

Consolidated Financial Statements of

**HALTON CATHOLIC DISTRICT
SCHOOL BOARD**

Year ended August 31, 2017

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 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, 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 Audit Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Boards approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Paula Dawson
Director of Education
and Secretary of the Board



Roxana Negoj
Superintendent of Business Services
and Treasurer of the Board

November 21, 2017



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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

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



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

HALTON CATHOLIC DISTRICT SCHOOL BOARD


Consolidated Statement of Financial Position

As at August 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets		
Cash and cash equivalents	\$ 13,965,308	\$ 16,841,688
Accounts receivable (note 2)	19,367,032	17,358,460
Assets held for sale (note 3)	5,996,436	5,996,436
Long-term receivable – Government of Ontario (note 4)	179,503,360	197,336,349
Total financial assets	218,832,136	237,532,933
Financial Liabilities		
Temporary borrowing (note 5)	42,012,814	56,480,630
Accounts payable and accrued liabilities	17,483,566	18,112,460
Deferred revenue (note 6)	15,887,169	16,324,204
Retirement and other employee future benefits payable (note 7)	5,979,356	6,619,443
Net long-term liabilities (note 8)	181,124,311	191,747,370
Deferred capital contributions (note 9)	406,152,182	403,495,786
Total financial liabilities	668,639,398	692,779,893
Net debt	(449,807,262)	(455,246,960)
Non-Financial Assets		
Prepaid expenses	354,491	-
Tangible capital assets (note 10)	568,051,666	557,282,951
Total non-financial assets	568,406,157	557,282,951
Accumulated surplus (note 11)	\$ 118,598,895	\$ 102,035,991

Contractual obligations and contingent liabilities (note 16)

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


Paula Dawson,
Director of Education and
Secretary of the Board


Diane Rabenda,
Chair of the Board

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations

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

	2017 Budget	2017 Actual	2016 Actual
Revenues:			
Provincial legislative grants (note 12)	\$ 339,251,919	\$ 343,452,394	\$ 334,007,940
Provincial grants – other	2,296,977	3,331,646	2,416,751
	<u>341,548,896</u>	<u>346,784,040</u>	<u>336,424,691</u>
Federal grants and fees	1,637,646	2,302,485	1,612,107
Other fees and revenues	13,620,759	19,712,360	8,889,309
Investment income	50,000	149,546	78,543
School fundraising	12,500,000	12,746,653	12,665,806
Amortization of deferred capital contributions	14,746,120	15,313,465	14,505,808
Total revenue	<u>384,103,421</u>	<u>397,008,549</u>	<u>374,176,264</u>
Expenses:			
Instruction	289,328,682	294,211,682	286,105,516
Administration	9,654,621	9,984,732	9,330,568
Transportation	7,313,781	7,376,125	6,732,953
Pupil accommodation	55,518,305	54,524,673	53,334,617
Other	1,497,235	1,790,293	1,606,077
School funded activities	12,500,000	12,558,140	12,762,942
Total expenses (note 13)	<u>375,812,624</u>	<u>380,445,645</u>	<u>369,872,673</u>
Annual surplus	<u>8,290,797</u>	<u>16,562,904</u>	<u>4,303,591</u>
Accumulated surplus, beginning of year	<u>102,035,991</u>	<u>102,035,991</u>	<u>97,732,400</u>
Accumulated surplus, end of year (note 11)	<u>\$ 110,326,788</u>	<u>\$ 118,598,895</u>	<u>\$ 102,035,991</u>

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

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

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

	2017	2016
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 16,562,904	\$ 4,303,591
Items not involving cash:		
Amortization of tangible capital assets	16,388,838	15,864,140
Change in employee future benefits	(640,087)	474,304
Amortization of deferred capital contributions	(15,313,465)	(14,505,808)
Disposal of tangible capital assets	248,757	-
Change in non-cash assets and liabilities:		
Accounts receivable	(2,008,572)	(3,152,798)
Accounts payable and accrued liabilities	(628,894)	7,487,151
Deferred revenue	(437,035)	6,353,741
Prepaid expenses	(354,491)	-
Net change in cash from operating activities	13,817,955	16,824,321
Capital Activities:		
Gain transferred to deferred revenue	-	(6,734,323)
Net proceeds on the sale of assets	-	12,061,131
Cash used to acquire tangible capital assets	(27,406,310)	(25,696,574)
Net change in cash from capital activities	(27,406,310)	(20,369,766)
Financing Activities:		
Increase to deferred capital contributions	17,969,861	31,713,044
Decrease (increase) in long-term receivable		
– Government of Ontario	17,832,989	(7,753,774)
Debt principal repayments	(10,623,059)	(10,109,648)
Net change in cash from financing activities	25,179,791	13,849,622
Net change in cash and cash equivalents	11,591,436	10,304,177
Cash and cash equivalents, beginning of year	(39,638,942)	(49,943,119)
Cash and cash equivalents, end of year	\$ (28,047,506)	\$ (39,638,942)

The components of cash and cash equivalents are as follows:

	2017	2016
Cash and cash equivalents	\$ 13,965,308	\$ 16,841,688
Temporary borrowings	(42,012,814)	(56,480,630)
	\$ (28,047,506)	\$ (39,638,942)

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

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

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 accounting described below. Significant accounting policies of the Board are as follows:

(a) Basis of accounting:

The 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 statement of operations 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 depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include 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 requires 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.

As a result, revenue recognized in the consolidated statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

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

Proportionately consolidated entities:

- 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.

(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.

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:

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, 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 2016-17: OECTA, CUPE, APSSP and a trust for non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Starting February 1, 2017, the Board is no longer responsible to provide certain benefits to OECTA. By February 1, 2018, all employees will be transitioned to the ELHTs. Beginning in the 2016-17 school year, school boards whose employee groups transitioned their health, dental and life benefits to the ELHT 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 provide health, dental and life insurance benefits for retired individuals and the following employee groups principals, vice principals, educational assistants and non-union staff that have not yet transferred into an ELHT and continues to have a liability for payment of benefits for those who are on long-term disability and for some who are retired under these plans.

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 arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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 stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the tangible capital asset is amortized.

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 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:

	2017	2016
Government of Canada	\$ 2,993,637	\$ 2,189,718
Government of Ontario	2,817,556	2,398,781
Local governments	11,378,000	10,737,560
Other	2,177,839	2,032,401
	<u>\$ 19,367,032</u>	<u>\$ 17,358,460</u>

3. Assets held for sale:

As of August 31, 2017, \$5,996,436 (2016 - \$5,996,436) related to land was recorded as assets held for sale.

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

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, 2017 is comprised of:

	Balance as at August 31, 2016	Externally restricted revenue and investment income	Revenue recognized in the period	Transfer to deferred capital contributions (Note 9)	Balance as at August 31, 2017
Special education	\$ 1,706,823	\$ 42,123,681	\$(42,002,761)	\$ -	\$ 1,827,743
Mental health leader	7,416	121,161	(126,520)	-	2,057
Proceeds of disposition	7,596,236	42,346	-	-	7,638,582
Retrofit for child care	1,032,200	-	-	-	1,032,200
School renewal	3,152,261	4,345,496	(1,324,131)	(4,909,348)	1,264,278
International Students Tuition	2,099,503	3,169,940	(2,225,683)	-	3,043,760
Other	729,765	37,663,273	(36,384,801)	(929,688)	1,078,549
	\$ 16,324,204	\$ 87,465,897	\$(82,063,896)	\$ (5,839,036)	\$ 15,887,169

7. Retirement and other employee future benefits:

	2017		2016	
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	\$ 3,704,572	\$ 2,468,681	\$ 6,173,253	\$ 6,924,081
Less: Unamortized actuarial loss at August 31	(193,897)	-	(193,897)	(304,638)
Employee future benefits liability at August 31	\$ 3,510,675	\$ 2,468,681	\$ 5,979,356	\$ 6,619,443

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

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, 2017, the Board contributed \$4,322,837 (2016 - \$4,286,839) 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, 2016 based on the actuarial valuation of the pension benefit obligation resulting in the plan being 93.4 percent funded (2015 – 91.5 percent 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 at 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, will no longer qualify for Board subsidized premiums or contributions.

HALTON CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2017

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 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.

(ii) Long-term disability life insurance and health care benefits:

The Board provides life insurance, dental and health care benefits to employees on long-term disability leave who are not yet members of an ELHT. The Board is responsible for the payment of life insurance and the health care and dental premiums benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan.

(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 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 2017 consolidated financial statements as a result of the change in the benefits was \$180,531 (2016 - \$125,587).

The accrued benefit obligations for employee future benefit plans as at August 31, 2017 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2017. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2017	2016
Inflation	1.5%	1.5%
Wage and salary escalation	0%	0%
Insurance and health care cost escalation	8% decreasing by ¼% each year to 4.0%	8% decreasing by ¼% each year to 4.0%
Dental cost escalation	4% decreasing by ¼% each year to 3.0%	4% decreasing by ¼% each year to 3.0%
Discount on accrued benefit obligations	2.55%	2.05%

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		
Operating reserve	3,405,718	2,505,718
School budgets	198,389	285,455
Facility capital reserve	7,384,186	5,383,537
Capital capacity planning	70,533	70,533
Committed capital interest earned	1,519,991	1,596,373
Committed capital projects	7,963,740	8,129,031
Other programs	262,053	-
	21,351,126	18,301,043
Unavailable for compliance		
Employee future benefit	(4,678,031)	(5,136,250)
Interest accrual	(2,662,763)	(2,821,514)
School generated funds	3,355,028	3,166,515
Revenues recognized for land	101,233,535	88,526,197
	97,247,769	83,734,948
Balance, end of year	\$118,598,895	\$102,035,991

12. 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 \$85,829,995 (2016 - \$85,297,338).

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 Note 1(k)	2017 Actual	2016 Actual
Salary and wages	\$ 251,073,776	\$ 255,734,243	\$ 246,968,501
Employee benefits	42,662,271	42,750,662	42,817,028
Staff development	886,794	863,614	919,139
Supplies and services	37,539,869	36,295,063	36,827,156
Interest	9,424,952	9,424,454	9,946,493
Rental expense	3,234,499	3,529,365	3,140,396
Fees and contract services	13,702,539	14,108,909	12,259,601
Other	922,877	1,350,497	1,130,219
Amortization of tangible capital assets	16,365,047	16,388,838	15,864,140
	<hr/>	<hr/>	<hr/>
	\$ 375,812,624	\$ 380,445,645	\$ 369,872,673

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 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.

HSTS is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses 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:

	2017		2016	
	Total	Board portion	Total	Board portion
Financial Position:				
Financial assets	\$ 71,877	\$ 24,644	\$ 300,374	\$ 100,590
Financial liabilities	(102,151)	(35,024)	(323,446)	(108,317)
Non-financial assets	31,034	10,641	23,832	7,982
Accumulated surplus	\$ 760	\$ 261	\$ 760	\$ 255
Operations:				
Revenues	\$ 21,419,216	\$ 7,343,978	\$ 19,978,054	\$ 6,690,314
Expenses	(21,419,216)	(7,343,978)	(19,978,054)	(6,690,314)
Accumulated surplus	\$ -	\$ -	\$ -	\$ -

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 prospect at any time. With respect to claims at August 31, 2017, 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 2017 original budget approved by the Board on June 21, 2016.

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.