of deferred capital contributions	(11,086,231)	(11,718,015)
Change in non-cash assets and liabilities:		
Accounts receivable	852,266	(586,631)



# HALTON CATHOLIC DISTRICT SCHOOL BOARD



# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

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1. Significant accounting policies (continued):

(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, and health care benefits, dental benefits, retirement gratuity and worker's compensation.

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

The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities were actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. Any actuarial gains and losses ar

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

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1. Significant accounting policies (continued):

(h) 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.

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

Asset	Estimated Useful Life - Years
Land improvements	15 years
Buildings	40 years
Furniture & equipment	5-15 years
Computer hardware	5 years

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2014

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1. Significant accounting policies (continued):

(j) Investment income:

Investment 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, education development charges and special education forms part of the respective deferred revenue balances.

(k) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

(l) Use of estimates:

The preparation of 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 expenditures during the year. Actual results could differ from these current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in net expenditures in the periods in which they become known. Significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits liabilities.

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2014

### 2. Accounts receivable:

Accounts receivable consists of the following:

	2014	2013
Government of Canada	\$ 1,519,426	\$ 2,007,449
Government of Ontario	2,629,487	2,975,750
Local governments	10,286,722	10,402,758
Other	1,488,995	1,390,939
	<u>\$ 15,924,630</u>	<u>\$ 16,776,896</u>

### 3. Long-term receivable – Government of Ontario:

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

The Board has an account receivable from the Province of Ontario of \$216,866,849 as at August 31, 2014 (2013 – \$218,031,410) with respect to this capital grant.

### 4. Temporary borrowing:

To address operating requirements and to bridge capital expenditures, the Board has an operating line of credit and short-term loans.

The operating line of credit bears interest at the bank's prime lending rate less 0.75%, is unsecured, is due on demand, and has a maximum limit of \$27,726,028. As at August 31, 2014, the amount drawn under the operating line of credit was \$11,800,000 (2013 - \$26,950,000).

The short-term loans bear interest at rates that range from the bank's prime lending rate less 0.75% to 2.8, are unsecured, and are due on dates ranging from on demand to January 22, 2015. As at August 31, 2014, the Board has short-term loans of \$70,997,162 (2013 - \$75,251,527).

Within fiscal 2015, the Board will be requesting long-term financing through the OFA in the amount of \$1,893,074.

The total interest expense relating to temporary borrowing is \$139,501 (2013 - \$359,971).

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2014

### 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, 2014 is comprised of:

	Balance as at August 31, 2013	Externally restricted revenue and investment income	Revenue recognized in the period	Transfer to deferred capital contributions (Note 8)	Balance as at August 31 2014
Special education	\$ 176,333	\$ 34,978,802	\$ (34,635,312)	\$ -	\$ 519,823
Proceeds of disposition	1,121,545	1,657	-	-	1,123,202
Retrofit for child care	640,000	379,300	-	-	1,019,300
School renewal	-	3,489,239	(1,535,024)	(1,484,246)	469,969
School condition improvement	-	1,549,223	-	-	1,549,223
Other	1,907,388	16,498,836	(16,776,598)	(520,039)	1,109,587
	<u>\$ 3,845,266</u>	<u>\$ 56,897,057</u>	<u>\$ (52,946,934)</u>	<u>\$ (2,004,285)</u>	<u>\$ 5,791,104</u>

### 6. Retirement and other em.02 419 605.2())3.6( )-401.2( )-1 -1.14398) (520,057 \$,30a4

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

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# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2014

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

#### Retirement benefits:

##### (i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of 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 the 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 non-teaching and support staff 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, 2014, the Board contributed \$3,982,952 (2013 - \$3,937,550) 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.

##### (iii) Retirement gratuities:

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 the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

##### (iv) Retirement life insurance and health care benefits:

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board 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, 2013, employees retiring on or after this date, will no longer 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 financial statements.



# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

## 7. Net long-term liabilities:

	2014	2013
Amortizing debentures:		
OSBFC (2000) - A1, repayable in semi-annual installments of \$221,000 plus interest at 7.2% per annum, maturing June 9, 2025	\$ 14,405,950	\$ 15,241,595
OSBFC (2001) - A3, repayable in semi-annual installments of \$599,600 plus interest at 6.55% per annum, maturing October 19, 2026	42,483,893	44,625,660
OSBFC (2004) - A2, repayable in semi-annual installments of \$47,300 plus interest at 5.8% per annum, maturing November 7, 2028	3,673,656	3,831,776
OSBFC (2007) - A1, repayable in semi-annual installments of \$1,117,034 plus interest at 5.4% per annum, maturing June 25, 2032	26,799,193	27,665,455
OFA (2006), repayable in semi-annual installments of \$23,381 plus interest at 4.6% per annum, maturing November 15, 2031	559,635	580,173
OFA (2008), repayable in semi-annual installments of \$17,597 plus interest at 4.9% per annum, maturing March 3, 2033	429,098	442,762
OFA (2008), repayable in semi-annual installments of \$26,10stallments of \$17,597 pl.6(08)67g 7.1(-)1958.1(442,76)5.2(2)5.2( ) ]TJ, 81 pl1a.0023 Tw		

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

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7. Net long-term liabilities (continued):

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	2014	2013
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OFA (2011), repayable in semi-annual installments of \$719,169 plus interest at 2.425% per annum,

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

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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.

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# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2014

### 9. Tangible capital assets:

Year ended August 31, 2014

	Cost			Accumulated Amortization			Transfers, disposals and write offs	Balance at August 31, 2014	Net book value August 31, 2014	Net book value August 31, 2013
	Balance at August 31, 2013	Additions and transfers	Disposals	Balance at August 31, 2014	Balance at August 31, 2013	Amortization				
Land	\$ 117,278,605	\$ 15,831,253	\$ -	\$ 133,109,858	\$ -	\$ -	\$ -	\$ -	\$ 133,109,858	\$ 117,278,605
Land improvements	19,466,325	(3,588,257)	-	15,878,068	4,520,214	888,098	(1,403,833)	4,004,479	11,873,589	14,946,111
Buildings	453,129,546	44,415,058	-	497,544,604	99,954,535	10,181,823	1,403,833	111,540,191	386,004,413	353,175,011
Construction in progress	44,712,718	(17,366,746)	-	27,345,972	-	-	-	-	27,345,972	44,712,718
Furniture and equipment	8,964,900	1,725,291	(382,151)	10,308,040	3,655,229	974,406	(382,151)	4,247,484	6,060,556	5,309,671
Computer hardware	2,675,522	911,888	(390,715)	3,196,695	1,092,215	587,222	(390,715)	1,288,722	1,907,973	1,583,307
Computer software	1,208,310	(401,860)	(225,065)	581,385	522,536	58,411	(225,065)	355,882	225,503	685,774
Vehicles	122,245	36,177	(56,997)	101,425	97,126	16,667	(56,997)	56,796	44,629	25,119
Pre-acquisition costs (PAC)	188,562	(38,913)	-	149,649	-	-	-	-	149,649	188,562
Leasehold Improvements	1,928,336	-	-	1,928,336	1,606,685	49,485	-	1,656,170	272,166	321,651
	\$ 649,675,069	\$ 41,523,891	\$ (1,054,928)	\$ 690,144,032	\$ 111,448,540	\$ 12,756,112	\$ (1,054,928)	\$ 123,149,724	\$ 566,994,308	\$ 538,226,529

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

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9. Tangible capital assets (continued):

(a) Assets Under Construction:

Assets under construction having a value of \$27,345,972 (2013 - \$

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2014

### 12. Expenditures by object:

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

	2014 Budget Note 1 (k)	2014 Actual	2013 Actual
Salary and wages	\$ 221,960,495	\$ 225,770,956	\$ 217,915,681
Employee benefits	32,227,228	36,125,580	31,446,973
Staff development	1,130,275	940,414	798,983
Supplies and services	34,170,808	34,042,434	32,101,345
Interest	10,130,554	10,162,925	10,410,126
Rental expenditures	1,649,038	2,373,128	2,398,097
Fees and contract services	12,537,122	12,147,017	11,381,511
Other	1,613,423	1,342,679	1,481,618
Amortization of tangible capital assets	15,453,301	12,756,112	13,553,724
	<u>\$ 330,872,244</u>	<u>\$ 335,661,245</u>	<u>\$ 321,488,058</u>

### 13. Debt charges:

The expenditure for debt charges includes principal, sinking fund contributions and interest payments as follows:

	2014	2013
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# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2014

### 14. Partnership in Halton Student Transportation Services:

On September 1, 2007, the Board entered into an agreement with Halton District School Board, Le Conseil scolaire de district Catholique du Centre-Sud and Le Conseil scolaire de district du Centre-Sud-Ouest to provide common administration of student transportation services. On February 10, 2009, Service de Transport des Éléves de Halton/Halton Student Transportation Services ("HSTS") was incorporated under the Corporations Act of Ontario. A revised agreement dated April 17, 2009 was created in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the School Boards. Each Board participates in the shared costs associated with this service for the transportation of their respective students through HSTS.

Effective September 1, 2013, two school boards have left the partnership and the partnership is supplying services exclusively to Halton District School Board and the Board.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenditures of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information:

	2014		2013	
	Total	Board Portion	Total	Board Portion
<b>Financial Position:</b>				
Financial assets	\$ 209,082	\$ 63,976	\$ 428,457	\$ 128,567
Financial liabilities	(304,627)	(93,211)	(565,992)	(169,837)
Non-financial assets	96,305	29,468	138,295	41,498
Accumulated surplus	\$ 760	\$ 233	\$ 760	\$ 228
<b>Operations:</b>				
Revenues	\$ 20,541,234	\$ 6,285,289	\$ 21,556,310	\$ 6,468,390
Expenses	20,541,234	6,285,289	21,556,310	6,468,390
Annual surplus	\$ -	\$ -	\$ -	\$ -

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

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## 15. Ontario School Board Insurance Exchange (OSBIE):

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public

# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2014

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