

Halton District School Board

AUDIT COMMITTEE

Virtual Meeting meet.google.com/tqz-pnrj-sbh (use calendar invite link or type into browser)

Tuesday, November 9, 2021

Public Session: 3:30 p.m.

PUBLIC SESSION AGENDA

1.0 – Opening

- 1.1 Welcome and Call to Order
- 1.2 Acknowledgement of Traditional Lands
- 1.3 Declarations of Possible Conflict of Interest
- 1.4 Introduction of the Regional Internal Audit Manager
- 1.5 Approval of the Agenda

2.0 – Ratification / Action

page

- 2.1 Minutes of the Audit Committee Meetings
 - 2.1.1 Audit Committee Meeting, September 28, 2021 pages 3-6
- 2.2 Election of the Audit Committee Vice-Chair for 2021/2022 page 7
- 2.3 Approval of Business Transacted in Private Session (Chair)
- 2.4 Action Items
 - 2.4.1 Financial Statements
 - 2020/2021 Financial Statements and Accumulated Surplus Balances (R. Negoj) pages 8-37
 - Report to the Audit Committee on the 2020/2021 Audit (Deloitte) pages 38-57
 - Audit Committee Approval of the 2020/2021 Financial Statements page 58
 - 2.4.2 Regional Internal Audit Status Report (A. Eltherington) page 59
 - 2.4.3 Revisions to the Internal Audit Mandate (A. Eltherington) pages 60-66

3.0 – Communication to the Audit Committee

page

- 3.1 For Information
 - 3.1.1 Supplemental Reporting
 - Annual Statement of Education Development Charges (EDC) Report (R. Negoj) pages 67-69
 - Summary of Trustee Expenses Report as of 2020/2021 (R. Negoj) pages 70-74
 - Summary of School Generated Funds 2020/2021 (R. Negoj) pages 75-81
 - 3.1.2 Timelines for Financial Reporting Presentation to Board (R. Negoj) pages 82-83
 - 3.1.3 Halton Student Transportation Services 2020/2021 Financial Statements pages 84-98
 - 3.1.4 Excellence in Education Administrative Fund (verbal R. Negoj) pages 99-104

4.0 – Other Business

page

- 4.1 Public Questions and Answers (Submit via [Google Form](#))

5.0 – Adjournment

5.1 Motion to Adjourn

Date of Next Meeting – *suggested Tuesday, February 22, 2022*

This publication is available in accessible formats upon request

**Halton District School Board
Audit Committee Public Session Meeting Minutes
Tuesday, September 28, 2021**

Attendance:

Trustee Members: L. Reynolds, A. Collard, J. Gray,

Trustee Guests: T. Ehl Harrison

Public Representative: D. McKerrall, S. Malik

Staff: C. Ennis, R. Negoj, J. Sweetman, H. Camastro, C. Salemi, K. Samarin

Regional Internal Audit Team: J. Baker

External Auditor: L. Cheung

Regrets:

Agenda Item 1.0

1.1 Call to Order

- The Superintendent of Business Services called the meeting to order at 3:51 p.m.

1.2 Introduction and Remarks from Halton DSB Director of Education

- The Director introduced himself and provided some insight into his background to the Committee

1.3 Acknowledgement of Traditional Lands

- On behalf of the Board, acknowledgement and thanks was given to the Mississaugas of the Credit First Nation for sharing their traditional territory.

1.4 Declarations of Possible Conflict of Interest

- No conflicts of interest were declared.
- Declaration forms to be signed by members of Audit Committee for the first meeting of the year

1.5 Approval of the Agenda

- The Agenda reads April 28th as the date for the minutes but the date should be April 20th. Dates are reflected correctly in the minutes.

Motion: J. Gray / D. McKerrall

Be it resolved that the Agenda for the Public session of the Audit Committee Meeting for September 28, 2021 be approved as distributed.
Carried Unanimously.

1.6 Conduct of Virtual Meetings for the 2021/2022 Year

- All meetings will remain virtual for this year
- Vaccination attestations are required by the Board however, Audit Committee Meetings not frequent enough for this to be required from

external members. This was a consideration when making the decision regarding virtual meetings.

Agenda Item 2.0

2.1 Minutes of the Audit Committee Meetings

2.1.1 Audit Committee Meeting, April 20, 2021

Motion: D. McKerrall / S. Malik

Be it resolved that the minutes from the Public Session Audit Committee Meeting held on April 20, 2021 be approved as distributed. **Carried Unanimously.**

2.1.2 Audit Committee Meeting, May 18, 2021

Motion: L. Reynolds / D. McKerrall

Be it resolved that the minutes from the Public Session Audit Committee Meeting held on May 18, 2021 be approved as distributed. **Carried Unanimously.**

2.2 Appointment of Audit Committee Chair and Vice-Chair

2.2.1 Appointment of Audit Committee Chair for 2021/2022 Per Regulation 361/10 Section 6(1)

- Trustee Reynolds thanked the Committee for the opportunity to Chair this past year and put forth Trustee Collard's name for nomination of Chair for the current year. Trustee Reynolds also asked all members of the Committee to consider the Vice-Chair role as it is an excellent opportunity to be more involved in the Committee.
- Trustee Collard accepted the nomination and was acclaimed to the position of Chair.

Motion: L. Reynolds / J. Gray

Be it resolved that Trustee A. Collard be appointed as Chair of the Audit Committee for the 2021/2022 fiscal year. **Carried Unanimously.**

2.2.2 Election of the Audit Committee Vice-Chair for 2021/2022

- Decision made to defer election for the Vice-Chair position until next meeting to allow Committee members time to consider the role.
- Vice-Chair position is not a requirement of the Ministry so election and motion can be deferred to a later date.

2.3 Approval of Business Transacted in Private Session

Motion: D. McKerrall / L. Reynolds

Be it resolved that the business ratified in the Private Session of the Audit Committee Meeting held on September 28, 2021, in respect of the RIAT Status Update be approved and the report to be included in the summary to the Board of Trustees. **Carried Unanimously.**

Motion: L. Reynolds / D. McKerrall

Be it resolved that the business ratified in the Private Session of the Audit Committee Meeting held on September 28, 2021, in respect of the 2020/2021 Annual Report to the Board of Trustees be approved and that the report be forwarded to the Board of Trustees for acceptance. **Carried Unanimously.**

2.4 Action Items:**2.4.1 Audit Committee Annual Report to the Board and Ministry**

- The Superintendent of Business Services presented the report.
- Correction noted for page 13 to update Chair and Vice-Chair names
- Correction noted for number of meetings to be 4 meetings plus special meeting in May. Date for April meeting to be corrected to April 20th.

Motion: J. Gray / S. Malik

Be it resolved that the Audit Committee approve the 2020/2021 Annual Report to the Board of Trustees and the 2020/2021 Annual Report to the Ministry and forward the reports to the Board of Trustees for acceptance as amended. **Carried Unanimously.**

2.4.2 Specified Procedures Report – 7 Month Report

- The Superintendent of Business Services presented the report and responded to questions.
- Budget was approved as a deficit budget within Ministry restrictions. Some savings were realized as a result of school closures and additional funding provided by the Ministry. Anticipated actual deficit will be closer to 1%.
- Reserves that are used to offset deficit will not be replenished by the Ministry.
- HDSB is fortunate to have a healthy reserve. Other Boards do not have any reserves and need additional support from the Ministry.

Motion: D. McKerrall / S. Malik

Be it resolved that the Audit Committee receive for information, the Specified Procedures Report – Seventh Month Report **Carried Unanimously**

2.4.3 Regional Internal Auditor Status Report

- The Regional Internal Audit Manager presented the report.

Motion: D. McKerrall / L. Reynolds

Be it resolved that the Audit Committee receive the Regional Internal Audit Status Update and that the report be included in the Audit Committee Summary to the Board of Trustees. **Carried Unanimously**

Agenda Item 3.0**3.1 Information Items****3.1.1 Timelines for Financial Reporting Presentation to Board**

- The Superintendent of Business Services presented the Timelines for Financial Reporting Presentation to Board to the Committee for information.

Agenda Item 4.0**4.1 Special Acknowledgement for the Regional Internal Audit Manager**

- The Superintendent of Business Services recognized the Regional Internal Audit Manager's work with the HDSB and how staff appreciated her input and guidance into our processes. She acted as a leader in the sector and worked with the Ministry to maintain a collaborative approach. We thank her and wish her all the best in her retirement.

4.2 Public Questions and Answers

- There were no questions submitted from the Public

Agenda Item 5.0**5.1 Adjournment****Motion: J. Gray / D. McKerrall**

Be it resolved that the Public Session of the Audit Committee Meeting held on September 28th, 2021 be adjourned at 4:28 pm. **Carried Unanimously.**

- Next scheduled meeting date – Tuesday November 9, 2021



Halton District School Board

Date: November 9, 2021

FOR DECISION

TO: Audit Committee

FROM: Roxana Negoï, Superintendent of Business Services and Treasurer

RE: **Election of Audit Committee Vice-Chair 2021/2022**

Warrant

This report outlines the process to hold an election of the Audit Committee Vice-Chair

Background

The election of the Audit Committee Chair is required at the September meeting as per Audit Committee Regulation 361/10. The Halton District School Board Audit Committee also holds an election process for a Vice-Chair to act in the capacity of Chair in the absence of the Audit Committee Chair. The election of the Audit Committee Vice-Chair will follow the election of the Audit Committee Chair.

Audit Committee members will be asked to put their names forward for consideration as Vice-Chair at the meeting.

Recommendation

Be it resolved that _____ be appointed as Vice-Chair of the Audit Committee for the 2021/2022 fiscal year

Respectfully submitted,

Roxana Negoï, Superintendent of Business Services and Treasurer

Halton District School Board

Report Number: **TBD**
Date: November 9, 2021

FOR INFORMATION

TO: The Chair and Members of the Halton District School Board
FROM: Roxana Negoï, Superintendent of Business Services and Treasurer
Curtis Ennis, Director of Education
RE: **2020/2021 Financial Statements and Accumulated Surplus Balances**

Recommendation:

Be it resolved that the Halton District School Board authorize the 2020/2021 Year-end Surplus of \$11,741,864 to be transferred to the Accumulated Surplus category for Non Designated Surplus.

Be it resolved that Halton District School Board authorize reallocation of Accumulated Surplus of \$18,795,828 to be transferred from Accumulated Surplus category for Non Designated Surplus, to the various Accumulated Surplus categories as outlined in Appendix A, including but not limited to a transfer of \$16,880,154 to the Student Achievement reserves, a transfer of \$4,000,000 out of Closing the Gap reserve and a transfer of \$5,563,914 to the Administrative Facility reserve fund.

Be it resolved that the Halton District School Board approve the audited financial statements for the fiscal year ended August 31, 2021.

Rationale:

Each year, the treasurer of the board is required (under subsection 252(1) of the Education Act) to prepare the financial statements for the school board and, on receiving the auditor's report on the financial statements, promptly submit them to the Ministry of Education.

Financial statements must be prepared in compliance with legislation outlined under the Financial Administration Act, and in accordance with public sector accounting standards established by the Public Sector Accounting Board (PSAB) of The Chartered Professional Accountants, Canada. A summary of the significant accounting policies that form the basis of accounting in financial statements is provided in Note 1 to the financial statements.

Audit

The financial statements have been audited by Deloitte LLP, Chartered Accountants; independent external auditors appointed by the Board. In accordance with subsection 253(5) of the Education Act, the auditors have received full access to all books, records, documents of the Board, as well as any other information that in the auditor's opinion was necessary to enable them to carry out their duties. The audit was conducted in accordance with Canadian generally accepted auditing standards as outlined in the Auditors' Report. Based on their audit opinion, the auditors agree that the consolidated financial statements of Halton District School Board as at and for the year ended August 31, 2021 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements. In addition, the Halton District School Board was in compliance with all Ministry funding regulations.

Halton District School Board

Audit Committee

Per Ontario Regulation 361/10: Audit Committees, Section 9(4), the duties of the Audit Committee is “to recommend, if the audit committee considers it appropriate to do so, that the board approve the annual audited financial statements”. The Board’s Audit Committee met on November 9, 2021 and recommended that the audited financial statements of the Halton District School Board for the fiscal year ended August 31, 2021 be approved by the Board of Trustees.

2020/2021 Financial Year

The Halton District School Board continues to be financially responsible with a clear focus on providing the system with the resources and supports necessary to create learning conditions that elevate student achievement, champion supportive and inclusive practices within safe and caring environments and provide opportunities to take action for a sustainable world. The 2020/2021 Financial Statements reflect the financial results of the Board’s operating and capital activity for the year. The Accumulated Surplus, as detailed in the Financial Statements, represents the net financial resources of the Board. The Board experienced an operational surplus of approximately \$11.7 million representing 1.5% of the approved budget. This is mainly as a result of additional COVID-19 funds received from the Ministry of Education during the year and the shut down resulting from the COVID-19 pandemic. The Financial Statements are provided in Appendix B.

Accumulated Surplus/Deferred Revenues

Under PSAB, traditional descriptions of Reserves and Reserve Funds have been changed to fall into two categories:

- (i) Accumulated Surplus – Boards have the authority to set aside funds for a restricted purpose and make local expenditure decisions.
- (ii) Deferred Revenues – Externally Restricted which are those amounts received subject to external restrictions arising from legislation or regulations.

Appendix A summarizes the changes to Accumulated Surplus from 2019/2020 to 2020/2021. The recommended balance in the Non Designated Surplus of \$21.9 million (or approx. 3% of the provincial allocation) is to set aside funding to address ongoing COVID-19 pressures and post pandemic challenges for 2021/2022 year and beyond, both operating and capital. In addition to this non designated surplus, the Board is allocating \$21.2 million to the Student Achievement reserves, which is set to support all areas of the Multi Year Plan, as well as \$30.9 million in the Administrative Facility reserves which amount to the enveloping surplus in the Board Administration and Governance Grant.

Respectfully submitted,

Roxana Negoï

Superintendent of Business Services and Treasurer

Curtis Ennis

Director of Education

Halton District School Board
Summary of Accumulated Surplus
(Per Note 10 to the Consolidated Financial Statements)
Year Ended August 31, 2021

	2020/2021	Increase	Decrease	Transfers	2019/2020
Non-designated Surplus	21,879,796	11,741,864	-	(18,795,828)	28,933,760
Amounts Internally Restricted For Future Use By The Board					
Retirement Gratuities	-	-	(1,133,000)	-	1,133,000
Operating:					
Decentralized School Budgets	2,453,975	2,203,975	(4,464,018)	250,000	4,464,018
Student Achievement	21,214,891	-	(576,565)	16,880,154	4,911,302
Technology	634,455	-	(290,551)	101,760	823,246
	<u>24,303,321</u>	<u>2,203,975</u>	<u>(5,331,134)</u>	<u>17,231,914</u>	<u>10,198,566</u>
Accommodation:					
Closing the Gap	-	-	-	(4,000,000)	4,000,000
Administrative Facility	30,948,177	-	-	5,563,914	25,384,263
	<u>30,948,177</u>	<u>-</u>	<u>-</u>	<u>1,563,914</u>	<u>29,384,263</u>
Committed Capital Projects and Sinking Fund Interest	7,353,075	867,399	(819,317)	-	7,304,993
Total Internally Restricted For Future Use By The Board	62,604,573	3,071,374	(7,283,451)	18,795,828	48,020,822
Amounts To Be Recovered					
Employee Future Benefits	(56,103)	489,253	-	-	(545,356)
Interest to be Accrued	(2,900,578)	189,632	-	-	(3,090,210)
	<u>(2,956,681)</u>	<u>678,885</u>	<u>-</u>	<u>-</u>	<u>(3,635,566)</u>
Revenues Recognized for Land					
Land & Pre-Acquisition Land Costs	252,394,814	23,987,514	(466,427)	-	228,873,727
Educational Development Charges Outstanding	(20,886,812)	28,006,039	(23,520,262)	-	(25,372,589)
	<u>231,508,002</u>	<u>51,993,553</u>	<u>(23,986,689)</u>	<u>-</u>	<u>203,501,138</u>
School Generated Funds	3,992,826	-	(1,308,824)	-	5,301,650
Total Accumulated Surplus Balance, end of year	317,028,516	67,485,676	(32,578,964)	-	282,121,804

APPENDIX B

Consolidated financial statements of Halton District School Board

August 31, 2021

Management Report	1
Independent Auditor's Report	2-3
Consolidated statement of financial position	4
Consolidated statement of operations	5
Consolidated statement of cash flows	6
Consolidated statement of change in net debt	7
Notes to the consolidated financial statements	8-25

Management Report

Management's responsibility for the consolidated financial statements

The accompanying consolidated financial statements of the Halton District School Board are the responsibility of the Board's 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.

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 of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

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

Director of Education

Superintendent of Business Services

And Treasurer

November 17, 2021

Independent Auditor's Report

To the Trustees of the
 Halton District School Board

Opinion

We have audited the consolidated financial statements of Halton District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2021, and the consolidated statements of operations, cash flows and change in net debt for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements of the Board for the year ended August 31, 2021 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of 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 the Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
_____, 2021

Halton District School Board
Consolidated statement of financial position
As at August 31, 2021

	Notes	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents		46,687,522	70,238,482
Accounts receivable		49,093,210	111,228,349
Accounts receivable – Government of Ontario	2	314,288,157	307,484,518
Assets held for sale	9	7,825,473	—
		417,894,362	488,951,349
Liabilities			
Accounts payable and accrued liabilities		89,529,138	162,381,734
Net long-term liabilities	4	225,102,396	238,438,931
Deferred revenue	6	19,240,039	19,446,866
Employee future benefits payable	8	22,940,004	26,371,163
Deferred capital contributions	7	653,755,236	616,255,260
		1,010,566,813	1,062,893,954
Net debt		(592,672,451)	(573,942,605)
Non-financial assets			
Prepaid expenses		4,023,710	3,630,825
Tangible capital assets	9	905,677,257	852,433,584
		909,700,967	856,064,409
Contractual obligations and contingent liabilities	15		
Accumulated surplus	10	317,028,516	282,121,804

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

Approved by the Board

_____, Director of Education

_____, Chair of the Board

Halton District School Board
Consolidated statement of operations
Year ended August 31, 2021

	Notes	Budget	2021 Actual	2020 Actual
		\$	\$	\$
Revenue	21			
Provincial grants –				
Grants for Student Needs		734,939,187	726,608,146	693,121,596
Provincial grants – other	11 and 12	2,399,515	31,801,427	3,673,459
Investment income		1,000,000	871,357	1,776,391
Federal grants		1,801,595	1,430,086	512,536
School fundraising and other revenues		12,000,000	1,607,297	11,082,036
Deferred capital contributions – grants recognized	7	31,136,978	35,468,614	31,135,549
Other fees and revenues		23,338,689	38,376,881	25,753,037
		806,615,964	836,163,808	767,054,604
Expenses				
Instruction		635,411,584	620,902,412	580,134,982
Administration		17,554,367	16,278,529	16,468,447
Transportation		19,049,867	19,232,179	17,308,067
Pupil accommodation		112,123,140	108,205,051	104,344,380
Other		6,627,765	33,722,804	6,412,960
School funded activities		12,000,000	2,916,121	11,618,008
Loss on disposition of Fast Track Centre for Skills, Development & Training	19	—	—	1,473,573
	13	802,766,723	801,257,096	737,760,417
Annual surplus		3,849,241	34,906,712	29,294,187
Accumulated surplus, beginning of year		263,564,407	282,121,804	252,827,617
Accumulated surplus, end of year	10	267,413,648	317,028,516	282,121,804

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

Halton District School Board
Consolidated statement of cash flows
Year ended August 31, 2021

	Notes	2021 \$	2020 \$
Operating transactions			
Annual surplus		34,906,712	29,294,187
Non-cash items			
Amortization and write-downs of tangible capital assets	9	36,714,128	31,693,263
Deferred capital contributions – grants recognized	7	(35,468,614)	(31,135,549)
Gain on sale of tangible capital assets			
Loss on disposition of Fast Track Centre for Skills, Development & Training	19	—	1,473,573
Cash balance from disposition of Fast Track Centre for Skills, Development and Training	19	—	(3,125,663)
Net change in non-cash working capital balances			
Accounts receivable		62,135,139	(73,493,168)
Accounts receivable – Government of Ontario		(7,825,243)	(17,053,826)
Accounts payable and accrued liabilities		(72,852,596)	83,898,472
Deferred revenue – operating		154,859	303,565
Employee future benefits payable		(3,431,159)	890,511
Prepaid expenses		(392,885)	75,435
		13,940,341	22,820,800
Capital transactions			
Acquisition of tangible capital assets	9	(97,783,274)	(69,551,101)
		(97,783,274)	(69,551,101)
Financing transactions			
Principal repayments on long-term liabilities	5	(13,336,535)	(12,732,676)
Additions to deferred capital contributions	7	72,968,590	61,828,999
Decrease in deferred revenues – capital		(361,686)	(4,652,245)
Decrease in accounts receivable – Government of Ontario		1,021,604	9,144,180
		60,291,973	53,588,258
(Decrease) increase in cash and cash equivalents		(23,550,960)	6,857,957
Cash and cash equivalents, beginning of year		70,238,482	63,380,525
Cash and cash equivalents, end of year		46,687,522	70,238,482

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

Halton District School Board**Consolidated statement of change in net debt**

Year ended August 31, 2021

	Notes	2021 \$	2020 \$
Annual surplus		34,906,712	29,294,187
Tangible capital asset activities			
Acquisition of tangible capital assets	9	(97,783,274)	(69,551,101)
Amortization of tangible capital assets	9	36,287,929	31,693,263
Write-downs of tangible capital assets	9	426,199	—
Transfer to assets held for sale	9	7,825,473	—
Write-off of tangible capital assets on disposition of Fast Track Centre for Skills, Development and Training	19	—	359,052
		(53,243,673)	(37,498,786)
Other non-financial asset activities			
Acquisition of prepaid expenses		(4,197,206)	(3,737,273)
Use of prepaid expenses		3,804,321	3,812,708
Write-off of prepaid expenses on disposition of Fast Track Centre for Skills, Development and Training	19	—	132,056
		(392,885)	207,491
Increase in net debt		(18,729,846)	(7,997,108)
Net debt, beginning of year		(573,942,605)	(565,945,497)
Net debt, end of year		(592,672,451)	(573,942,605)

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

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

1. Significant accounting policies

The consolidated financial statements are prepared by management in accordance with the basis of accounting described below.

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 require that:

- government transfers, including amounts previously recognized as tax revenue, 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.

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, including the following:

- Halton Student Transportation Services ("HSTS"); and
- 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.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

1. Significant accounting policies (continued)

Reporting entity (continued)

All material inter-departmental and inter-organizational transactions and balances between these organizations are eliminated upon consolidation.

Trust funds

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

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and demand deposits.

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.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

Asset	Estimated useful life in years
Land improvements with finite lives	15
Buildings	40
Other buildings	20
Portable structures	20
Equipment	5-15
First-time equipping of schools	10
Furniture	10
Computer software	5
Leasehold improvements – buildings	5
Computer hardware	3

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.

Effective fiscal year 2021, the useful life for computer hardware was revised from five years to three years based on new information related to the actual life of the assets that resulted in this change in estimate. As such, additional amortization was recorded during the year to bring the net book value in line with this new policy. The impact of this change is additional amortization expense of \$1,301,811 recorded in the current year.

Land permanently removed from service and held for resale 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 resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value.

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2021

1. Significant accounting policies (continued)

Tangible capital assets (continued)

Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

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.

Deferred capital contributions

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, is recognized as deferred capital contributions (DCC) as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purpose;
- Other restricted contributions received or receivable for capital purpose; and
- Amounts previously recognized as property taxation revenues which were historically used to fund capital assets.

Retirement and other future benefits

The Board provides defined retirement, post retirement and workers' safety insurance benefits to specified employee groups. These benefits include pension, retirement gratuity, health and dental, workers' safety insurance benefits, carry-over sick leave and long-term disability benefits.

(a) Employee Life and Health Trusts

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, a number of Employee Life and Health Trusts (ELHTs) were established. The ELHTs provide health, life and dental benefits to teachers, education workers and other school board staff and retired individuals starting with 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.

The Board's employees belong to the following ELHTs: Elementary Teachers' Federation of Ontario (ETFO), Elementary Teachers' Federation of Ontario Education Workers (ETFO-EW), Ontario Secondary School Teachers' Federation (OSSTF), Ontario Secondary School Teachers' Federation Education Workers (OSSTF-EW), Education Workers' Alliance of Ontario (EWA), Canadian Union of Public Employees (CUPE), Education Council of Associations for Benefits (ECAB), and ONE-T for non-unionized employees including Principals and Vice-Principals.

The Board is no longer responsible to provide these benefits to ETFO, OSSTF, OCTU (under OSSTF-EW), PSSP (under OSSTF-EW), DECE (under ETFO-EW), CUPE, HDEAA (under EWA), Principals and Vice-Principals and non-unionized employees.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

1. Significant accounting policies (continued)

(a) Employee Life and Health Trusts

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. School boards are required to remit the negotiated amount per full-time equivalency (FTE) on a monthly basis.

The Board continues to provide health and dental benefits for retired individuals in certain employee groups and continues to have a liability for payment of benefits for individuals who are retired under these plans.

(b) Retirement gratuity plan, sick leave plan, and post-retirement health and dental plan

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

- (i) The costs of self-insured retirement and other employee future benefits 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.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as post-retirement health and dental benefits, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. The changes to the post-retirement health and dental plan resulted in a plan curtailment and any unamortized actuarial gains and losses associated with the employees impacted by the change were recognized as at August 31, 2012.

For those self-insured benefit obligations that arise from specific events that occur periodically, such as obligations for workers' compensation, 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.

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

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

1. Significant accounting policies (continued)

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, and 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 asset is amortized.

Contributed materials

Contributed materials are recognized by the Board at the date of contribution when a fair value can be reasonably estimated.

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 form part of the respective deferred revenue balances.

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees of the Halton District School Board. The budget 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. Budget figures in the consolidated statement of change in net debt have not been provided.

Property tax revenue

Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial grants - Grants for Student Needs on the consolidated statement of operations.

Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as 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 estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. Significant estimates include employee future benefits, certain accruals, and useful lives of tangible capital assets.

Halton District School Board**Notes to the consolidated financial statements**August 31, 2021

2. Accounts receivable – Government of Ontario*Capital grants*

The Government of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board was granted a one-time grant that recognized capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also be entitled to yearly capital grants to support capital programs which would be reflected in this account receivable. As at August 31, 2021, the Board has a receivable balance of \$260,633,861 (\$261,655,465 in 2020) with respect to this capital grant, which has been included on the consolidated statement of financial position as part of Accounts receivable – Government of Ontario.

Operating grants

Effective September 1, 2018, the Ministry of Education (the "Ministry") introduced a new cash management strategy. As part of the strategy, the Ministry delays the flow of part of the annual operating grant payment to school boards if the school board's adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments receivable by the Board from the Ministry as at August 31, 2021 is \$53,654,296 (\$45,829,053 in 2020) and has been included on the consolidated statement of financial position as part of Accounts receivable – Government of Ontario.

3. Temporary borrowing

The Board's banking resolutions allow aggregate borrowings to the maximum of \$135 million. The Board has credit facilities available to the maximum of \$100 million with a Canadian chartered bank to address operating requirements, bridge capital expenditures and education development charges outstanding. As at August 31, 2021, the amount drawn was \$nil (\$nil in 2020).

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

4. Net long-term liabilities

Net long-term liabilities on the consolidated statement of financial position is comprised of Ontario Financing Authority (OFA) and Ontario School Boards Financing Corporation (OSBFC) debentures as follows:

	2021 \$	2020 \$
Debentures		
OSBFC, Series 2003-A2, 5.800%, maturing November 2028	12,916,421	14,256,984
OSBFC, Series 2004-A1, 5.483%, maturing November 2029	20,135,322	21,951,623
OSBFC, Series 2005-A1, 4.789%, maturing August 2030	6,024,930	6,549,382
OFA, Bylaw 06090, 4.560%, maturing November 2031	11,292,678	12,114,926
OFA, Bylaw 08012, 4.900%, maturing March 2033	23,986,062	25,457,954
OFA, Bylaw 09037, 5.062%, maturing March 2034	809,921	853,878
OFA, Bylaw 09036, 5.062%, maturing March 2034	4,380,872	4,618,634
OFA, Bylaw 09125, 5.384%, maturing May 2034	6,792,479	7,145,683
OFA, Bylaw 10052, 5.232%, maturing May 2035	9,329,704	9,776,543
OFA, Bylaw 10107, 4.947%, maturing May 2035	14,723,712	15,438,738
OFA, Bylaw 11034, 4.833%, maturing March 2035	14,527,634	15,185,727
OFA, Bylaw 11155, 3.970%, maturing November 2036	11,771,332	12,312,055
OFA, Bylaw 12024, 3.564%, maturing March 2037	14,556,460	15,231,740
OFA, Bylaw 13030, 3.799%, maturing March 2038	38,425,831	40,030,122
OFA, Bylaw 13120, 4.037%, maturing October 2028	10,027,700	11,158,645
OFA, Bylaw 14025, 4.003%, maturing March 2039	22,962,956	23,832,433
OFA, Bylaw 15010, 2.993%, maturing March 9, 2040	1,013,431	1,053,044
OFA, Bylaw 16024, 3.242%, maturing March 15, 2041	145,053	150,199
OFA, Bylaw 17020, 3.594%, maturing March 14, 2042	1,279,898	1,320,621
Net long-term liabilities	225,102,396	238,438,931

Of the net long-term liabilities outstanding of \$225,102,396, principal plus interest payable over the next five years and subsequent payments to maturity are as follows:

	Principal \$	Interest \$	Total \$
2021/22	13,969,707	10,067,969	24,037,676
2022/23	14,633,648	9,404,028	24,037,676
2023/24	15,329,885	8,707,791	24,037,676
2024/25	16,060,023	7,977,653	24,037,676
2025/26	16,825,748	7,211,928	24,037,676
Total	76,819,011	43,369,369	120,188,380
Thereafter	148,283,385	32,595,467	180,878,852
Net long-term liabilities	225,102,396	75,964,836	301,067,232

Interest payments on long-term liabilities amounted to \$10,701,141 (\$11,304,999 in 2020) (Note 5).

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

5. Debt charges and capital loan interest

Debt charges and capital loan interest includes principal and interest payments as follows:

	2021 \$	2020 \$
Principal payments on long-term liabilities	13,336,535	12,732,676
Interest payments on long term liabilities	10,701,141	11,304,999
Interest payments on temporary financing of capital projects	244,822	367,888
	24,282,498	24,405,563

6. Deferred revenue

Revenue 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, 2021 is comprised of:

	Balance as at August 31, 2020 \$	Contributions received \$	Revenue recognized in the period \$	Transfers to deferred capital contributions \$	Balance as at August 31, 2021 \$
Special education	1,479,820	92,495,879	92,383,840	—	1,591,859
Legislative grants	225,467	35,525,289	29,757,983	5,581,296	411,477
Other provincial grants	—	240,913	240,913	—	—
Other Ministry of Education grants	443,024	22,576,139	20,038,290	2,513,556	467,317
School renewal	9,183,369	10,331,902	2,559,779	7,326,941	9,628,551
Education development charges	—	28,746,716	28,746,716	—	—
Other third party	7,093	3,215,383	2,895,374	312,762	14,340
Proceeds (costs) of disposition	8,108,093	(137,462)	—	844,136	7,126,495
Total deferred revenue	19,446,866	192,994,759	176,622,895	16,578,691	19,240,039

7. Deferred capital contributions

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

	2021 \$	2020 \$
Balance, beginning of year	616,255,260	585,920,862
Disposition of The Centre (Note 19)	—	(359,052)
Net additions to deferred capital contributions	72,968,590	61,828,999
Deferred capital contributions – grants recognized	(35,468,614)	(31,135,549)
Balance, end of year	653,755,236	616,255,260

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

8. Retirement and other employee future benefits

	Retirement gratuities \$	Post retirement benefits \$	Workplace safety insurance board \$	Sick leave top-up benefits \$	2021 Total employee future benefits \$	2020 Total employee future benefits \$
Accrued employee future benefit obligation	12,791,869	471,033	9,943,170	878,117	24,084,189	28,070,261
Unamortized actuarial (losses)	(1,144,185)	—	—	—	(1,144,185)	(1,699,098)
Employee future benefits liability	11,647,684	471,033	9,943,170	878,117	22,940,004	26,371,163

	Retirement gratuities \$	Post retirement benefits \$	Workplace safety insurance board \$	Sick leave top-up benefits \$	2021 Total employee future benefits \$	2020 Total employee future benefits \$
Recognition of unamortized actuarial losses (gains)	432,735	(329,139)	—	420,061	523,657	296,933
Current year benefit cost	—	108,754	480,862	878,117	1,467,733	5,697,222
Plan amendment	—	98,070	—	—	98,070	—
Interest on accrued benefit obligation	194,441	9,677	151,701	—	355,819	533,606
Employee future benefits expense	627,176	(112,638)	632,563	1,298,178	2,445,279	6,527,761

Above amounts exclude pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

8. Retirement and other employee future benefits (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2021 are based on actuarial valuations/extrapolations completed for accounting purposes as at August 31, 2021. These actuarial valuations/extrapolations take into account any plan changes and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2021 %	2020 %
Inflation		
Retirement gratuities	1.50	1.50
Healthcare cost escalation		
Dental	5.00	4.50
Health	5.00	7.25
Discount on accrued benefit obligation		
Retirement gratuities	1.80	1.40
Post-retirement benefits	1.80	1.40

Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teachers' 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 a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

During the year ended August 31, 2021, the employee contributions to this plan were \$47,952,461 (\$43,377,059 in 2020).

Ontario Municipal Employees Retirement System

All permanent non-teaching employees of the Board are eligible to be members of 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 ending August 31, 2021, the Board contributed \$9,289,349 (\$8,868,304 in 2020) 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, as these obligations are a direct responsibility of OMERS.

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. As a result of the 2012 plan change, 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. Retirement of gratuities expensed amounted to \$627,176 (\$660,935 in 2020).

Halton District School Board**Notes to the consolidated financial statements**August 31, 2021

8. Retirement and other employee future benefits (continued)*Post-retirement benefits*

The Board continues to provide post-retirement health and dental 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. Employees retiring on or after August 12, 2021, no longer qualify for board subsidized premiums or contributions.

Healthcare spending account

The Board also provides additional supplemental benefits in the form of a healthcare spending account ("HCSA") of \$3,000 per year for all eligible members of the Senior Officers group who retired before August 13, 2021 until age 65. Prior to 2021, the HCSA was not included in the benefits liability and has been recognized as a plan amendment in the current year.

*Other employee future benefits**Workplace Safety Insurance Board*

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act.

Occurrences between \$1,000,000 and \$25,000,000 are insured under third party insurance coverage. The Board participates in the Workers' Compensation Assistance Program with the School Boards' Co-operative Inc. (SBCI). For an annual fee, this program provides funds to Participating Members that incur claim costs on any workers' compensation incident between \$500,000 and \$1,000,000. The Board is self-insured for all other occurrences. 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 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreements negotiated prior to 2012 included such provisions.

As of August 31, 2021, these obligations, as actuarially determined, amounted to \$9,943,000 (\$11,880,043 in 2020) and are included in Employee future benefits payable.

The change in this amount from the previous year has been reflected in the consolidated statement of operations.

Long-term disability salary compensation

The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the defined benefit plan.

Sick leave top-up benefits

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 accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2021. This actuarial valuation is based on assumptions about future events.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

9. Tangible capital assets

	Cost August 31, 2020 \$	Additions and betterments \$	Disposals \$	To/from construction in progress \$	Write Downs \$	Transfer to assets held for sale \$	Cost August 31, 2021 \$
HDSB							
Land	228,407,300	23,879,151	—	40,228	—	(7,825,473)	244,501,206
Land improvements	47,128,991	4,172,273	—	—	—	—	51,301,264
Buildings (40 yrs)	871,211,718	26,524,004	—	—	—	—	897,735,722
Other buildings	112,268	—	—	—	—	—	112,268
Portable structures	7,219,093	3,606,255	(386,500)	—	—	—	10,438,848
Construction in progress	17,224,049	28,894,152	—	735,580	—	—	46,853,781
Pre-acquisition costs - land	466,427	68,135	—	(40,228)	(426,199)	—	68,135
Pre-acquisitions costs - buildings	735,581	521,746	—	(735,580)	—	—	521,747
Equipment (5 years)	405,541	365,053	(8,919)	—	—	—	761,675
Equipment (10 years)	3,823,925	395,181	(141,569)	—	—	—	4,077,537
Equipment (15 years)	2,029,090	39,694	—	—	—	—	2,068,784
First time equipping	12,715,591	842,544	(1,380,886)	—	—	—	12,177,249
Furniture	760,183	10,200	(11,052)	—	—	—	759,331
Computer hardware	7,158,846	7,256,774	(4,091,651)	—	—	—	10,323,969
Computer software	711,761	27,951	(597,687)	—	—	—	142,025
Leasehold improvements	—	—	—	—	—	—	—
- buildings	331,429	1,180,161	—	—	—	—	1,511,590
	1,200,441,793	97,783,274	(6,618,264)	—	(426,199)	(7,825,473)	1,283,355,131

	Accumulated amortization Balance at August 31, 2020 \$	Amortization \$	Disposals \$	Accumulated amortization Balance at August 31, 2021 \$	Net book value 2021 \$	Net book value 2020 \$
HDSB						
Land	—	—	—	—	244,501,206	228,407,300
Land improvements	21,025,922	3,227,761	—	24,253,683	27,047,581	26,103,069
Buildings (40 yrs)	305,964,225	26,616,779	—	332,581,004	565,154,718	565,247,493
Other buildings	36,486	5,613	—	42,099	70,169	75,782
Portable structures	5,718,905	449,687	(386,500)	5,782,092	4,656,756	1,500,188
Construction in progress	—	—	—	—	46,853,781	17,224,049
Pre-acquisition costs - land	—	—	—	—	68,135	466,427
Pre-acquisitions costs - buildings	—	—	—	—	521,747	735,581
Equipment (5 years)	174,145	111,268	(8,919)	276,494	485,181	231,396
Equipment (10 years)	2,171,036	309,649	(141,569)	2,339,116	1,738,421	1,652,889
Equipment (15 years)	592,099	200,631	—	792,730	1,276,054	1,436,991
First time equipping	8,072,781	1,202,202	(1,380,886)	7,894,097	4,283,152	4,642,810
Furniture	313,272	75,824	(11,052)	378,044	381,287	446,911
Computer hardware	3,290,076	3,713,559	(4,091,651)	2,911,984	7,411,985	3,868,770
Computer software	649,262	58,965	(597,687)	110,540	31,485	62,499
Leasehold improvements	—	—	—	—	—	—
- buildings	—	315,991	—	315,991	1,195,599	331,429
	348,008,209	36,287,929	(6,618,264)	377,677,874	905,677,257	852,433,584

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2021

9. Tangible capital assets (continued)

(a) Assets under construction

Assets under construction which include construction in progress, pre-acquisition costs – land and pre-acquisition costs – building for a total value of \$47,443,663 (\$18,426,057 in 2020) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Assets held for sale

As of August 31, 2021, \$7,825,473 related to one parcel of land was recorded as assets held for sale.

10. Accumulated surplus

Accumulated surplus consists of the following:

	2021 \$	2020 \$
Non-designated surplus	21,879,796	28,933,760
Amounts internally restricted for future use of the Board		
Retirement gratuities	—	1,133,000
Other operating	24,303,321	10,198,566
Accommodation	30,948,177	29,384,263
Committed capital projects and sinking fund interest	7,353,075	7,304,993
	62,604,573	48,020,822
Unavailable for compliance		
Employee future benefits	(56,103)	(545,356)
Interest accrual	(2,900,578)	(3,090,210)
	(2,956,681)	(3,635,566)
Revenue recognized for land		
Land (Note 9)	244,501,206	228,407,300
Pre-acquisition costs land (Note 9)	68,135	466,427
Assets held for sale (Note 9)	7,825,473	—
Education development charges outstanding (i)	(20,886,812)	(25,372,589)
	231,508,002	203,501,138
School generated funds	3,992,826	5,301,650
Total accumulated surplus	317,028,516	282,121,804

- (i) The Education Act, Part IX, Division E and Ontario Regulation 20/98 (amended by Ontario Regulation 95/02) provide requirements for determining a board's eligibility to impose Education Development Charges ("EDC") on new development, and the calculation of these charges. The accumulated eligible education development charge expenditures may be financed through cash and cash equivalents or temporary borrowing on the consolidated statement of financial position. Interest on education development charges outstanding amounted to \$44,459 (\$230,007 in 2020).

Halton District School Board**Notes to the consolidated financial statements**August 31, 2021

11. Ministry of Labour, Trade and Skills Development Funding

The Board has a transfer payment agreement with the Ministry of Labour, Trade and Skills Development ("MLTSD") to provide Adult Non-Credit Language Training in the form of English as a Second Language ("ESL") and French as a Second Language ("FSL"). For the year ended August 31, 2021, the Board subcontracted part of the language instruction to Fast Track Centre for Skills, Development and Training (the "Centre").

A requirement of the agreement with MLTSD is to provide audited financial statements for the funding year, including a schedule of revenue and expenses related to the agreement. The following is a breakdown of the revenue and expenses related to the Adult Non-Credit Language Training Program for the year ended August 31, 2021:

	2021
	\$
Program Revenue:	
Funds received	575,800
Program Expenses:	
Salaries and benefits	271,470
Classroom resources	23,018
Subcontracted services	224,559
Cleaning, phone and other expenses	27,510
Administration fee	42,428
Excess of expenses over revenue	<u>(13,185)</u>

12. In-kind transfers - Ministry of Government and Consumer Services

The Board has recorded both revenues and expenses associated with centrally procured in-kind transfers of personal protective equipment ("PPE") and critical supplies and equipment ("CSE") received from the Ministry of Government and Consumer Services ("MGCS"). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is \$9,968,705 with expenses based on use of \$9,968,705 for a net impact of \$nil to the consolidated statement of operations.

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2021

13. Expenses by object

The following is a summary of expenses reported in the consolidated statement of operations by object:

	Budget	2021 Actual	2020 Actual
	\$	\$	\$
Salary and wages	546,727,615	542,815,851	507,158,886
Employee benefits	95,671,701	91,858,202	87,460,107
Staff development	4,035,388	3,191,426	4,145,171
Supplies and services	60,511,794	42,614,020	48,580,451
Interest charges on capital	11,467,131	10,800,790	11,720,387
Rental expenses	124,500	111,546	116,642
Fees and contract services	45,456,699	38,800,368	38,592,895
Other	7,076,384	34,350,765	6,819,042
Amortization and write-downs of tangible capital assets	31,695,511	36,714,128	31,693,263
Loss on disposition of The Centre	—	—	1,473,573
	802,766,723	801,257,096	737,760,417

14. 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 million per occurrence.

The ultimate premiums over a five year period are based on each member of the reciprocal 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 five year term expires December 31, 2021 and has been renegotiated for a further five year period ending December 31, 2026.

15. Contractual obligations and contingent liabilities

- (a) The Board has the following annual lease and contract commitments over the next 5 years with respect to furniture, equipment, computer hardware and software, construction, and portables, totaling \$46,984,983.

	\$
2022	21,733,889
2023	17,360,788
2024	4,086,088
2025	2,028,251
2026	1,235,334
Thereafter	540,633
	<u>46,984,983</u>

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

15. Contractual obligations and contingent liabilities (continued)

- (b) As of August 31, 2021 the Board had guarantees outstanding of \$1,044,730 (\$1,501,311 in 2020) relating to construction projects in progress.
- (c) In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2021 cannot be predicted with certainty, it is in the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

16. Partnership in Halton Student Transportation Services

Transportation services for the Board are provided by Halton Student Transportation Services ("HSTS") in partnership with Halton Catholic District School Board. Under the agreement created at the time HSTS was established, decisions related to the financial and operating activities of HSTS are shared. No partner is in a position to exercise unilateral control. Operations of HSTS have been included in these consolidated financial statements based on the share of net financial resources contributed by the Board during the fiscal period being reported.

This entity 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:

	Total	2021 Board portion	Total	2020 Board portion
	\$	\$	\$	\$
Financial position				
Financial assets	778,985	482,971	236,365	144,064
Liabilities	794,525	492,606	259,244	158,009
Non-financial assets	16,300	10,106	23,639	14,408
Accumulated surplus	760	471	760	463
Operations				
Revenue	30,451,648	19,919,426	25,765,149	16,873,601
Expenses	30,451,648	19,919,426	25,765,149	16,873,601
Annual surplus	—	—	—	—

17. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received \$7,294,000 from The 55 School Board Trust (the "Trust") for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered with the Trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed debt of participating boards that 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 not permanently financed debt.

As a result of the above agreement, the liability in respect of the not permanently financed debt is no longer reflected in the Board's financial position.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

18. Funds administered by the Board

Trust funds administered by the Board amounting to \$2,619,014 (\$2,442,570 in 2020) have not been included in the consolidated financial statements, as they are not controlled by the Board.

	Trust funds	Deferred leave plan	2021 Total	2020 Total
	\$	\$	\$	\$
Opening balance at August 31, 2020	700,251	1,742,319	2,442,570	2,438,826
Contributions received in 2021	6,750	642,895	649,645	777,786
Earnings on investments in 2021	4,861	—	4,861	23,648
	711,862	2,385,214	3,097,076	3,240,260
Disbursements in 2021	35,910	442,152	478,062	797,690
Closing balance at August 31, 2021	675,952	1,943,062	2,619,014	2,442,570

19. Separation from Fast Track Centre for Skills, Development and Training

In previous years, the consolidated financial statements of the Board included the accounts and balances of the Centre. Effective September 1, 2019, The Centre is no longer part of the Board's reporting entity. Prior to this date the Board and The Centre were considered to be related parties by virtue of common control, as the Board had the ability to unilaterally appoint or remove a majority of the members of The Centre's Board of Directors. Subsequent to September 1, 2019, the Board and The Centre have effectively severed their related party relationship, through the resignation of Board personnel from The Centre's Board of Directors, and the transfer, modification, or termination of other financial and employment arrangements between the two parties. As such, the consolidated financial statements no longer reflect the activities or balances of The Centre.

In accordance with Canadian public sector accounting standard PS3430 - Restructuring Transactions, a one time loss on the disposition of The Centre was recorded in the consolidated statement of operations in the amount of \$1,473,573 for the year ended August 31, 2020, to reflect the removal of the balances previously recorded in the consolidated statement of financial position relating to The Centre, as follows:

Halton District School Board
Notes to the consolidated financial statements
August 31, 2021

**19. Separation from Fast Track Centre for Skills, Development and Training
(continued)**

	As at August 31, 2019 \$
The Centre	
Financial assets	
Cash and cash equivalents	3,125,663
Accounts receivable	<u>198,665</u>
	<u>3,324,328</u>
Liabilities	
Accounts payable and accrued liabilities	571,866
Deferred revenue	1,410,945
Deferred capital contributions	<u>359,052</u>
	<u>2,341,863</u>
Net debt	<u>982,465</u>
Non financial assets	
Prepaid expenses	132,056
Tangible capital assets	<u>359,052</u>
	<u>491,108</u>
Accumulated surplus	<u>1,473,573</u>

20. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The short-term impact of COVID-19 has resulted in decreased enrollment due to decreases in both immigration and migration, additional one time stabilization funding and COVID-19 supports from the Ministry of Education as well as savings due to school closures throughout the year. The long-term duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Board in future periods.

21. Comparative figures

Certain of the comparative figures have been reclassified to conform with current year presentation.



Halton District School Board

Report to the Audit Committee on the 2021 audit

November 9, 2021

November 9, 2021

Fax: 416-601-6151
www.deloitte.ca

Private and confidential

To the Audit Committee
Halton District School Board
J.W. Singleton Education Centre
2050 Guelph Line
Burlington ON L7R 3Z2

Report on audited annual financial statements

Dear Audit Committee Members:

We are pleased to submit this report on the status of our audit of Halton District School Board ("the School Board") for the 2021 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you.

As agreed in our master service agreement ("MSA") dated April 1, 2018 and confirmation of changes letter dated April 14, 2021, we have performed an audit of the consolidated financial statements of Halton District School Board as at, and for the year ended, August 31, 2021, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our independent auditor's report thereon dated November 17, 2021 once the consolidated financial statements are approved by the Board of Trustees.

Our audit has been conducted in accordance with the audit plan that was presented to the Audit Committee at the meeting on April 20, 2021.

This report is intended solely for the information and use of the Audit Committee, management and others within the School Board and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to express our appreciation for the cooperation we received from the employees of the School Board with whom we worked during the execution of our engagement.

We look forward to discussing this report summarizing the outcome of our audit with you, and to answering any questions you may have.

Yours truly,

[Original signed Deloitte LLP]

Chartered Professional Accountants
Licensed Public Accountants

Table of contents

Executive summary	1
Audit risks	3
Appendix 1 – Communication requirements and other reportable matters	
Appendix 2 – Draft management representations letter	
Appendix 3 – Deloitte resources a click away	

Executive summary



Audit scope and terms of engagement

We were engaged to perform an audit of the School Board's consolidated financial statements (the "financial statements") 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. ("Financial Reporting Framework") as at and for the year ended August 31, 2021. Our audit was conducted in accordance with Canadian Generally Accepted Auditing Standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the master services agreement dated April 1, 2018 and confirmation of changes letter dated April 14, 2021, which was signed on behalf of the Audit Committee and management.

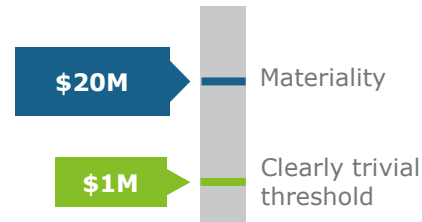


Audit risks

- | | |
|---|--|
| 1 | Revenue recognition |
| 2 | Management override of controls |
| 3 | School Generated Funds and School Council Funds |
| 4 | Government transfers relating to capital contributions |
| 5 | Employee future benefits |



Uncorrected misstatements



Materiality levels are determined on the basis of 2.5% of consolidated expenses, consistent with prior year. There were no uncorrected misstatements identified during our audit. The only audit adjustment made this year relates to the reclassification of one property from tangible capital assets to assets held for sale.



Outstanding matters & next steps

Receipt of signed management representations letter

Receipt of legal letters

Minor documentation items and completion of Engagement Quality Control Review



Highlights

No changes in audit risks identified

No significant deficiencies identified in internal controls. We have included our recommendations resulting from our school visits under separate cover.



Going concern

Management has completed its assessment of the ability of the School Board to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the School Board's ability to continue as a going concern. We agree with management's assessment.



Results

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the financial statements of the School Board for the year ended August 31, 2021 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Board of Trustees.

Audit risks

The audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

Revenue recognition*

Analysis of risk	Audit response and results
<p>Assurance standards include the presumption of a fraud risk involving improper revenue recognition. (Grants, deferred capital contributions, other fees and revenue, and school fundraising and other revenue).</p> <p>We recognize that as a result of COVID-19 there continue to be changes to the various provincial grants announced by the Ministry of Education, which were captured as part of our audit response.</p>	<ul style="list-style-type: none"> • We tested the design and implementation of controls over revenue and performed substantive analytic procedures, detailed testing, and confirmation procedures in the various revenue streams • With respect to grants revenue, we reviewed funding letters, if available, as well as associated B and SB memos issued by the Ministry of Education, to understand the grant stipulations and assess management's recording of the associated revenue and deferred revenue. We noted that as a result of COVID-19, there was an increase in Priorities and Partnerships funding (PPF) as well as other grants. We have tested a sample of expenditures incurred with respect to these funding streams to ensure valid revenue recognition and deferral have occurred. • We noted in the current year the receipt by the School Board of in-kind contributions from the Ministry of Government and Consumer Services of personal protective equipment. We performed procedures to ascertain the quantity and value of a sample of items ordered by the School Board during the year, which have been recognized as revenue with a corresponding expense. • Our audit procedures did not indicate any evidence of material misstatement.

Risk of management override of controls*

Analysis of risk	Audit response and results
<p>Assurance standards include the presumption of a significant risk of management override of controls. Management is in a unique position to perpetrate fraud because of management's ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. This represents a fraud risk for the FY21 audit.</p>	<ul style="list-style-type: none"> • We discussed fraud with management. • We asked the Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the School Board and their role in the oversight of management's antifraud programs. • We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period. • We evaluated the business rationale for any significant unusual transactions.

Risk of management override of controls*

Analysis of risk	Audit response and results
	<ul style="list-style-type: none"> • We determined whether the judgments and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates. • Our audit procedures did not indicate any evidence of material misstatement.

School Generated Funds

Analysis of risk	Audit response and results
<p>There is an increased risk of misstatement of School Generated Funds and School Council Funds due to the fact that transaction processing is decentralized and internal controls implemented at each school site and their operating effectiveness may vary.</p>	<ul style="list-style-type: none"> • We selected a sample of schools to audit and performed substantive tests of details to obtain assurance over assets, liabilities, revenues and expenses. • We also performed testing on internal controls over the p-card process at the selected schools. • We also performed testing on the maintenance of enrolment registers and enrolment reporting at each selected school. • We noted in the current year that as a result of various school closures due to COVID-19, that this resulted in diminished School Generated Funds activities in the current year. • We noted as well that COVID-19 resulted in quadmestering at the secondary panel which introduced challenges with school enrolment reconciliations. • Our audit procedures did not indicate any evidence of material misstatement.

Government transfers relating to capital contributions

Analysis of risk	Audit response and results
<p>The accounting for government transfers relating to capital contributions is a distinct area which has been prescribed by the Ministry of Education, and can be complex given the significance of capital transactions and balances at the School Board. Ministry directives in this area differs from Canadian Public Sector Accounting Standards and thus requires additional scrutiny.</p>	<ul style="list-style-type: none"> • We detail tested transactions and balances impacted, including tangible capital assets and capital contributions received and recognized through annual amortization, and determined whether the School Board has accounted for these transactions in accordance with regulations and relevant policies. • We reviewed adequacy of disclosure of the basis of accounting in the notes to the financial statements. • Our audit procedures did not indicate any evidence of material misstatement.

Employee future benefits

Analysis of risk	Audit response and results
Employee future benefits liabilities and expenses are valued by the School Board's actuary based on certain significant judgments and assumptions, which are subject to a higher level of risk.	<ul style="list-style-type: none"> • We communicated with the School Board's actuary, School Boards' Co-operative Inc., to ensure our ability to rely on the results of their valuation. • We reviewed the actuarial report including assumptions and data upon which estimates were based. We selected a sample of data inputs provided to the actuary and validated them against supporting documents. We also evaluated the reasonableness of assumptions used in the valuation against independent source. • We evaluated the reliability and qualifications of the School Board's actuary. • We ensured proper disclosure in the financial statements. • Our audit procedures did not indicate any evidence of material misstatement.

* Area of Significant audit risk

Other matters

Group audit

The Financial Statements of the School Board include their share of the accounts and activities of the Halton Student Transportation Services ("HSTS"). As the group auditor of the School Board, we communicated with the auditors of HSTS and provided direction on the planning, performance, and results of their audit, including their risk assessment, materiality, and audit strategy. We are responsible to assess the impact of any uncorrected misstatements and disclosure misstatements they identify as part of their audit of HSTS on our overall audit opinion on the financial statements of the School Board.

Our communications with HSTS's auditors did not identify any issues impacting the audit of the School Board's financial statements.

Use of the work of specialists

We used our internal IT specialists to assess the design and implementation of information technology computer controls. Our review did not identify any deficiencies in computer controls to be reported to the Audit Committee.

We also relied on the work of the School Board's actuary, School Boards' Co-operative Inc., in their valuation of the School Board's post-employment benefit plans and communicated with them directly to obtain confirmation on our ability to rely on their reports.

Appendix 1 – Communication requirements and other reportable matters

Required communication	Reference	Refer to this report or document described below
Audit Service Plan		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS ¹ 260.14	Master service agreement dated April 1, 2018 and confirmation of changes letter dated April 14, 2021.
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> a. Timing of the audit b. Significant risks, including fraud risks 	CAS 260.15	Audit plan communicated April 20, 2021
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27	None noted.
Enquiries of those charged with governance		
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.21	Discussed during the Audit plan presentation on April 20, 2021.
5. Any known suspected or alleged fraud affecting the School Board	CAS 240.22	None noted.
6. Whether the School Board is in compliance with laws and regulations	CAS 250.15	None noted.
Year End Communication		
7. Fraud or possible fraud identified through the audit process	CAS 240.40-.42	We are not aware of any fraudulent events.
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.	See Note 1 to the financial statements for significant accounting policies

¹ CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Required communication	Reference	Refer to this report or document described below
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.	Significant accounting practices and policies selected and applied by management are, in all material respects, acceptable under the Financial Reporting Framework and are appropriate to the particular circumstances of the School Board.
10. Matters related to going concern	CAS 570.25	We concluded that there was no substantial doubt about the School Board's ability to continue as a going concern.
11. Consultation with other accountants	CAS 260.16(c),(i), A22	We are not aware of consultations with other accountants.
12. Management judgments and accounting estimates	CAS 260.16 a.	No issues noted with management judgments and accounting estimates.
13. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.	We did not encounter any significant difficulties while performing the audit. There were no significant delays in receiving information from management required for the audit nor was there an unnecessarily brief timetable in which to complete the audit.
15. Material written communications between management and us, including management representation letters	CAS 260.16 c.	Management representation letter.
16. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16e.	No other matters to report.
17. Modifications to our opinion(s)	CAS 260.A21	None.
18. Other significant matters discussed with management	CAS 260.A.22	No significant matters noted.
19. Under our professional standards we are required to communicate, unless we are prohibited by a law or regulation, matters involving non-compliance by the School Board with applicable laws and regulations, including illegal or possibly illegal acts that come to our attention	CAS 250.23	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the School Board, that are not otherwise prohibited to disclosed by law or regulation.
20. Litigation	CAS 260.16(a), A19-20, App. 2	No litigation matters to report.
21. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265	No deficiencies to report. We have prepared a management letter of comments identified during our school visits.
22. Key Audit Matters	CAS 701.17	None noted.
23. Uncorrected misstatements and disclosure items	CAS 450.12-13	None noted.

Required communication	Reference	Refer to this report or document described below
Other reportable matters		
24. Changes to the audit plan	CAS 260.A26	No changes to audit plan.
25. Concerns regarding management competence and integrity	CAS 260.11, A38	We have not determined any concerns regarding management competence and integrity.
26. Disagreements with management	CAS 260.16(c)(i), A22	In the course of our audit, we did not encounter any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
27. Subsequent events	CAS 260.10(a), 260.13(b), 260.14(a), 260.17	None noted.
28. Limitations when sending confirmations	CAS 505.9	Not applicable.
29. Other significant matters arising from the audit	CAS 260.16(e), A26-A28	None noted.

Appendix 2 – Draft management representations letter

[School Board letterhead]

November 18, 2021

Deloitte LLP
8 Adelaide Street West
Suite 200
Toronto ON M5H 1L6

Subject: Consolidated financial statements of Halton District School Board for the year ended August 31, 2021

Dear Sirs:

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the consolidated financial statements of Halton District School Board (the "Company" or "we" or "us"), for the years ended August 31, 2021, and a summary of significant accounting policies

(the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Organization 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 special purpose framework").

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the Organization and Deloitte dated April 1, 2018 for the preparation of the Financial Statements in accordance with the special purpose framework. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Organization as at August 31, 2021 and the results of its operations and cash flows for the year then ended in accordance with the special purpose framework.
2. The Financial Statements have been prepared for the Ministry of Education, and Board of Trustees of HDSB using the basis of accounting described in Note 1 to the Financial Statements for the purpose of assessing the financial position of HDSB and the results of its operations.
3. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with the special purpose framework, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with the special purpose framework. The Organization has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with the special purpose framework and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to August 31, 2021 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

4. All related party relationships and transactions, including associated amounts receivable and payable, have been appropriately accounted for and disclosed in the Financial Statements in accordance with the requirements of the special purpose framework.
5. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
6. We have completed our review of events after August 31, 2021 and up to the date of this letter.
7. The Financial Statements are free of material errors and omissions.

As a result of our evaluation process, we identified certain disclosures that, although required by the special purpose framework, have been omitted from our Financial Statements. Those omitted disclosures that are more than inconsequential are attached as Appendix A. We believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the Financial Statements as a whole.

Internal controls

8. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
9. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

10. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and,
 - d. All minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.

11. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
12. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
13. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
14. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Organization.
15. There have been no communications with regulatory agencies concerning actual or potential noncompliance with or deficiencies in financial reporting practices. There are also no known or possible instances of non-compliance with the requirements of regulatory or governmental authorities.
16. We have disclosed to you the identities of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

17. The School Board has not caused Deloitte's independence to be impaired by hiring or promoting a former or current Deloitte partner or professional employee in an accounting role or financial reporting oversight role that would cause a violation of the Canadian independence rules or other applicable independence rules. Prior to the School Board having any substantive employment conversations with a former or current Deloitte engagement team member, the Organization has held discussions with Deloitte and obtained approval from the Audit Committee.
18. We have ensured that all non-audit services provided to the School Board have been pre-approved by the Audit Committee. Further, we have adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte to the Organization in accordance with applicable laws, regulations and rules that apply to the School Board, including the Audit Committee approval requirements.
19. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.

Other matters

Except where otherwise stated below, immaterial matters less than \$3,620,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the Financial Statements.

20. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
21. The School Board has identified all related parties in accordance with the special purpose framework. Management has determined that such disclosure is not necessary because the transactions have not occurred at a value different from that which would have been arrived at if the parties were unrelated and do not or could not have a material effect on the financial statements.
22. There are no instances of identified or suspected noncompliance with laws and regulations.
23. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with the special purpose framework.
24. All events subsequent to the date of the Financial Statements and for which the special purpose framework requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
25. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
26. We have disclosed to you, and the School Board has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Title to assets

27. The School Board has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

Work of management's experts

28. We agree with the work of management's experts in evaluating the Retirement Benefits, Post Retirement Benefits, Workers' Safety Insurance Board and Non-Vesting Sick Leave Accumulation Benefits and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Consolidated Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to management's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

Loans and receivables

29. The School Board is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowance is adequate to absorb currently estimated bad debts in the account balance.

Environmental liabilities/contingencies

30. We have considered the effect of environmental matters on the School Board and have disclosed to you all liabilities, provisions or contingencies arising from environmental matters. All liabilities, provisions, contingencies and commitments arising from environmental matters, and the effect of environmental matters on the carrying values of the relevant assets are recognized, measured and disclosed, as appropriate, in the Financial Statements.

Employee future benefits

31. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Plans or intentions affecting carrying value/classification of assets and liabilities

32. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

Tangible Capital Assets

33. We have considered the impacts of the change in useful life of computer hardware from 5 years to 3 years. Accumulated amortization and amortization expenses have been adjusted accordingly through an analysis of prior year computer hardware assets being depreciated at 5 years in the past.

In-Kind Revenue for Personal Protective Equipment Received

34. We have disclosed to you our calculations for quantifying the personal protective equipment received from the Ministry of Education. Quantity amounts received and the weighted average cost used to calculate this in-kind revenue figure are in line with ministry guidelines and fairly represent the value of the items received.

Various matters

35. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:

- a. economic dependence on another party;
- b. losses arising from sale and purchase commitments;
- c. losses arising from onerous contracts;
- d. agreements to buy back assets previously sold;
- e. provisions for future removal and site restoration costs;
- f. financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure;
- g. sales with recourse provisions;
- h. sales incentives, including cash consideration provided to customers and vendor rebates;
- i. arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements;

- j. all impaired loans receivable and investments;
- k. loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

Yours truly,

Halton District School Board

Curtis Ennis
Director of Education

Roxana Negoii
Superintendent of Business Services

Heather Camastro
Manager of Accounting

Appendix 3 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

Register [here](#) to receive practical insights, invitations to Deloitte events/webcasts, and newsletters via email and other electronic channels. You will be able to select business topics and industries that align with your interests.

<p>Canada's Best Managed Companies (www.bestmanagedcompanies.ca)</p> <p>Target audience</p> <p>Directors and CEO/CFO</p>	<p>The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.</p>
<p>Centre for financial reporting (https://www.iasplus.com/en-ca/standards)</p> <p>Target audience</p> <ul style="list-style-type: none"> • Directors and CEO/CFO • Controller and Financial reporting team 	<p>Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.</p>
<p>Deloitte Viewpoints (https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints)</p> <p>Target audience</p> <ul style="list-style-type: none"> • CFO • Controller and Financial reporting team 	<p>Electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.</p>
<p>CFO's corner (https://www.iasplus.com/en-ca/cfos-corner)</p> <p>Target audience</p> <ul style="list-style-type: none"> • CFO and VP Finance • Controller and Financial reporting team 	<p>Editorial providing insights into key trends, developments, issues and challenges executives face, with a Deloitte point of view.</p>
<p>Deloitte Dbriefs (https://www.iasplus.com/en-ca/dbriefs/webcasts)</p> <p>Targeted audience</p> <ul style="list-style-type: none"> • CFO and VP Finance • Controller and Financial reporting team 	<p>Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.</p>

Appendix A

Summary of disclosure items passed

Halton District School Board
Year ended August 31, 2021

Footnote number	Footnote title	Description of omitted or unclear disclosure	Authoritative literature reference	Dollar amount of omitted or unclear disclosure (if applicable)
1	Non-cash transactions	The School Board presents its Statement of Cash Flows similar to the Statement of Cash Flows included in the Education Finance Information System (EFIS), which does not identify all non-cash items. Examples of such non-cash items are tangible capital asset acquisitions acquired through accounts payable, employee future benefit expenses relating to actuarial valuation adjustments, and recognition of previously deferred revenue.	PS 1201.104 to .126	Amount has not been determined.
2	Budget Figures	The statement of changes in net debt should include budget figures.	PS 1201.131	Amount has not been determined.



Halton District School Board

Date: November 9, 2021

FOR ACTION

TO: The Chair and Members of the Audit Committee
Halton District School Board

FROM: Roxana Negoï, Superintendent of Business Services & Treasurer

RE: **2020/2021 Financial Statements**

Warrant

This report recommends approval of the 2020/2021 Financial Statements.

Recommendation

Be it resolved that the Audit Committee recommends the audited financial statements of the Halton District School Board for the fiscal year ended August 31, 2021 be approved by the Board of Trustees.

Background

Each year, the treasurer of every board is required (subsection 252(1) of the Education Act) to prepare the financial statements for the school board and, on receiving the auditor's report on the financial statements, promptly submit them to the Ministry of Education.

Financial statements must be prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of The Chartered Professional Accountants, Canada. A summary of the significant accounting policies that form the basis of accounting in financial statements is provided in Note 1 to the financial statements.

Audit

The financial statements have been audited by Deloitte LLP, Chartered Accountants; independent external auditors appointed by the Board. In accordance with subsection 253(5) of the Education Act, the auditors have received full access to all books, records, documents of the Board, as well as any other information that in the auditor's opinion was necessary to enable them to carry out their duties. The audit was conducted in accordance with Canadian generally accepted auditing standards as outlined in the Auditors' Report. Based on their audit opinion, the auditors agree that the consolidated financial statements of Halton District School Board as at and for the year ended August 31, 2021 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements. In addition, the Halton District School Board was in compliance with all Ministry funding regulations.

Respectfully Submitted,

*Roxana Negoï
Superintendent of Business Services and Treasurer*



MEMO

TO: Halton District School Board Audit Committee
FROM: Andrea Eltherington, Regional Internal Audit Manager
DATE: 9 November 2021
SUBJECT: Regional Internal Audit Status Report – Open Committee Session

This memorandum will serve to update the Audit Committee of the Regional Internal Audit Team's (RIAT) work since September 28, 2021.

A. Other

1. Regional Internal Audit Mandate

School Business Support Branch memo, **2016: SB31: 'Update on Regional Internal Audit Consistency Measures'** requires that the Mandate be re-signed when there are changes in the make-up of the committee (such as a change in Director of Education, Chair of the Audit Committee or a change of the Regional Internal Audit Manager) so that all parties understand the role and mandate of the regional internal audit team.

See attached memo.

2. Regional Internal Audit Plan

Due to the retirement of the Regional Internal Audit Manager and the requirement to rebuild the team, the approved Regional Internal Audit Plan may not be fulfilled. Any adjustments to the 2021-2022 Regional Internal Audit Plan will be brought forward as soon as possible.

Motion

Be it resolved that the Audit Committee receive the Regional Internal Audit Status Update and that the report be included in the Audit Committee Summary to the Board of Trustees.



MEMO

TO: Halton District School Board Audit Committee
FROM: Andrea Eltherington, Regional Internal Audit Manager
DATE: 22 October 2021
SUBJECT: Revisions to the Regional Internal Audit Mandate

The internal audit mandate formally defines the purpose, authority and responsibility of the regional internal audit function. As indicated in Ministry Memo 2016:SB31 'Update on Regional Internal Audit Consistency Measures' the mandate must be re-signed when there are changes in the make-up of the committee (such as a change in Director of Education, Chair of the Audit Committee or the Regional Internal Audit Manager) so that all parties understand the role and mandate of the regional internal audit team.

In addition, there have been a few changes to the mandate based on a Quality Assurance review that the Ontario East Regional Internal Audit Team recently underwent.

The primary changes to the Regional Internal Audit mandate from the previous version include:

- Renaming the mandate as a 'Charter';
- Clarification of the functional reporting relationship between the RIAM and the Audit Committees; and
- Detailing the reporting requirements when residual risk is accepted by Management.

All of the changes have been highlighted in red.



Regional Internal Audit Charter

PURPOSE AND DEFINITION

The purpose of the regional internal audit team is to provide independent, objective assurance and consulting services designed to add value and improve the district school boards' operations in the West of Central region. It helps the district school boards accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

ROLE

The regional internal audit activity is established by the Ministry of Education through the annual Grants for Student Needs funding. The oversight role of the Audit Committee of the Board of Trustees (**Audit Committee**) over the regional internal audit activity is established by Regulation 361/10.

PROFESSIONALISM

The regional internal audit activity will adhere to the Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the regional internal audit activity's performance.

AUTHORITY

The regional internal audit activity, with strict accountability for confidentiality and the safeguarding of records and information is authorized full, free and unrestricted access to any and all of the district school boards' records, physical properties, and personnel pertinent to carrying out any engagement. All school board employees are requested to assist the regional internal audit team in fulfilling its responsibilities. The regional internal audit team will also have free and unrestricted access to school board leaders and to the Audit Committee.

ORGANIZATION

The internal audit function follows a regional model. The function consists of a Regional Internal Audit Manager (**RIAM**) responsible to district school boards in one of the eight regions in the province of Ontario as identified by the Ministry of Education. The Regional Internal Audit Manager will report functionally to their regional audit committees and administratively are supported by a host school board Senior Business Official. Every effort is made to adequately staff the internal audit function, within available financial resources, in order to perform its audit activities.

The reporting relationship between the RIAM and each Audit Committee will be further demonstrated by each Audit Committee for their Board performing the following functions:



- Approve the regional internal audit **charter**;
- Recommend for approval the risk based internal audit plan;
- Receive information from the Regional Internal Audit Manager about the internal audit activity performance to plan and other relevant matters;
- Inquire of the Regional Internal Audit Manager and the Senior Business Official whether there are resource or scoping limitations; and
- Review annually the performance of the regional internal audit activity and provide the Board of Trustees with their comments regarding the performance of the Regional Internal Audit Manager.

The Regional Internal Audit Manager will interact directly with the Audit Committee, including in-camera sessions and between audit committee meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY

The regional internal audit activity will remain free from interference by any element in the district school board including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of a necessary independent and objective mental attitude.

Regional internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair judgment.

Regional internal auditors will exhibit the highest standards of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Regional Internal Audit Manager will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY

The scope of work of the regional internal audit team encompasses but is not limited to:

- Evaluating risk exposure relating to the achievement of the district school board's strategic objectives;
- Evaluating the reliability and integrity of information and the means used to identify measure, classify and report information;
- Evaluating the systems which ensure compliance with policies, procedures, applicable laws and regulations which impact the district school board;
- Evaluating whether resources are acquired economically, used efficiently, and are adequately protected;
- Evaluating operations and processes to ascertain whether results are consistent with established objectives and whether processes are functioning as planned;
- Performing consulting and advisory services or assessments of specific operations as requested by the Audit Committee or district school board management as appropriate;



- Evaluating the effectiveness of the district school board's risk management and governance processes;
- Reporting periodically on the regional internal audit performance against plans; and
- Reporting significant risk exposures and control issues, including fraud risks, governance issues and other matters requested by the Audit Committee.

INTERNAL AUDIT PLAN

Annually, the Regional Internal Audit Manager will submit to district school board management and to the Audit Committee an internal audit plan for recommendation to their Board of Trustees for approval. If there are any resource limitations or interim changes, these will be communicated.

The internal audit plan will be developed based on a prioritization of the internal audit universe using a risk based methodology which includes input of district school board management. The Regional Internal Audit Manager will review and adjust the plan as required in response to changes in the risk profile. Any significant deviation from the approved internal audit plan will be communicated through periodic status reports. The Regional Internal Audit Manager or any of his or her team may initiate and conduct any other audit or review deemed necessary for potential illegal acts, fraud, abuse, or misuse of funds. Reasonable notice shall be given to appropriate personnel of intent to audit in their areas except when conditions warrant an unannounced audit.

REPORTING AND MONITORING

Opportunities for improving internal control may be identified during audits. A written report will be issued by the Regional Internal Audit Manager at the conclusion of each audit and will be distributed according to the school board's requirements. (This could include the head of the audited activity or department, the director of education, the audit committee and the external auditor of the district school board.)

Each report will describe opportunities to strengthen district school board risk, internal control and governance processes and conclude on the adequacy and effectiveness of the processes. The district school board management will provide action plans and timelines to address each opportunity (observation). The regional internal audit team is responsible to perform appropriate follow-up procedures to attest to the completion of action plans. Significant observations will remain in an open issue status until cleared.

If management decides to accept a certain level of risk after considering compensating controls, the remaining risk will be disclosed to the Audit Committee.

QUALITY ASSURANCE

The regional internal audit team will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and conformance with the International Standards for the Professional Practice of Internal Auditing.

The Regional Internal Audit Manager will communicate to district school board management and the Audit Committee on the internal audit activity's quality assurance and improvement program, including



the results of ongoing internal assessments and external assessments conducted as appropriate, usually on a five year cycle.

Regional Internal Audit Manager

Audit Committee Chair

Director of Education

Dated



DEFINITION OF SELECTED TERMS

Add Value	Value is provided by improving opportunities to achieve organizational objectives, identifying operational improvement, and/or reducing risk exposure through both assurance and consulting services.
Advisory/ Consulting Services/ Review	Advisory and related client service activities, the nature and scope of which are agreed to with the client and which are intended to add value and improve a school board's governance, risk management and control processes without the regional internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training. These activities can also be described as "review", interchangeably with "consulting".
Assurance	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Results can be relied upon for supporting informed decision making.
Board of Trustees	A legislative body that has overall responsibility and accountability for the district school board. For purposes of this Charter , this also includes committees that support the Board of Trustees including the audit committee.
Compliance	Conformity and adherence to policies, plans, procedures, laws, regulations, contracts or other requirements.
Control Environment	The attitude and actions of the Board of Trustees and district board management regarding the significance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements: <ul style="list-style-type: none"> <input type="checkbox"/> Integrity and ethical values. <input type="checkbox"/> Management's philosophy and operating style. <input type="checkbox"/> Organizational structure. <input type="checkbox"/> Assignment of authority and responsibility. <input type="checkbox"/> Human resource policies and practices. <input type="checkbox"/> Competence of personnel.
Control/Internal Controls	Any action taken by district board management and other parties to enhance risk management and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved. The system of management controls (business plans, capturing and analyzing data, performance reporting, code of conduct, etc.) that are implemented within a school board to ensure that assets (human, physical and information) are protected and to provide reasonable assurance that its objectives can be achieved.
Control Processes	The policies, procedures and activities that are part of a control framework, designed to ensure that risks are contained within the risk tolerances established by the risk management process.



Fraud	Any illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent upon the application of threat of violence or of physical force. Frauds are perpetrated by parties and organizations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.
Governance	The combination of processes and structures implemented by the Board of Trustees in order to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives.
In-camera	A separate discussion between members of the Audit Committee and the Regional Internal Audit Manager promoting open communication and discussion of any sensitive issues or problems.
Independence	The freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional and organizational levels.
Objectivity	An unbiased mental attitude that allows regional internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Objectivity requires regional internal auditors to not subordinate their judgment on audit matters to that of others.
Risk	Effect of uncertainty on objectives or outcomes.
Risk Management	A structured and disciplined approach aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks an organization faces. Overall, it is about choices made under conditions of uncertainty, balanced by acceptable levels of risk.

Halton District School Board

Report Number: **TBD****Date:** November 9, 2021**FOR INFORMATION**

TO: The Chair and Members of the Halton District School Board

FROM: Roxana Negoï, Superintendent of Business Services and Treasurer
Curtis Ennis, Director of Education

RE: **Annual Statement of Education Development Charges (EDC)**

Background:

Each year, the treasurer of the board is required (under subsection 257.98 (1) of the Education Act) to give the board a financial statement relating to education development charge by-laws and education development charge accounts.

Rationale:

The Education Act, Part IX, Division E and Ontario Regulation 20/98 (in effect as of November 8, 2019) provides requirements for determining a board's eligibility to impose EDCs on new development, and calculation of the charges. Ontario Regulation 20/98 outlines the triggers (only one of which must be met) for a board to qualify for an EDC by-law:

- i. The estimated average number of elementary school pupils of the board over the five years immediately following the day the board intends to have the by-law come into force exceeds the total capacity of the board to accommodate elementary school pupils throughout its jurisdiction on the day the by-law is passed.
- ii. The estimated average number of secondary school pupils of the board over the five years immediately following the day the board intends to have the by-law come into force exceeds the total capacity of the board to accommodate secondary school pupils throughout its jurisdiction on the day the by-law is passed.
- iii. At the time of expiry of the board's last education development charge by-law that applies to all or part of the area in which the charges would be imposed, the balance in the education development charge reserve fund is less than the amount required to pay outstanding commitments to meet growth-related net education land costs, as calculated for the purposes of determining the education development charges imposed under that by-law.

The Board has approved six by-laws since it met the eligibility requirements in 1996. The Education Act requires by-laws to be updated every five years (in addition to the ability to amend the by-law once per year). The last by-law was approved by the Board in 2018 and amended in 2019 and 2021. Prior to a by-law being adopted, the Education Act requires a background study to be conducted to determine the EDC by-law amount. The background study was conducted by Watson & Associates Economists Ltd. ("Watson") due to their development charge expertise. The Board provided Watson with information such as land purchase price, site preparation costs and actual EDC revenue. For potential school sites identified but not yet purchased, site valuation information was provided by Cushman & Wakefield Ltd. The background study considered the region's growth projection, enrolment forecasts, new building requirements, the board's capital plans and the cost of land.

The 2018 Education Development Charge Background Study was provided to the Ministry of Education on March 15, 2018 to review and provide approval prior to by-law passage. Due to the June 2018 Provincial election, the Ministry did not approve the Board's background study prior to the 2013 EDC by-law lapsing on June 24, 2018.

Halton District School Board

The 2018 EDC Background Study was later approved on June 28, 2018 for a term of up to one year, using the same charges as per the most recent rates, which for HDSB was the 2013 EDC By-law as amended in June 2017. A new 2018 EDC by-law was later approved by the board on June 29, 2018 and came into effect on July 4, 2018.

On March 29, 2019 and November 8, 2019, the Ministry of Education issued Ontario Regulation (O. Reg) 55/19 and 371/19 respectively, which amended the caps imposed on O. Reg. 20/98 to reflect the new restrictions to rate increases.

On May 15, 2019, the board approved an amendment to the 2018 EDC by-law, to increase the rates to the maximum allowed amounts and extend the term of the by-law to July 3, 2023, as well as phase in the maximum annual increases to the residential and non-residential rates.

Further, on June 2, 2021, the Board approved the second EDC By-Law amendment that further expanded the exemptions. The 2021 amendment also increased the residential and non-residential development rates, by adding the ceiling annual allowable increase (\$300 per unit, per year for residential levies and \$0.10 per square foot, per year for non-residential levies). The chart identifies the phase-in of the new EDC rates in accordance with amendments to O. Reg 20/98:

	<i>July 4, 2018: EDC By-law</i>	<i>May 20, 2019- July 3, 2019 Proposed New Charge</i>	<i>July 4, 2019- June 6, 2021 Proposed new Charge</i>	<i>June 7, 2021- July 3, 2021 Proposed new Charge</i>	<i>July 4, 2021- July 3, 2022 Proposed New Charge</i>	<i>July 4, 2022- July 3, 2023 Proposed new Charge</i>
Residential development	\$4,364.00 per residential unit	\$4,664.00 per residential unit	\$4,892.00 per residential unit	\$5,192.00 per residential unit	\$5,492.00 per residential unit	\$5,792.00 per residential unit
Non-residential development	\$1.11 per square foot of gross floor area	\$1.11 per square foot of gross floor area	\$1.11 per square foot of gross floor area	\$1.21 per square foot of gross floor area	\$1.31 per square foot of gross floor area	\$1.41 per square foot of gross floor area

Staff will assess the above and report back to Board if land values have increased and there is an opportunity to increase the charge in the new year. If an amendment is pursued, it will be done in collaboration with the Halton Catholic District School Board as in previous years. The approval of the amendment by-law could be brought forward to the Board in May of 2022.

The 2018 Education Development Charges will be expiring on July 3, 2023. Given the new Ministry requirements for implementing a new EDC by-law which require more information and coordination for LEDA (Localized Education Development Agreements) and Alternative Accommodation Projects, staff will be looking to take a minimum of one (1) year from start to finish to complete the process. A Spring 2022 is therefore targeted to commence the project in collaboration with the Halton Catholic District School Board, as per previous years.

A summary of EDC revenues, expenditures and closing balance as at August 31, 2021 are included in Appendix A.

Respectfully submitted,

Roxana Negoï
Superintendent of Business Services and Treasurer

Curtis Ennis
Director of Education

**Halton District School Board
Report on Education Development Charges**

Opening EDC Balance/ (Deficit) as at September 1, 2020 **\$ (25,372,589)**

EDC Revenues received in 2020/2021:

Residential

City of Burlington	4,262,815
Town of Oakville	15,413,984
Town of Milton	5,079,912
Town of Halton Hills	1,426,711
	<hr/>
	26,183,422

Non-Residential

City of Burlington	283,445	
Town of Oakville	422,707	
Town of Milton	1,843,706	
Town of Halton Hills	13,436	
	<hr/>	
	2,563,294	28,746,716

EDC Expenditures in 2020/2021:

Site acquisition expenditure (multiple sites)	(22,610,552)	
Site preparation expenditure (multiple sites)	(1,334,690)	
Interest on debt service costs	(44,459)	
Refunds paid	(4,364)	
Expenses related to the original site for NE Oakville SS	(138,001)	
Expenses related to the Milton #12 temporary easement	(65,704)	
Study Costs/ legal fees	(63,169)	
	<hr/>	
	(24,260,939)	(24,260,939)

Closing EDC Balance/ (Deficit) **\$ (20,886,812)**

Halton District School Board

Report Number: **TBD****Date:** November 9, 2021**FOR INFORMATION**

TO: The Chair and Members of the Halton District School Board

FROM: Roxana Negoii, Superintendent of Business Services
Curtis Ennis, Director of Education

RE: **2020/2021 Summary of Trustee Expenses**

Background:

"Trustee Expenses" Policy states:

The Board recognizes the need to reimburse trustees for expenses reasonably incurred in carrying out their role as trustee. In addition, the Board recognizes that trustees must be equipped properly so they may consult with and contact their constituents.

Section 4.19 states that:

An annual summary of trustee expenses will be reported as an information item by the Superintendent of Business.

A trustee expense report will be posted to the board's website annually by December 31 following the end of the fiscal year. The report will include expense totals by trustee of the following categories:

- *Travel (e.g. mileage, parking, tolls)*
- *OPSBA Conferences*
- *Other Professional Development*
- *Meeting Expenses (e.g. hospitality)*
- *Supplies*
- *Other Expenses (e.g. child minding)*

Board paid:

- *Telecommunications (e.g. monthly service fees)*
- *Technology (e.g. hardware)*
- *Board Leadership & Mandatory Training*
- *Prior Term Reserve for Professional Development*
- *Travel over \$1,000*

Rationale:

It is the policy of the Halton District School Board that trustees, upon their election shall be equipped with a personal computer including peripherals; software in accordance with the Board standard for administrators; high speed home internet access; a home phone; and a mobile communication device. There are currently eleven elected Trustees and two student Trustees.

In addition, each trustee, on an annual basis, will have access to a \$5,000 travel, personal professional development and office supplies account. This account may be used to reimburse the trustee for expenses reasonably incurred in carrying out their role as trustee. The policy identifies the expenses that are recognized by the Board as appropriate trustee expenses. It also allows any approved travel expenditure above the \$1,000 threshold not to be charged against the trustee account, but rather the Board's account. In addition, where a trustee incurs approved expenditures as a representative of the Board (e.g. Ontario Public School Board Association meeting, Student Trustee mentoring, Audit

Halton District School Board

Committee training) these costs will not be charged against the trustee account, but rather the Board's Leadership budget.

Summary of Board Paid/ (Reimbursed on a cash basis*) Expenses:

• Telecommunications (internet, cell, phone/landline)	\$	11,974
• Travel (mileage > \$1,000)		107
• Technology		0
• Conferences – Board Leadership Mandatory Training		10,773
		<u>\$ 22,854</u>

Summary of Expenses Reimbursed as of August 31, 2020 (cash basis*):

• OPSBA Conferences	\$	0
• Other Professional Development:		
➤ registration, accommodation, meals, travel		7,552
• Meeting expenses (refreshments, meals)		41
• Office Supplies		4,061
• Travel (mileage up to \$1,000)		667
• Other		1,968
		<u>\$ 14,289</u>

*Cash basis refers to actual reimbursement received from September 1, 2020 to August 31, 2021.

Trustee expenses are lower compared to prior years, as a result of the Covid shut down and restrictions. Details of expenditures by individual Trustee will be posted on the board website prior to December 31, 2021.

As at the end of the previous term (November 30th, 2018), \$66,000 representing the unused portion of the expense budget rolled over to 2019/2020. As of August 31, 2021, the reserve balance is up to \$82,039.

Unused portions of an individual trustee's expense budget, on an annual basis, shall rollover to the next year. At the end of the term of the Board, unused portions of the trustee expense budget shall be allocated to a Reserve Account for the purpose of future trustee professional development. The use of these Reserve Account funds will be decided by the incoming Board of Trustees by Board motion. A summary of the Reserve Account is attached as Appendix A.

Respectfully submitted,

Roxana Negoii
Superintendent of Business Services

Curtis Ennis
Director of Education

Appendix A

Reserve Balance, December 1, 2010**\$ 28,435**

Board Motions:

M12-0179 & M12-0231 (Ontario Public School Board Association Symposium)

(4,938)

M13-0105 (Communications & Public Relations Training)

(7,290)

M13-0027 (Ontario Student Trustee Association Membership Fees/Meeting)

(1,167) (13,395)

Budget Balance - Resignation of Trustee for Milton Wards 1, 6, 7, 8 (June 2014)

10,314**Reserve Balance, August 31, 2014****\$ 25,354**

Board Motions:

M14-0288 (Report 14192) - Registration (& Accommodation for Student Trustees) to attend OPSBA Public Education Symposium Jan 29-31, 2015 to a maximum of of \$9,500

(6,809)

M14-0289 (Report 14193) - Governance one day session to a maximum of \$3,500 (plus mileage) Parliamentary Procedure Training to a maximum of \$1,900 (travel)

(5,610)

M15-0025 (Report 15009) - Registration for OPSBA Labour Relations Symposium March 26-28, 2015

(4,482) (16,901)

Transfer of End of Term Balance (November 30, 2014)

44,403**Reserve Balance, August 31, 2015****\$ 52,856**

Board Motions:

M15-0219 (Report 15158) - Registration costs to attend the Ontario Public School Board Association Public Education Symposium (including pre-symposium) Jan 28-30, 2016 to a maximum of \$7,700

(6,762)

M16-0045 (Report 16041) - Registration costs to attend the Ontario Public School Board Association Labour Relations Symposium (including pre-symposium) Mar 31-April 1, 2016 to a maximum of \$5,500

(1,944) (8,706)**Reserve Balance, August 31, 2016****\$ 44,150**

Board Motions:

M16-0184 (Report 16172) - Registration costs to attend the Ontario Public School Board Association Public Education Symposium (including pre-symposium) Jan 19-21, 2017 to a maximum of \$7,700

(6,904)

M16-0184 (Report 16172) - Registration costs to attend the Ontario Public School Board Association Labour Relations Symposium (including pre-symposium) April 6-7, 2017 to a maximum of \$5,500

(974) (7,878)**Reserve Balance, August 31, 2017****\$ 36,272**

Board Motions:

M17-0169 (Report 17124) - Registration costs to attend the Ontario Public School Board Association Public Education Symposium (including pre-symposium) January 25-27, 2018 to a maximum of \$7,700

(6,492)

M17-0169 (Report 17124) - Registration costs to attend the Ontario Public School Board Association Labour Relations Symposium (including pre-symposium) April 26-27, 2018 to a maximum of \$5,500

(1,006) (7,498)

Budget Balance - Resignation of Trustee for Milton Wards 1, 6, 7, 8 (July 2018)	12,273	
---	--------	--

Reserve Balance, August 31, 2018	\$ 41,047	
---	------------------	--

Transfer of End of Term Balance (November 30, 2018)	66,000	
---	--------	--

Board Motions:

M18-0233 (Report 118163) - Registration costs to attend the Ontario Public School Board Association Public Education Symposium (including pre-symposium) January 24-26, 2019 to a maximum of \$7,975	(5,875)	
--	---------	--

M18-0233 (Report 118163) - Registration costs to attend the Ontario Public School Board Association Labour Relations Symposium (including pre-symposium) April 4-5, 2019 to a maximum of \$5,225	(2,915)	(8,790)
--	---------	---------

Outgoing Trustees-no budget: Interim Trustee - R.A. Chaudhry and Trustee A. Harvey-Hope	(946)	
---	-------	--

Reserve Balance, August 31, 2019	\$ 97,311	
---	------------------	--

Trustee Policy Revision:

M19-0182

4.10 Registration fees for the OPSBA Public Education Symposium and the OPSBA Labour Relations Symposium for any HDSB Trustee will not be charged against the Trustee's account, but rather the Trustees' Prior Term Reserve Account. These expenses do not require approval by the Board.

Registration costs to attend the Ontario Public School Board Association Public Education Symposium (including pre-symposium) January 23-25, 2020	(5,006)	
---	---------	--

Registration costs to attend the Ontario Public School Board Association Labour Relations Symposium (including pre-symposium) April 30-May 1, 2020 [cancelled]	0	(5,006)
--	---	---------

Board Motions:

M18-0087 Comparable Alternative Training DiSC training (Part I), to a maximum of \$5,000 (including hst) September 30th, 2019	(3,580)	
---	---------	--

M20-001 Comparable Alternative Training DiSC training (Part II), to a maximum of \$3,000 (including hst) May 2020 [cancelled]	0	(3,580)
---	---	---------

Reserve Balance, August 31, 2020	\$ 88,725	
---	------------------	--

Board Motions:

M21-0028 Mohawk Institute Indian Residential School Tour February 25, 2021	(300)	
--	-------	--

M21-0037 Mending the Chasm Anti-Racism Leadership Series
Total cost to be split 50/50 between Board Leadership and Reserve Account

April 12 - May 3, 2021

(4,087)

M21-0082 Comparable Alternative Training
DiSC training (Part II), to a maximum of \$4,000 (including hst)
May 2021

(2,299) (6,686)

Reserve Balance, August 31, 2021**\$ 82,039**

Halton District School Board

Report Number: **TBD****Date:** November 17, 2021**FOR INFORMATION**

TO: The Chair and Members of the Halton District School Board

FROM: R. Negoi, Superintendent of Business Services and Treasurer
C. Ennis, Director of Education

RE: **Summary of School Generated Funds – 2020/2021**

Background

The Halton District School Board recognizes that schools and school councils raise funds to supplement student programs and for specific student activities. The Board has a responsibility to ensure that all school generated funds are collected in accordance with board policies/procedures and municipal, provincial and federal laws and regulations. This responsibility includes ensuring that all funds are adequately protected, that they are controlled through proper accounting procedures and that accountability for the funds is maintained.

The School Generated Funds Administrative Procedure provides appropriate guidance, authority and protection to school staff and fundraising volunteers by identifying specific direction for the administering, recording and reporting of school generated funds. In addition, Halton District School Board elementary and secondary schools have implemented the Student Fees Administrative Procedure to ensure equity of access to programs and services while maintaining quality and breadth of programming choices.

This report summarizes school generated revenues and expenditures for the year ended August 31, 2021.

Rationale

For the year ended August 31, 2021, the Halton District School Board recorded school generated revenues of \$1.6 million and related expenditures of \$2.9 million. Additional information has been attached as follows:

- Appendix A-1 – Summary of School Generated Funds by Category – Total
- Appendix A-2 – Summary of School Generated Funds by Category – Secondary
- Appendix A-3 – Summary of School Generated Funds by Category – Elementary
- Appendix B – Category Structure for School Generated Funds

School generated funds revenues and expenses typically represent approximately 2.5% of the total Board's revenue and expenses annually, however, for the 2020/2021 year this dropped to under 0.5%. Schools are permitted to carry forward a surplus of funds up to a maximum of \$30 per student without approval. Surpluses exceeding this limit must be explained with a documented surplus plan that is approved by the School Superintendent. The carry forward is usually as a result of a timing difference between the collection of funds and the outlay of expenditures, e.g., end of year Fun Fairs in May and June, transition activities that occur in the summer in preparation for the following school year.

While there was still approximately \$4 Million in carryforwards at the end of the 2020/2021 year, the balances overall decreased by \$1.3 Million or approximately 25% compared to 2019/2020. During the 2020/2021 year, schools continued to experience supply chain ordering challenges and delays which impacted the ability to procure certain items with fundraising proceeds.

The 2020/2021 school year's revenue and expenses were heavily impacted by the Covid-19 pandemic school shutdown and a pause on almost all categories, mostly notably field trips, food &

Halton District School Board

general fundraising and extracurricular activities. This explains the significant drop in revenues and expenses year over year compared to the pre-2019/2020 school years.

The most significant revenue source that continued throughout the pandemic was for advanced programming such as International Baccalaureate and I-STEM in the secondary panel which accounted for almost one-third of the total revenue. Revenue under field trips consisted of virtual guest speakers and refunds from providers for trips cancelled in 2020 where there was a delay in processing the refunds to the school. Schools also continued to receive some financial supports in the form of grants during the 2020/2021 school year.

Respectfully submitted,

*Roxana Negoï
Superintendent of Business and Treasurer*

*Curtis Ennis
Director of Education*

DRAFT

Halton District School Board

Summary of School Generated Funds (including School Councils)

		Year Ended				
		2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
Balance, Beginning of Year	\$	5,301,650	5,837,622	5,748,655	6,235,278	5,419,531
Receipts By Category (1)						
Athletics		43,175	1,366,242	2,067,293	1,869,179	1,909,521
Charity		8,648	186,949	238,005	297,935	308,515
Extracurricular		236,329	1,418,115	3,004,519	2,757,500	2,910,755
Field Trips		220,754	1,474,523	5,250,041	5,274,007	5,389,135
Food & General Fundraising		152,626	4,161,860	6,273,122	6,372,494	6,956,185
Fundraising - Capital		40,741	11,791	15,850	33,392	49,848
Fundraising - Curricular/ Enhancements (2)		518,781	1,085,634	1,688,786	1,449,376	1,630,567
Grants		231,138	603,953	664,980	702,911	695,162
Other(Non-Student, HST)		155,107	772,969	984,796	1,231,046	1,504,226
Summary of Receipts		1,607,297	11,082,036	20,187,393	19,987,840	21,353,914
Disbursements By Category (1)						
Athletics		171,578	1,266,498	2,058,385	2,078,732	1,889,266
Charity		18,358	182,420	243,256	289,782	323,305
Extracurricular		673,099	1,831,558	3,192,885	3,026,522	2,875,745
Field Trips		65,159	2,040,345	5,443,375	5,380,583	5,506,431
Food & General Fundraising		764,181	3,722,776	5,519,125	5,908,432	6,433,771
Fundraising - Capital		247,096	514,479	297,141	449,011	326,584
Fundraising - Curricular/ Enhancements (2)		413,199	1,163,158	2,004,879	1,829,179	1,619,738
Grants		185,831	427,575	731,021	692,159	628,397
Other(Non-Student, HST)		377,618	469,198	608,360	820,062	934,930
Summary of Disbursements		2,916,120	11,618,008	20,098,426	20,474,463	20,538,167
Receipts Less Disbursements		(1,308,823)	(535,972)	88,967	(486,622)	815,747
Balance, End of Year	\$	<u>3,992,827</u>	<u>5,301,650</u>	<u>5,837,622</u>	<u>5,748,655</u>	<u>6,235,278</u>

The terms "school generated funds" and "school council funds" refer to funds raised to benefit students in the school. Funds are generated in schools from a number of different sources and used in a number of different ways. The Administrative Procedure applies to all funds that are received, raised, or collected in the name of the school or school activity. These funds are under the direction and control of the school Principal. Generally, this will mean all funds available to the school other than funds provided by the approved budget of the board. The Board is required to ensure that these funds are properly administered and transactions are accurately recorded. This Administrative Procedure is not mandatory for Home and School Associations.

(1) A summary of HDSB Standard Category Structure For School Generated Funds (per Administrative Procedure) is attached. Note: The categories have not been audited to ensure that all receipts/disbursements are recorded in the appropriate/consistent category across all schools in the district.

Details by category not readily available at the board consolidated level.

(2) Effective September 2010, HDSB implemented a "Student Fees" Administrative Procedure which eliminated fees for standard course materials and/or consumables.

Appendix A-2

Halton District School Board

Summary of School Generated Funds (including School Councils) - Secondary

	<u>2020/2021</u>	<u>2019/2020</u>	<u>Year Ended</u> <u>2018/2019</u>	<u>2017/2018</u>	<u>2016/2017</u>
Balance, Beginning of Year	\$ 2,064,639	2,185,482	2,133,993	2,613,348	1,983,201
Receipts By Category (1)					
Athletics	42,943	1,301,326	1,931,485	1,719,981	1,783,618
Charity	2,535	67,199	99,230	86,579	88,171
Extracurricular	198,980	1,216,210	2,314,124	2,117,379	2,271,834
Field Trips	51,371	300,915	1,072,315	1,060,234	1,431,738
Food & General Fundraising	50,587	601,114	703,304	836,330	967,745
Fundraising - Capital	11,860	8,080	1,240	6,212	23,710
Fundraising - Curricular/ Enhancements (2)	504,853	824,002	1,064,385	893,602	1,077,623
Grants	74,365	132,974	164,773	214,908	231,222
Other (Non-Student, HST)	62,321	252,313	329,441	380,852	546,241
Summary of Receipts	999,816	4,704,133	7,680,297	7,316,077	8,421,902
Disbursements By Category (1)					
Athletics	162,880	1,182,926	1,869,992	1,901,383	1,710,442
Charity	6,677	59,123	98,249	82,705	98,982
Extracurricular	511,654	1,510,678	2,368,154	2,218,882	2,150,179
Field Trips	17,278	499,869	1,065,631	1,121,182	1,469,135
Food & General Fundraising	101,183	378,743	694,234	716,575	808,263
Fundraising - Capital	35,693	177,435	32,414	106,764	106,242
Fundraising - Curricular/ Enhancements (2)	288,608	672,307	1,077,276	1,018,155	913,104
Grants	53,475	106,325	185,150	191,593	205,166
Other (Non-Student, HST)	151,161	237,571	237,710	438,192	330,242
Summary of Disbursements	1,328,609	4,824,976	7,628,809	7,795,431	7,791,755
Receipts Less Disbursements	(328,793)	(120,843)	51,488	(479,354)	630,147
Balance, End of Year	\$ <u>1,735,846</u>	<u>2,064,639</u>	<u>2,185,482</u>	<u>2,133,993</u>	<u>2,613,348</u>

The terms "school generated funds" and "school council funds" refer to funds raised to benefit students in the school. Funds are generated in schools from a number of different sources and used in a number of different ways. The Administrative Procedure applies to all funds that are received, raised, or collected in the name of the school or school activity. These funds are under the direction and control of the school Principal. Generally, this will mean all funds available to the school other than funds provided by the approved budget of the board. The Board is required to ensure that these funds are properly administered and transactions are accurately recorded. This Administrative Procedure is not mandatory for Home and School Associations.

(1) A summary of HDSB Standard Category Structure For School Generated Funds (per Administrative Procedure) is attached. Note: The categories have not been audited to ensure that all receipts/disbursements are recorded in the appropriate/consistent category across all schools in the district.

Details by category not readily available at the board consolidated level.

(2) Effective September 2010, HDSB implemented a "Student Fees" Administrative Procedure which eliminated fees for standard course materials and/or consumables.

Halton District School Board

Summary of School Generated Funds (including School Councils) - Elementary

		<u>2020/2021</u>	<u>2019/2020</u>	<u>Year Ended 2018/2019</u>	<u>2017/2018</u>	<u>2016/2017</u>
Balance, Beginning of Year	\$	3,237,011	3,652,140	3,614,662	3,621,930	3,436,330
Receipts By Category (1)						
Athletics		231	64,916	135,808	149,198	125,903
Charity		6,112	119,751	138,775	211,356	220,344
Extracurricular		37,349	201,905	690,395	640,121	638,921
Field Trips		169,383	1,173,608	4,177,726	4,213,773	3,957,397
Food & General Fundraising		102,039	3,560,746	5,569,818	5,536,165	5,988,440
Fundraising - Capital		28,881	3,710	14,610	27,180	26,138
Fundraising - Curricular/ Enhancements (2)		13,928	261,632	624,402	555,774	552,944
Grants		156,773	470,979	500,208	488,003	463,940
Other (Non-Student, HST)		92,785	520,656	655,355	850,194	957,985
Summary of Receipts		607,481	6,377,903	12,507,096	12,671,764	12,932,012
Disbursements By Category (1)						
Athletics		8,698	83,572	188,393	177,350	178,824
Charity		11,681	123,298	145,007	207,077	224,323
Extracurricular		161,446	320,880	824,731	807,640	725,566
Field Trips		47,881	1,540,477	4,377,744	4,259,401	4,037,296
Food & General Fundraising		662,998	3,344,034	4,824,891	5,191,857	5,625,508
Fundraising - Capital		211,404	337,044	264,727	342,247	220,342
Fundraising - Curricular/ Enhancements (2)		124,592	490,851	927,604	811,024	706,634
Grants		132,356	321,251	545,871	500,566	423,231
Other (Non-Student, HST)		226,457	231,627	370,650	381,870	604,688
Summary of Disbursements		1,587,512	6,793,032	12,469,617	12,679,032	12,746,412
Receipts Less Disbursements		(980,030)	(415,130)	37,478	(7,268)	185,600
Balance, End of Year	\$	<u>2,256,981</u>	<u>3,237,011</u>	<u>3,652,140</u>	<u>3,614,662</u>	<u>3,621,930</u>

The terms "school generated funds" and "school council funds" refer to funds raised to benefit students in the school. Funds are generated in schools from a number of different sources and used in a number of different ways. The Administrative Procedure applies to all funds that are received, raised, or collected in the name of the school or school activity. These funds are under the direction and control of the school Principal. Generally, this will mean all funds available to the school other than funds provided by the approved budget of the board. The Board is required to ensure that these funds are properly administered and transactions are accurately recorded. This Administrative Procedure is not mandatory for Home and School Associations.

(1) A summary of HDSB Standard Category Structure For School Generated Funds (per Administrative Procedure) is attached. Note: The categories have not been audited to ensure that all receipts/disbursements are recorded in the appropriate/consistent category across all schools in the district.

Details by category not readily available at the board consolidated level.

(2) Effective September 2010, HDSB implemented a "Student Fees" Administrative Procedure which eliminated fees for standard course materials and/or consumables.

HDSB Standard Category Structure for School Generated & School Council Funds

CATEGORY	DEFINITION	EXAMPLES
Athletics	Money received to offset the cost for buses, referees, tournament fees, uniforms; money disbursed for those items; fundraising specific to athletic teams or events.	Team sports (Football, Hockey, Basketball, Volleyball); intramural house league teams; inter-school tournaments; referee fees; OFSAA costs; buses for track meets / relays / cross country meets
Charity	Money raised for and disbursed to an external registered charity.	Terry Fox, World Vision, United Way, Halton Learning Foundation, Heart & Stroke
Extra Curricular	Money collected and distributed to cover costs of clubs, non-athletic co-curriculars and optional school spirit items; fundraising specifically for a single extracurricular event.	Band, Choir, Clubs, Drama/Musical Performances; School Spirit Wear (not gym clothes, which are athletic); Yearbook; Commencement /Graduation, Student Parliament; Environment Club; Link Crew
Field Trips	All money fundraised or collected to support the cost of off-site activities or in-school presentations, including admissions, transportation and accommodations.	Field trips: Science Centre, ROM, Metro Zoo Presentations: Scientists in Schools, musical performers, traveling theatre troupes Excursions: all out-of-province travel; all travel involving overnight accommodation
Food & Fundraising	<p>Money collected by the sale of food directly for student consumption and money spent on the goods being sold. Profits may offset expenses in all other areas except Non-Student.</p> <p>All money raised/received from, and all expenses related to, products sold or activities that are intended to generate profits and be beneficial to the entire school as opposed to a specific area (e.g. athletics, extra-curriculars).</p> <p>Separate subcategories (capital, curricular) are required to record the cost of the items purchased in those areas.</p>	<p>SEC: Cafeteria, Food Schools, catering</p> <p>ELEM: Milk, Pizza, Sub Days, Popcorn</p> <p>Dance-A-Thon, Raffles, Fall Fair events, Gift Card Sales, Fruit/Muffin Mix, Cheese, Wrapping Paper sales, car washes, magazine drives.</p> <p>Fundraising Category may be subcategorized into specific events; expenses come out of the subcategories or may be a subcategory called "event expense".</p>
Capital	All money raised/received from, and all expenses related to, products sold or activities that are intended to generate profits to be specifically used to purchase capital items or support school infrastructure.	<p>Money raised to offset purchases of computers, furniture or equipment ordered through the Board's Purchasing Department.</p> <p>Money raised to offset purchases of landscaping, painting, or structural modifications ordered through the Board's Facility Services Department.</p>

CATEGORY	DEFINITION	EXAMPLES
Curricular	All money raised/received from, and all expenses related to, products related to classroom learning.	Library book fairs
Grants	Money received from third parties for a specific purpose, the detailed use of which must be reported.	Parent Involvement Policy, Halton Food for Thought, TD Friends of the Environment
Other: Non-Student & Temporary Clearing	<p>All money raised/received for and spent on items that do not directly benefit students.</p> <p>Expenses that will be reimbursed by HDSB or School Council, who will claim the expense in their financial statements, and offsetting income.</p>	<p>Inflows: HST rebate, photographer commissions.</p> <p>Outflows: Bank charges, cheque printing fees, Volunteer Appreciation</p>

DRAFT



Halton District School Board

INFORMATION FOR AUDIT COMMITTEE

2020/2021 FISCAL YEAR

Budget Development	April 22, 2020 Committee of the Whole	Budget Development Link
Budget Presentation	July 15, 2020	Budget 2020-2021 Link Report 20071, Page 11
Budget Approval	July 22, 2020	Approved Budget 2020-21 Link
September Month End Financial Report	October 21, 2020	Interim Financial Update Report 20112
October Month End Financial Report	November 18, 2020	Interim Financial Update Report 20127
Revised Estimates	December 2, 2020	Revised Estimates 2020-21 Link Report 20140
November Month End Financial Report	January 6, 2021	Interim Financial Update Report 21003
January Month End Financial Report	February 17, 2021	Interim Financial Update Report 21034
February Month End Financial Report	March 17, 2021	Interim Financial Update Report 21048
March Month End Financial Report	April 21, 2021	Interim Financial Update Report 21058
April Month End Financial Report	May 19, 2021	Interim Financial Update Report 21074
May Month End Financial Report	June 16, 2021	Interim Financial Update Report 21098
Financial Statements – Audit Committee	November 9, 2021	Included in meeting package

Financial Statements – Board Presentation and Board Approval	November 17, 2021	
--	-------------------	--

2021/2022 FISCAL YEAR

Budget Development	February 3, 2021	Report 21022
Budget Presentation	June 2, 2021	Budget 2021/2022 Report 21086 and Full Operating & Capital Budget Report
Budget Approval	June 16, 2021	Approved Budget 2021/22 Link M21-0113
Quarterly Financial Report for the period ending November 2021	January 5, 2022	
Quarterly Financial Report for the period ending February 2022	March 14, 2022	
Quarterly Financial Report for the period ending May 2022	June 15, 2022	



Halton District School Board

Date: November 9, 2021
FOR INFORMATION

TO: The Chair and Members of the Audit Committee
Halton District School Board

FROM: Roxana Negoï, Superintendent of Business Services & Treasurer

RE: **2020/2021 Halton Student Transportation Services (HSTS)
Financial Statements**

Background

The proportion of revenue and costs for Halton Student Transportation Services (HSTS) are consolidated into the financial statements of the Halton District School Board. Additional information on this consolidation can be found in Note 16 in the Notes to the Consolidated Financial Statements.

The financial statements for HSTS are being shared with the Audit Committee and Board of Trustees for information.

Rationale

The financial statements for HSTS have been audited by KPMG LLP, Chartered Accountants. The audit was conducted in accordance with Canadian generally accepted auditing standards as outlined in the Auditors' Report. Based on their audit opinion, the auditors agree that the consolidated financial statements of Halton Student Transportation Services as at and for the year ended August 31, 2021 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Respectfully Submitted,

Roxana Negoï
Superintendent of Business Services and Treasurer

Financial Statements of

**HALTON STUDENT
TRANSPORTATION SERVICES**

And Independent Auditors' Report thereon

Year ended August 31, 2021



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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Halton Student Transportation Services

Opinion

We have audited the accompanying financial statements of Halton Student Transportation Services (the "Entity"), which comprise:

- the statement of financial position as at August 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2021, and its results of changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 21, 2021

HALTON STUDENT TRANSPORTATION SERVICES

Financial Statements

Year ended August 31, 2021

Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Change in Net Debt	3
Statement of Cash Flows	4
Notes to Financial Statements	5

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Financial Position

August 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Due from related parties (note 4)	\$ 778,985	\$ 236,365
Financial liabilities		
Accounts payable and accrued liabilities	44,859	67,148
Due to related parties (note 4)	745,828	180,557
Deferred capital contributions (note 5)	3,838	11,539
	794,525	259,244
Net debt	(15,540)	(22,879)
Non-financial assets		
Tangible capital assets (note 2)	3,838	11,539
Prepaid expenses	12,462	12,100
	16,300	23,639
COVID-19 (note 7)		
Accumulated surplus	\$ 760	\$ 760

See accompanying notes to financial statements.

On behalf of the Board of Directors:

Director

Director

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Operations

Year ended August 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Revenues	\$ 32,403,791	\$ 30,451,648	\$ 25,765,149
Expenses:			
Transportation services	29,503,650	27,847,081	24,027,244
Administrative expenses:			
Salaries and benefits	1,435,984	1,463,657	1,465,536
Health supplies	1,116,552	827,415	-
Rent	68,000	67,836	67,836
Communication	60,500	57,749	26,066
Professional fees	66,700	57,236	73,052
Software fees and licenses	53,000	50,169	49,438
Contractual services	25,000	28,457	14,889
Office supplies	28,600	13,981	16,280
Equipment	15,000	12,987	-
Professional development	11,605	10,701	6,378
Amortization of tangible capital assets	-	7,701	5,912
Insurance	5,200	5,030	4,779
Day to day maintenance	1,500	959	464
Travel and meetings	3,500	423	1,546
Advertising	9,000	266	5,729
Total expenses	32,403,791	30,451,648	25,765,149
Annual surplus	-	-	-
Accumulated surplus, beginning of year	760	760	760
Accumulated surplus, end of year	\$ 760	\$ 760	\$ 760

See accompanying notes to financial statements.

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Changes in Net Debt

Year ended August 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ -	\$ -
Amortization of tangible capital assets	7,701	5,912
	7,701	5,912
Other non-financial asset activity:		
Acquisition of prepaid expenses	(7,611)	(7,249)
Use of prepaid expenses	7,249	7,240
Total other non-financial asset activity	(362)	(9)
Change in net debt	7,339	5,903
Net debt, beginning of year	(22,879)	(28,782)
Net debt, end of year	\$ (15,540)	\$ (22,879)

See accompanying notes to financial statements.

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Cash Flows

Year ended August 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ -	\$ -
Item not involving cash:		
Amortization of tangible capital assets	7,701	5,912
Revenue recognized from deferred capital contributions	(7,701)	(5,912)
Changes in non-cash working capital:		
Decrease (increase) in accounts payable and accrued liabilities	(22,289)	35,478
Increase in prepaid expenses	(362)	(9)
	(22,651)	35,469
Investing activities:		
Increase in due from related parties (note 4)	(542,620)	(125,723)
Increase in due to related parties (note 4)	565,271	90,254
	22,651	(35,469)
Net change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying notes to financial statements.

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2021

Halton Student Transportation Services ("HSTS") on behalf of Halton District School Board and the Halton Catholic District School Board (the "School Boards") was set up to provide transportation services.

HSTS was incorporated on February 10, 2009 under the Corporations Act of Ontario as a non-profit corporation without share capital and is exempt from income taxes.

1. Significant accounting policies:

The financial statements are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of accounting:

Revenues and expenditures are reported on an accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

(b) 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.

During fiscal 2021, the useful life for computer hardware was revised from five years to three years based on new information related to the actual life of the assets.

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

Asset	Estimated useful life in years
Computer software	5
Computer hardware	3
Leasehold improvements	5
Furniture and equipment	10

(c) Government transfers:

Government transfers, which include legislative grants, are recognized in the 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.

Government transfers for capital that meet the definition of liability are referred to as deferred capital contributions ("DCC"). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2021

1. Significant accounting policies (continued):

(d) Budget figures:

Budget figures have been provided for comparison purposes and have been approved by the Board of Directors of the Halton Student Transportation Services. Budget figures, which are reported in the statement of operations, were originally approved on December 8, 2020. The figures have been reported for the purposes of these statements to comply with Public Sector Accounting Board ("PSAB") reporting requirements. Budget figures were excluded from the Statement of Change in Net Debt as these amounts were not included in management's revised budgeted figures.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating accrued liabilities. Amounts recorded for amortization of tangible capital assets are based on estimates of useful service life. Actual results could differ from these estimates.

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2021

2. Tangible capital assets:

Cost	Balance at August 31, 2020	Additions	Disposals	Balance at August 31, 2021
Computer software	\$ 24,910	\$ -	\$ -	\$ 24,910
Computer hardware	18,172	-	(7,994)	10,178
Leasehold improvements	14,088	-	(14,088)	-
Furniture and equipment	5,016	-	-	5,016
Total	\$ 62,186	\$ -	\$ (22,082)	\$ 40,104

Accumulated amortization	Balance at August 31, 2020	Disposals	Amortization Expense	Balance at August 31, 2021
Computer software	\$ 22,251	\$ -	\$ 1,770	\$ 24,021
Computer hardware	11,047	(7,994)	5,429	8,482
Leasehold improvements	14,088	(14,088)	-	-
Furniture and equipment	3,261	-	502	3,763
Total	\$ 50,647	\$ (22,082)	\$ 7,701	\$ 36,266

Net book value	August 31, 2020	August 31, 2021
Computer software	\$ 2,659	\$ 889
Computer hardware	7,125	1,696
Leasehold improvements	-	-
Furniture and equipment	1,755	1,253
Total	\$ 11,539	\$ 3,838

Due to the policy change as described in note 1(b) there was additional amortization in the amount of \$3,393 recorded for computer hardware to bring the net book value in line with the change in accounting policy.

3. Economic dependence:

HSTS's operations consist exclusively of supplying services to Halton District School Board and Halton Catholic District School Board. HSTS is economically dependent on these boards for its busing revenues.

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2021

4. Due from/to related party:

Amounts included in due from related parties are due from the following partners of HSTS:

	2021	2020
Halton District School Board	\$ 778,985	\$ 236,365

Amounts included in due to related parties are due to the following partners of HSTS:

	2021	2020
Halton Catholic District School Board	\$ 745,828	\$ 180,557

Amounts due from/to related parties are non-interest bearing with no fixed repayment terms.

5. Deferred capital contributions:

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2021	2020
Balance, beginning of year	\$ 11,539	\$ 17,451
Additions to deferred capital contributions	-	-
Revenue recognized in the period	(7,701)	(5,912)
Balance, end of year	\$ 3,838	\$ 11,539

6. Lease commitment:

The HSTS leases office premises with terms to October 31, 2022. The minimum annual rental under this agreement is as follows:

Fiscal year ending August 31:	
2022	\$ 67,836
2023	11,306
	\$ 79,142

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2021

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at August 31, 2021, COVID-19 has caused HSTS to incur additional expenses as noted in the statement of operations under health supplies. There were also increased costs as a result of learning model changes however these were partially offset by one-time revenues. The current challenging economic climate may lead to adverse changes to the operations of HSTS. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Ministry of Education

Financial Analysis and
Accountability Branch

315 Front Street West
12th Floor
Toronto ON M7A 0B8

Ministère de l'Éducation

Direction de l'analyse et de la
responsabilité financières

315, rue Front Ouest
12^e étage
Toronto (Ontario) M7A 0B8

2021: SB14

Date: July 7, 2021

Memorandum To: Directors of Education
Senior Business Officials

From: Med Ahmadoun
Director
Financial Analysis and Accountability Branch

Subject: **2021-22 Excellence in Education Administration Fund**

I am writing to provide you with further information about the Excellence in Education Administration Fund (EEAF) for the 2021–22 school year, also detailed in the attached EEAF Program Guidelines. The EEAF provides funding to school boards to look at modernization and transformation initiatives by reviewing their operations to assess potential opportunities and look at best practices.

PROGRAM OVERVIEW

In the 2021: B10 2021-22 Priorities and Partnerships Funding (PPF) memorandum, the ministry announced its continued focus on efficiency and excellence in education administration through the EEAF. The EEAF supports district school boards in reviewing their processes to identify opportunities for increased operational effectiveness, cost efficiency and optimal resource allocation.

In the 2021-22 school year, district school boards will provide a report to the ministry on:

- A review of all or a subset of the district school board's operations and provide recommendations; or

- The implementation of previously developed recommendations that support the goals of the program.

Though the EEAF is applicable to all 72 district school boards, participation in the 2021-22 EEAF program is voluntary for district school boards that have previously completed a review or implementation through the 2019-20 Audit and Accountability Fund or the 2020-21 EEAF.

SCOPE

District school boards may review all or specific areas of its operations, subject to the exclusions below:

- Involuntary front-line job losses
- Violation of any legislation, regulations or ministry policy directives
- Violation of any local or central collective bargaining provisions
- Introduction of or increases in fees to students or parents
- Changes to the trustee governance structure or executive compensation framework.

REPORTING REQUIREMENTS

A completed “Preliminary Checklist” (see attached) by November 30, 2021 which confirms the following:

- The scope of the planned work is compliant with the scope requirements mentioned above.
- The estimated costs and timelines to complete the planned work.
- The selection of the independent third-party consultant complies with the procurement process identified in the program guidelines, where applicable.

A completed “Progress Update”(see attached) on the EEAF program review and estimated spending up to March 2022 by March 18, 2022.

By August 31, 2022:

- A copy of the final report.
- A copy of the previously developed recommendations that were to be implemented, if applicable.
- A completed “Executive Summary Template (see attached).
- A completed “Final Checklist” (see attached), including supporting documentation for the reimbursement of district school board costs.

Please submit these documents electronically to EDULABFINANCE@ontario.ca. Please use the following in the subject line: “2021-22 EEAF - <2 digit school board number> <school board name>; for example, “2021-22 EEAF 12 Toronto DSB”.

FUNDING

District school boards may be eligible to receive funding up to \$150,000 under the program and are required to enter into a transfer payment agreement with the Province to receive funding. Transfer payment agreements will be provided to all district school boards on September 1, 2021 to support school boards in starting their EAAF program reviews.

CONTACT INFORMATION

District school boards can direct EAAF questions to the following staff within the Financial Analysis & Accountability Branch:

Name	Email	Phone
Kyle Paranuik	Kyle.Paranuik@ontario.ca	(437) 216-4638
Simi Khan	Simi.Khan@ontario.ca	(416) 577-8314
Marjorie Tang	Marjorie.Tang@ontario.ca	(437) 991-7928

Sincerely,

Original signed by

Med Ahmadoun
Director
Financial Analysis and Accountability Branch

Enclosures:
Appendix A - EAAF Program Guidelines
Appendix B - Preliminary Checklist
Appendix C - Progress Update
Appendix D - Executive Summary Template
Appendix E - Final Checklist

Appendix A - 2021-22 Excellence in Education Administration Fund Program Guidelines

OVERVIEW

The ministry is continuing its focus on efficiency and excellence in education administration through the Excellence in Education Administration Fund (EEAF). The EEAF supports district school boards in reviewing their processes to identify opportunities for increased operational effectiveness, cost efficiency and optimal resource allocation.

Through the EEAF, district school boards would be required to prepare and provide a report to the Minister to:

- review all or a subset of the district school board's operations and provide recommendations; or
- implement previously developed recommendations that support the goals of the program.

Participation in the 2021-22 EEAF program is voluntary for district school boards that have previously completed a review or implementation through the 2019-20 Audit and Accountability Fund or the 2020-21 EEAF.

SCOPE

District school boards may review all or specific areas of its operations, subject to the exclusions below. The recommendations or implementation plan must not recommend or result in any of the following:

1. Involuntary front-line job losses
2. Violation of any legislation, regulations or ministry policy directives
3. Violation of any local or central collective bargaining provisions
4. Introduction of or increases in fees to students or parents
5. Changes to the trustee governance structure or executive compensation framework.

REPORTING REQUIREMENTS

1. The report must identify specific, actionable recommendations or the implementation of previously developed recommendations based on the scope requirements identified above.
2. If the report includes recommendations, the report must include an executive summary outlining the estimated costs, risks and cost savings associated with implementing each recommendation, where applicable.

3. If the report includes the implementation of previously developed recommendations, the final report must outline an executive summary of the implementation including its expected savings.
4. The district school board must provide a copy of the final report to the ministry by August 31, 2022.
5. The district school board must provide the ministry with a copy of any previously developed recommendations to be implemented, if applicable.

FUNDING

District school boards may receive funding up to \$150,000 under the program. Participating district school boards will be reimbursed either an amount of up to:

1. \$150,000 for costs of independent third-party consultant (supported by invoices submitted to the ministry); or
2. \$50,000 for temporary staffing costs (with supporting documentation).

District school boards will be required to enter into a transfer payment agreement with the Province to receive funding.

PROCUREMENT PROCESS

School boards must follow the district school board's own competitive procurement policy and the ministry's centralized procurement initiative directive.

School boards are expected to use an existing Ministry of Government and Consumer Services (MGCS) Vendor of Record (VOR) arrangement. Should a VOR not be used, then a Procurement Rationale Report Form must be submitted by the school board to EDUProcurementReporting@ontario.ca as well as to EDULABFINANCE@ontario.ca.

PROGRAM REQUIREMENTS

District school boards must demonstrate that they met the following program requirements by providing the ministry:

- A. A completed "Preliminary Checklist" by November 30, 2021 which confirms the following:
 - The scope of the planned work is compliant with the scope requirements mentioned above.
 - The estimated costs and timelines to complete the planned work.
 - The selection of the independent third-party consultant complies with the procurement process specified above.

B. A completed “Final Checklist” by August 31, 2022 which confirms the following:

- The scope of the actual work performed is compliant with the scope requirements mentioned above.
- A final report was submitted to the ministry by August 31, 2022 and it is compliant with the reporting requirements specified above.
- If requesting funding, documentation was submitted to the ministry to support the costs incurred to complete the work (e.g. invoices from the third-party consultant, agreements with temporary staff, etc.).

IMPORTANT DATES

- September 1, 2021: Transfer payment agreements will be provided to all district school boards to ensure they can begin work on September 1
- November 30, 2021: If funding will be requested, district school boards must provide ministry staff a completed checklist indicating compliance with program requirements
- March 18, 2022: If funding will be requested, district school boards must provide ministry staff with progress update and estimated spending up until the end of March 2022 (to allow for the ministry to make proper year-end accruals)
- August 31, 2022: Final report due to ministry. If funding will be requested, district school board must request reimbursement of costs (by providing supporting documentation) and provide a completed checklist indicating report’s compliance with program requirements

CONTACT INFORMATION

District school boards can direct EAAF questions to the following staff within the Financial Analysis Accountability Branch:

Name	Email	Phone
Kyle Paranuik	Kyle.Paranuik@ontario.ca	(437) 216-4638
Simi Khan	Simi.Khan@ontario.ca	(416) 577-8314
Marjorie Tang	Marjorie.Tang@ontario.ca	(437) 991-7928