



## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Halton Catholic District School Board are

prepared in accordance with the standards prescribed by Ontario's Ministry of Education, in compliance with the Financial Reporting Council's Ontario Financial Reporting Standards, and the Ontario Regulation 590/11 of the Financial Administration Act, as described in the notes thereto.

A summary of the significant accounting policies is disclosed in Note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment. Such estimates necessarily affect the current reporting period and the reporting period immediately following the reporting period. Management

maintains a system of internal controls designed to provide reasonable assurance that

the consolidated financial statements are prepared in accordance with the applicable

and scope of the standards and that the Board's consolidated financial statements

KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
Hamilton Ontario L8P 4W7  
Canada  
Telephone (905) 523-8200  
Fax (905) 523-2222



Consolidated Statement of Financial Position

As at August 31, 2018, with comparative information for 2017

Assets

Intangible Assets

	2018	2017
Goodwill	15,700	15,700
Other intangible assets	1,000	1,000
Total intangible assets	16,700	16,700

Financial Assets

	2018	2017
Available-for-sale securities	2,200	2,200
Loans receivable	118,000	118,000
Financial assets measured at fair value through profit or loss	1,500	1,500
Financial assets measured at amortized cost	12,000	12,000
Financial assets measured at cost	1,000	1,000
Total financial assets	134,700	134,700

Equity

Authorized Share Capital

	2018	2017
Authorized share capital	100,000	100,000
Issued and paid-up share capital	99,000	99,000
Reserves	1,000	1,000
Total equity	100,000	100,000

Liabilities

Accounts Payable and Other Liabilities

	2018	2017
Accounts payable and other liabilities	1,000	1,000
Other liabilities	1,000	1,000
Total accounts payable and other liabilities	2,000	2,000

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# HALTON CATHOLIC DISTRICT SCHOOL BOARD

## Consolidated Statement of Change in Net Debt

For the year ended August 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Annual surplus	\$ 12,554,317	\$ 10,395,296	\$ 16,562,904
Acquisition of tangible capital assets	(31,629,518)	(31,629,518)	(27,406,310)
Loss on disposal of tangible capital assets	-	1,901,097	248,757
Write off of tangible			





# HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2018

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## **1. Significant accounting policies:**

The consolidated financial statements of the Halton Catholic District School Board (the "Board") are prepared by management in accordance with the basis of acco

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Year ended August 31, 2018

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## 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:

x School Generated Funds

Proportionately consolidated entities:

x Halton Student Transportation Services

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

### (c) Trust funds:

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

### (d) Cash and cash equivalents:

Cash and cash equivalents comprise of cash on hand and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days or are highly liquid.

### (e) Deferred revenue:

Certain amounts are received pursuant to legislation, regulation or agreement and 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.

### (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.

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Year ended August 31, 2018

## 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 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.

### (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 expenses 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 expenses 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.

## 2. Accounts receivable:

Accounts receivable consists of the following:

	2018	2017
Government of Canada	\$ 3,054,172	\$ 2,993,637
Government of Ontario	3,058,017	2,817,556
Local governments	11,732,113	11,378,000
Other	2,461,722	2,177,839
	<u>\$ 20,306,024</u>	<u>\$ 19,367,032</u>

## 3. Assets held for sale:

As of August 31, 2018, \$nil (2017 - \$5,996,436) related to land was recorded as assets held for sale.



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## 6. 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, 2018 is comprised of:

	Balance as at August 31, 2017	Externally restricted revenue and investment income	Revenue recognized in the period	Transfer to deferred capital contributions (note 9)	Balance as at August 31, 2018
Special education	\$ 1,827,743	\$ 43,772,181	\$(44,433,755)	\$ -	\$ 1,166,169
Mental health leader	2,057	123,113	(109,325)	-	15,845
Proceeds of disposition	7,638,582	28,071,488	(315,547)	(4,613,114)	30,781,409
Retrofit for child care	1,032,200	-	-	-	1,032,200
School renewal	1,264,278	4,430,977	(1,287,432)	(3,530,275)	877,548
International Students					
Tuition	3,043,760	2,908,089	(3,041,509)	-	2,910,340
Other	1,078,549	43,102,946	(42,000,048)	(452,773)	1,728,674
	<b>\$ 15,887,169</b>	<b>\$122,408,794</b>	<b>\$(91,187,616)</b>	<b>\$ (8,596,162)</b>	<b>\$ 38,512,185</b>

## 7. Retirement and other employee future benefits:

	2018		2017	
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations at August 31	\$ 3,179,351	\$ 2,944,204	\$ 6,123,555	\$ 6,173,253
Less: Unamortized actuarial loss at August 31	(103,318)	-	(103,318)	(193,897)
Employee future benefits liability at August 31	<b>\$ 3,076,033</b>	<b>\$ 2,944,204</b>	<b>\$ 6,020,237</b>	<b>\$ 5,979,356</b>



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

			2018	2017
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	\$ 120,916	\$ 1,236,487	\$ 1,357,403	\$ 495,894
Interest on accrued benefit obligation	88,110	63,865	151,975	130,686
Employee future benefits expenses	\$ 209,026	\$ 1,300,352	\$ 1,509,378	\$ 626,580
Total payments made during the year	\$ (607,484)	\$ (824,829)	\$ (1,432,313)	\$ (1,266,667)

Included in the current year benefit expense is \$18,134 (2017 - \$38,746) for amortization of net actuarial losses. The unamortized actuarial loss is amortized over the expected average remaining service life of 10.05

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

Retirement benefits (continued):

### **(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, 2018, the Board contributed \$4,529,801 (2017 - \$4,322,837) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

The OMERS pension plan had a deficit as at December 31, 2017 based on the actuarial valuation of the pension benefit obligation resulting in the plan being 94.0 percent funded (2016 – 93.4 percent funded). Ongoing adequacy of the current contrib

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

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

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## 8. Net long-term liabilities (continued):

Principal payments relating to net debt of \$169,959,386 are due as follows:

	Principal	Interest	Total
2018/19	\$ 11,736,925	\$ 8,469,340	\$ 20,206,265
2019/20	12,340,841	7,865,424	20,206,265
2020/21	12,978,568	7,227,697	20,206,265



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## 10. Tangible capital assets (continued):

(a) Assets Under Construction:

Assets under construction having a value of \$15,542,922 (2017 - \$612,175) 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 \$2,025,215 (2017 - \$248,757).

## 11. Accumulated surplus:

Accumulated surplus consists of the following:

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	2018	2017
Available for compliance - unappropriated		
Total operating surplus	\$ 829,712	\$ 546,516
Available for compliance – internally appropriated		
Operating reserve	4,405,718	3,405,718
School budgets	463,898	198,389
Facility capital reserve	9,384,186	7,384,186
Capital capacity planning	70,533	70,533
Committed capital interest earned	1,443,609	1,519,991
Committed capital projects	7,683,036	7,963,740
Other programs	840,513	262,053
	25,121,205	21,351,126
Unavailable for compliance		
Employee future benefit	(4,219,813)	(4,678,031)
Interest accrual	(2,495,689)	(2,662,763)
School generated funds	3,499,739	3,355,028
Revenues recognized for land	107,088,749	101,233,535
	103,872,986	97,247,769

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## **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 administration of student transportation services. On February 10, 2009, Service de Transport des Eleves 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.

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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 liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 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, 2019.

## 16. Contractual obligations and contingent liabilities:

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

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2018/19	\$ 3,805,233
2019/20	3,069,239
2020/21	1,625,278
2021/22	1,368,604
2022/23 and thereafter	913,009

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- (ii) The Board was contingently liable under letters of credit issued to municipalities with respect to construction projects in the amount of \$2,023,541 (2017 - \$2,013,540).
- (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, 2018, 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.

## 17. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2018 original budget approved by the Board on June 20, 2017.

