

Consolidated Financial Statements of

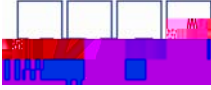
**HALTON CATHOLIC DISTRICT
SCHOOL BOARD**

Year ended August 31, 2017


Paula Dawson
Director of Education
and Secretary of the Board

Roxana Neg
Superintendent of Business Services
and Treasurer of the Board

November 21 2017



KPMG LLP
Commerce Place
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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, 2017, 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



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

Opinion

In our opinion, the consolidated financial statements of the Halton Catholic District School Board as at August 31, 2017 and for the year then ended, are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

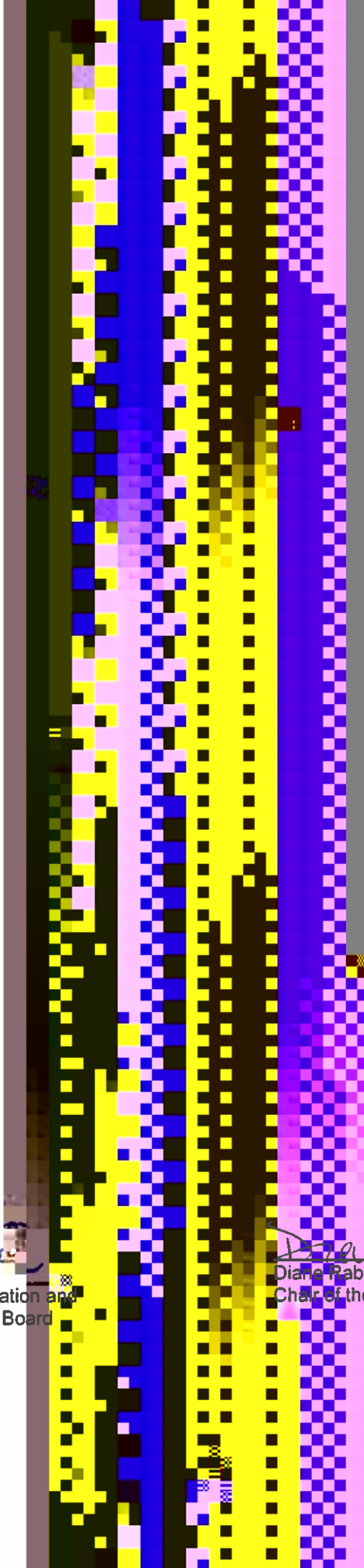
Basis of Accounting

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 21, 2017
Hamilton, Canada



Dawson

Paula Dawson,
Director of Education and
Secretary of the Board

Diane Rabenda

Diane Rabenda,
Chair of the Board

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

For the year ended August 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Annual surplus	\$ 8,290,797	\$ 16,562,904	\$ 4,303,591
Acquisition of tangible capital assets	(27,406,310)	(27,406,310)	(25,696,574)
Disposal of tangible capital assets	-	248,757	39,832
Amortization of tangible capital assets	16,365,046	16,388,838	15,864,140
Use of prepaid expenses	-	(354,491)	-
Change in net debt	(2,750,467)	5,439,698	(5,489,011)
Net debt, beginning of year	(455,246,960)	(455,246,960)	(449,757,949)
Net debt, end of year	\$ (457,997,427)	\$ (449,807,262)	\$ (455,246,960)

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

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

1. Significant accounting policies (continued):

(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.

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

Consolidated entities:

School Generated Funds

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

1. Significant accounting policies (continued):

(g) Retirement and other employee future benefits (continued):

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

For those self-insured benefit obligations that arise from specific events that occur 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 events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

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

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

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
Computer software	5 years
Vehicles	5-10 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for sale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for sale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable 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.

(i) 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

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

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 comparis

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

4. 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 \$179,503,360 as at August 31, 2017 (2016 - \$197,336,349) with respect to this capital grant.

5. Temporary borrowing:

To address operating requirements and to bridge capital expenses, 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 \$39,986,459. As at August 31, 2017, the amount drawn under the operating line of credit was \$nil (2016 - \$nil).

The short-term loans bear interest at the bank's prime lending rate less 0.75%, are unsecured, and are due on dates ranging from on demand to October 26, 2017. As at August 31, 2017, the Board has short-term loans of \$42,012,814 (2016 - \$56,480,630).

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

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

			2017	2016
Retirement and other employee future benefit expenses	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit expense	\$ 141,740	\$ 354,154	\$ 495,894	\$ 549,798
Cost of plan amendment	-	-	-	909,578
Interest on accrued benefit obligation	81,996	48,690	130,686	148,495
Employee future benefits expenses	\$ 223,736	\$ 402,844	\$ 626,580	\$ 1,607,871
Total payments made during the year	\$ (694,097)	\$ (572,570)	\$ (1,266,667)	\$ (1,133,567)

Included in the current year benefit expense is \$38,746 (2016 - \$93,738) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life of 11.05 years (2016 - 12.05 years). The actuarial gain for the year was \$71,995 (2016 - \$19,377).

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.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

8. Net long-term liabilities:

	2017	2016
OSBFC (2000) – F10, repayable in semi-annual installments of \$959,133 plus interest at 7.20% per annum, maturing June 9, 2025	\$ 11,513,228	\$ 12,546,420
OSBFC (2001) – A3, repayable in semi-annual installments of \$2,515,121 plus interest at 6.55% per annum, maturing October 19, 2026	35,164,491	37,763,116
OFA (2003) – A2, repayable in semi-annual installments of \$189,051 plus interest at 5.80% per annum, maturing November 7, 2028	3,141,254	3,328,959
OFA (2006) – repayable in semi-annual installments of \$23,381 plus interest at 4.56% per annum, maturing November 15, 2031	492,159	515,672
OFA (2007) – A1, repayable in semi-annual installments of \$1,117,034 plus interest at 5.38% per annum, maturing June 25, 2032	23,906,805	24,922,509
OFA (2008) – F02, repayable in semi-annual installments of \$17,597 plus interest at 4.90% per annum, maturing March 3, 2033	383,905	399,704
OFA (2008) – F03, repayable in semi-annual installments of \$26,107 plus interest at 4.83% per annum, maturing March 3, 2033	572,376	596,082
OFA (2009) – repayable in semi-annual installments of \$908,987 plus interest at 5.06% per annum, maturing March 13, 2034	20,425,082	21,180,346
OFA (2009) – A3, repayable in semi-annual installments of \$61,119 plus interest at 5.06% per annum, maturing March 13, 2034	1,373,350	1,424,133
OFA (2010) – F02, repayable in semi-annual installments of \$738,166 plus interest at 5.23% per annum, maturing April 13, 2035	17,027,294	17,590,559
OSBFC (2010) – repayable in semi-annual installments of \$1,294,708, plus interest at 3.94% per annum, maturing September 19, 2025	18,268,096	20,083,536
OFA (2011) – repayable in semi-annual installments of \$719,169 plus interest at 2.43% per annum, maturing November 15, 2021	6,096,954	7,364,344
OFA (2012) – F02, repayable in semi-annual installments of \$357,767 plus interest at 3.56% per annum, maturing March 9, 2037	10,105,865	10,451,949
OFA (2014) – F02, repayable in semi-annual installments of \$1,068,719 plus interest at 4.00% per annum, maturing on March 11, 2039	30,907,667	31,781,549
OFA (2015) – repayable in semi-annual installments of \$53,072 plus interest at 2.99% per annum, maturing on March 9, 2040	1,745,785	1,798,492
	\$ 181,124,311	\$ 191,747,370

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

8. Net long-term liabilities (continued):

Principal payments relating to net debt of \$181,124,311 are due as follows:

	Principal	Interest	Total
2017/18	\$ 11,164,925	\$ 9,041,340	\$ 20,206,265
2018/19	11,736,924	8,469,341	20,206,265
2018/19	12,340,840	7,865,425	20,206,265
2020/21	12,978,568	7,227,697	20,206,265
2021/22	12,932,950	6,554,146	19,487,096
Thereafter	119,970,104	34,779,346	154,749,450
	<u>\$ 181,124,311</u>	<u>\$ 73,937,295</u>	<u>\$ 255,061,606</u>

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

	2017	2016
Principal payments on long-term liabilities	\$ 10,623,059	\$ 10,109,648
Interest payments on long-term liabilities	9,583,206	10,096,617
	<u>\$ 20,206,265</u>	<u>\$ 20,206,265</u>

9. 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.

	2017	2016
Opening balance, September 1	\$ 403,495,786	\$ 386,288,550
Additions to deferred capital contributions	12,130,825	20,677,385
Transfer from deferred revenue (note 6)	5,839,036	11,035,659
Amortization of deferred capital contributions	(15,313,465)	(14,505,808)
Ending balance, August 31	<u>\$ 406,152,182</u>	<u>\$ 403,495,786</u>

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

10. Tangible capital assets:

Year ended August 31, 2017

	Cost			Accumulated Amortization						
	Balance at August 31, 2016	Additions and transfers	Transfers, disposals and write offs	Balance at August 31, 2017	Balance at August 31, 2016	Amortization	Transfers, disposals and write offs	Balance at August 31, 2017	Net book value August 31, 2017	Net book value August 31, 2016
Land	\$ 125,059,546	\$ 10,356,148	\$ -	\$ 135,415,694	\$ -	\$ -	\$ -	\$ -	\$ 135,415,694	\$ 125,059,546
Land improvements	18,023,943	2,153,506	-	20,177,449	5,877,679	1,098,537	-	6,976,216	13,201,233	12,146,264
Buildings	534,619,248	28,681,657	632,600	562,668,305	137,013,623	13,478,404	383,843	150,108,184	412,560,121	397,605,625
Construction in progress	15,513,805	3,446,323	18,347,953	612,175	-	-	-	-	612,175	15,513,805
Furniture and equipment	10,069,329	340,017	1,083,740	9,325,606	5,408,962	976,835	1,083,740	5,302,057	4,023,549	4,660,367
Computer hardware	3,537,034	605,857	527,765	3,615,126	1,801,656	715,217	527,765	1,989,108	1,626,018	1,735,378
Computer software	208,519	-	5,108	203,411	146,983	41,193	5,108	183,068	20,343	61,536
Vehicles	75,934	139,802	-	215,736	22,062	29,167	-	51,229	164,507	53,872
Pre-acquisition costs (PAC)	273,362	30,953	-	304,315	-	-	-	-	304,315	273,362
Leasehold Improvements	1,928,336	-	1,454,370	473,966	1,755,140	49,485	1,454,370	350,255	123,711	173,196
	\$ 709,309,056	\$ 45,754,263	\$ 22,051,536	\$ 733,011,783	\$ 152,026,105	\$ 16,388,838	\$ 3,454,826	\$ 164,960,117	\$ 568,051,666	\$ 557,282,951

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

10. Tangible capital assets (continued):

(a) Assets Under Construction:

Assets under construction having a value of \$612,175 (2016 - \$15,513,805) 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 \$248,757 (2016 - \$nil).

11. Accumulated surplus:

Accumulated surplus consists of the following:

	2017	2016
Available for compliance - unappropriated		
Total operating surplus	\$ 546,516	\$ 330,396
Available for compliance – internally appropriated		

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

13. Expenses:

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

	2017 Budget	2017	2016
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HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

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 due Centre-Sud and Le Conseil scolaire de district due Centre-Sud-Ouest to provide common administrat

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

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 liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24,000,000 per occurrence.

The ultimate premiums over a one year period are based on the reciprocal's 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 one year term expires January 1, 2018.

16. Contractual obligations and contingent liabilities:

- (i) The Board has obligations under operating leases that require annual lease payments in the following amounts:

2017/18	\$ 3,041,086
2018/19	2,732,656
2019/20	1,886,491
2020/21	649,857
2021/22 and thereafter	548,457

- (ii) The Board was contingently liable under letters of credit issued to municipalities with respect to construction projects in the amount of \$2,013,540 (2016 - \$2,198,009).

- (iii) The nature of the Board activities is such that there is usually litigation pending or in the

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

18. 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 respect of the NPF debt is not reflected in the Board's financial position.