



# Halton District School Board

**AUDIT COMMITTEE**

Boardroom, J.W. Singleton Education Centre, 2050 Guelph Line, Burlington, Ontario

*Tuesday, November 13, 2018*

**Public Session: 3 p.m.**

## **PUBLIC SESSION AGENDA**

**1.0 – Opening**

- 1.1 Welcome and Call to Order
- 1.2 Declarations of Possible Conflicts of Interest
- 1.3 Approval of the Agenda

**2.0 – Ratification / Action*****page***

- 2.1 Minutes of the Audit Committee Meetings
  - 2.1.1 Audit Committee Meeting, September 18, 2018 *pages 2-5*
- 2.2 Approval of Business Transacted in Private Session
- 2.3 Action Items
  - 2.3.1 2017-18 Financial Statements and Accumulated Surplus Balances *pages 6-46*
  - 2.3.2 Report to the Audit Committee on the 2017/2018 audit (*D. Tonin*) *pages 47-67*
  - 2.3.3 Audit Committee Approval of the 2017/2018 Financial Statements *page 68*

**3.0 – Communication to the Audit Committee*****page***

- 3.1 For Information
  - 3.1.1 Supplementary Reporting (*L. Veerman*)
    - Annual Statement of Education Development Charges(EDC) Report *pages 69-71*
    - Summary of Trustee Expenses Report as of 2017/2018 *pages 71-74*

**4.0 – Other Business*****page***

- 4.1 Special Acknowledgements

**5.0 – Adjournment**

Date of Next Meeting – to be determined.

*This publication is available in accessible formats upon request*

**Halton District School Board  
Audit Committee Public Session Meeting Minutes  
Tuesday, September 18th, 2018**

**Attendance:**

**Trustee Members:** A. Harvey Hope, J. Gray, A. Collard

**Trustee Guests:**

**Public Representative:** M. Caputi, D. McKerrall

**Staff:** D. Boag, L. Veerman, J. Sweetman, H. Camastro, C. Salemi, K. Samarin

**Regional Internal Audit Team:** J. Baker

**External Auditor:** L. Cheung

**Regrets:** S. Miller, D. Tonin

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**Agenda Item 1.0**

**1.1 Call to Order**

- The Chair called the meeting to order at 3:24 p.m.

**1.2 New Trustee Representative – Audit Committee**

- The Chair introduced and welcomed A. Collard as the new Trustee Member to the Audit Committee.

**1.3 Approval of the Agenda**

- Correction to date for 2.1.1 to April 17<sup>th</sup>, 2018

**Motion: D. McKerrall / A. Collard**

Be it resolved that the Agenda for the Public session of the Audit Committee Meeting for September 18th, 2018 be approved as distributed. **Carried Unanimously.**

**1.4 Declarations of Possible Conflict of Interest**

- Annual Conflict of Declaration forms were completed and signed.
- No conflicts of interest were declared.

**Agenda Item 2.0**

**2.1 Minutes of the Audit Committee Meetings**

**2.1.1 Audit Committee Meeting, April 17th, 2018**

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**Motion: D. McKerrall / M. Caputi**

Be it resolved that the minutes from the Public Session Audit Committee Meeting held on April 17th, 2018 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 2018/2019 per Regulation 361/10, Section 6(1)

- Request to have report outline election process of Chair and Vice-Chair, and the report should be included in first Audit Committee package of new term. Report should make reference to the Audit Committee Terms of Reference.
- Process at this meeting was consistent with process outlined in the board by-laws.
- J. Gray was the only Committee member that expressed interest in the role of Chair, therefore no ballot was required.

#### **Motion: A. Collard / M. Caputi**

Be it resolved that Jeanne Gray be acclaimed as Chair of the Audit Committee for the 2018/2019 fiscal year. **Carried Unanimously.**

### 2.2.2 Appointment of Audit committee Vice-Chair for 2018/2019

- A. Collard was the only Committee member that expressed interest in the role of Vice-Chair, therefore no ballot was required.

#### **Motion: A. Harvey Hope / M. Caputi**

Be it resolved that Amy Collard be acclaimed as Vice-Chair of the Audit Committee for the 2018/2019 fiscal year. **Carried Unanimously.**

## 2.3 Approval of business Transacted in Private Session:

#### **Motion: A. Collard / D. McKerrall**

Be it resolved that the Audit Committee accept the Regional Internal Audit Status Report and the Audit Committee Annual Report to Board and that the reports be forwarded to the Board of Trustees. **Carried Unanimously.**

## 2.4 Action Items

### 2.4.1 Regional Internal Audit Report

- The Regional Internal Auditor Manager (RIAM) presented the report and responded to questions.
- RIAM spoke to her appreciation for the flexibility of staff to accommodate her special circumstances in order to get the Board Sponsorships and Partnerships audit substantially completed in time.
- Closing meeting to be arranged to discuss draft report with Management.
- RIAM informed the Committee that the RIAT staff is not at full complement which may impact the number and/or timelines of audits.

**Motion: M. Caputi / A. Collard**

Be it resolved that the Audit Committee receive the Regional Internal Audit Status Report – public committee session including the Board Partnerships and Sponsorships Terms of Reference and the RIAT Training and Education Plan and that the report be included in the Audit Committee Summary to the Board of Trustees. **Carried Unanimously.**

**2.4.2 Regional Internal Audit – Board Partnerships and Sponsorships Audit – Terms of Reference**

- RIAM spoke to the Terms of Reference and responded to questions.

**2.4.3 Audit Committee Annual Report to the Board and Ministry**

- Request made to adjust the report to note that both the Manager of Internal Audit and Audit and Compliance Officer positions are vacant but recruitment for the Manager of Internal Audit position is currently under way. Note recruitment activities in the summary of work performed.
- Add in 2018/19 re: enrollment audits as one is scheduled for 2019/20

**Motion: A. Harvey Hope / M. Caputi**

Be it resolved that the Audit Committee approve the report and forward to the Board of Trustees for acceptance of the 2017/2018 Audit Committee Annual Report to the Board of Trustees. **Carried Unanimously.**

Be it resolved that the Audit Committee approve the report and forward to the Board of Trustees for acceptance of the 2017/2018 Annual Report to the Ministry. **Carried Unanimously.**

**Agenda Item 3.0****3.1 Information Items****3.1.1 Recruitment of HDSB Manager, Internal Audit**

- Superintendent of Business noted that the posting will be issued for the Manager, Internal Audit position.
- In response to questions, it was noted that the title of the position is based on the “Position Title Structure” recommended as part of the job evaluation review undertaken by third party consultant. Position title structure ensures consistency across all board positions.
- Next step will be to form the interview committee. More information to follow on this item.

**Agenda Item 4.0**

- Next Meeting date is November 13<sup>th</sup>, 2018
- A report will be included in the November 7<sup>th</sup> Board agenda package outlining the timelines for approval of the Board financial statements.

- In response to questions regarding comparability/consistency of the format of our Audit Committee meetings to other Boards, the RIAM noted that our format is much more formal and procedural.

## **Agenda Item 5.0**

### **5.1 Adjournment**

#### **Motion: A. Collard / M. Caputi**

Be it resolved that the Public Session of the Audit Committee Meeting held on September 18th, 2018 be adjourned at 3:59pm. **Carried Unanimously.**

# Halton District School Board

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**Report Number: 18146**

**Date: November 1, 2018**

**FOR INFORMATION**

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

**FROM:** Lucy Veerman, Superintendent of Business Services and Treasurer  
Stuart Miller, Director of Education

**RE:** **2017/2018 Financial Statements and Accumulated Surplus Balances**

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**Recommendation:**

***Be it resolved that the Halton District School Board authorize the 2017/2018 Year-end Surplus to be transferred to the Accumulated Surplus categories:***

***Amounts Internally Restricted For Future Use by the Board***

***Year-End Roll Forwards***

***\$810,442 for Year-End Roll Forwards***

***Student Achievement***

***\$749,797 Multi-Year/Operational Plan Initiatives***

***Reallocation of Funds***

***\$300,000 Technology***

***\$3,000,000 Closing the Gap***

***(\$3,300,000) Non-designated Surplus***

***Be it resolved that the Halton District School Board approve the audited financial statements for the fiscal year ended August 31, 2018.***

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**Rationale:**

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, 2018 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

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## **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 13, 2018 and recommended that the audited financial statements of the Halton District School Board for the fiscal year ended August 31, 2018 be approved by the Board of Trustees.

## **2017/2018 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 ensure that we inspire and support learning; create safe, healthy and engaging environments, and provide opportunities for challenge and choice. The 2017/2018 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 \$1.6 million representing 0.2% of the approved budget.

## **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 2016/2017 to 2017/2018. Rationale for the recommended transfers to accumulated surplus is as follows:

### **Year-End Roll Forwards**

Year-End Roll Forwards represent savings in 2017/2018 due to under-spending in departmental areas mainly as a result of timing and to support previously approved initiatives including decentralized school budgets, professional development, and accommodation.

### **Multi-Year/Operational Plan Initiatives**

Multi-Year/Operational Plan goals and initiatives are a major consideration during the Budget Development process. We need to ensure that we align the allocation of resources to support these plans. The 2018/2019 Budget Development process included challenges resulting from an increase in operational pressures, increased demand in resources to support student achievement, and a per pupil level of funding that is significantly below the provincial average. We anticipate that some of these challenges will continue into the 2019/2020 Budget Development process. As a result, we are recommending this allocation in order to provide flexibility and opportunities to support the Multi-Year/Operational plan to enhance student achievement. During the next few months, Administrative Council will bring reports to the Board identifying specific initiatives that will support students in the classroom.

### **Reallocation of Funds**

Technology system enhancements and Closing the Gap initiatives have been an important priority of the Board over the past several years. Reallocating funds from the “non-designated

# Halton District School Board

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surplus” to these initiatives will allow us to continue to support the system and to address accommodation issues in our schools.

*Respectfully submitted,*

*Lucy Veerman  
Superintendent of Business Services and Treasurer*

*Stuart Miller  
Director of Education*

DRAFT



**Halton District School Board**  
**Summary of Accumulated Surplus**  
**(Per Note 11 to the Consolidated Financial Statements)**  
**Year Ended August 31, 2018**

	<u>2017/2018</u>	<u>2016/2017</u>
<b>Non-designated Surplus (1)</b>	-	<b>5,000,000</b>
<b>Amounts Internally Restricted For Future Use By The Board</b>		
Retirement Gratuities	3,482,211	4,615,211
Fast Track Centre for Skills Development & Training	1,697,939	1,598,914
Operating:		
Decentralized School Budgets	996,208	1,288,823
Year end roll forward-contractual Professional Development	-	557,806
Year end roll forward-other	204,178	163,579
Student Achievement	9,073,862	9,232,441
Full Day Kindergarten	-	433,737
CPP Outdoor Learning Spaces	307,974	-
Technology (1)	2,398,240	1,215,476
Other	105,589	105,589
	<u>13,086,051</u>	<u>12,997,451</u>
Accommodation:		
Closing the Gap	7,274,039	6,714,538
Facility Weather Conditions	3,046,418	3,046,418
Vandalism	500,000	500,000
Temporary Accommodation (Portables)	4,115,668	3,715,668
Capital Projects - Non-Ministry Funded	1,125,002	1,125,002
Administrative Facility	23,548,329	23,548,329
Other	227,974	367,269
	<u>39,837,430</u>	<u>39,017,224</u>
Committed Capital Projects and Sinking Fund Interest	8,089,029	8,646,777
<b>Total Internally Restricted For Future Use By The Board</b>	<b>66,192,660</b>	<b>66,875,577</b>
<b>Amounts To Be Recovered</b>		
Employee Future Benefits	(9,320,581)	(13,776,664)
Interest to be Accrued	(3,425,378)	(3,578,610)
	<u>(12,745,959)</u>	<u>(17,355,274)</u>
<b>Revenues Recognized for Land</b>		
Land & Pre-Acquisition Land Costs	207,515,229	190,766,074
Educational Development Charges Outstanding	(32,494,504)	(28,608,999)
	<u>175,020,725</u>	<u>162,157,075</u>
School Generated Funds	5,748,656	6,235,278
<b>Total Accumulated Surplus Balance, end of year</b>	<b>234,216,082</b>	<b>222,912,656</b>

(1) Board motion M18-0092 dated May 2018 to reallocate \$1.7 million to Internally Appropriated - Technology.

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## Consolidated financial statements of Halton District School Board

August 31, 2018

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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 .....	8-24

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# 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

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November 21, 2018

## Independent Auditor's Report

To the Trustees of the  
Halton District School Board

We have audited the accompanying consolidated financial statements of the Halton District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2018, and the consolidated statements of operations, cash flows and change in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements of the Halton District School Board as at and for the year ended August 31, 2018 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

**Emphasis of Matter**

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

Chartered Professional Accountants  
Licensed Public Accountants  
November 21, 2018

Draft

**Halton District School Board****Consolidated statement of financial position**

As at August 31, 2018

	Notes	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Financial assets</b>			
Cash and cash equivalents		<b>88,194,188</b>	86,166,167
Accounts receivable		<b>38,622,710</b>	38,160,009
Accounts receivable – Government of Ontario	2	<b>284,174,112</b>	295,682,715
		<b>410,991,010</b>	420,008,891
<b>Liabilities</b>			
Accounts payable and accrued liabilities		<b>72,925,980</b>	63,975,297
Other	4	<b>2,819,264</b>	2,290,984
Net long-term liabilities	5	<b>263,328,356</b>	274,935,788
Deferred revenue	7	<b>28,291,246</b>	29,509,571
Employee future benefits payable	9	<b>25,799,241</b>	26,759,674
Deferred capital contributions	8	<b>570,408,258</b>	550,502,882
		<b>963,572,345</b>	947,974,196
Net debt		<b>(552,581,335)</b>	(527,965,305)
<b>Non-financial assets</b>			
Prepaid expenses		<b>785,297</b>	960,023
Tangible capital assets	10	<b>786,012,120</b>	749,917,938
		<b>786,797,417</b>	750,877,961
Contractual obligations and contingent liabilities	14		
<b>Accumulated surplus</b>	11	<b>234,216,082</b>	222,912,656

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, 2018

Notes			2017 Actual
	Budget	2018 Actual	
	\$	\$	\$
<b>Revenue</b>			
Provincial grants – Grants for Student Needs	677,453,349	671,982,061	649,379,073
Provincial grants – other	9,031,921	15,679,403	10,320,745
Investment income	1,250,000	2,263,692	1,325,959
Federal grants	3,863,793	4,171,216	3,431,282
School fundraising and other revenues	19,000,000	19,987,840	21,353,914
Deferred capital contributions – grants recognized	8 28,211,674	28,728,872	28,547,307
Other fees and revenues	21,669,584	27,959,450	35,390,386
	<b>760,480,321</b>	<b>770,772,534</b>	<b>749,748,666</b>
<b>Expenses</b>			
Instruction	591,671,008	590,194,498	560,329,685
Administration	15,575,466	15,828,431	14,753,337
Transportation	16,889,885	16,284,344	15,966,101
Pupil accommodation	105,372,989	105,041,077	103,699,571
Other	2,944,179	11,646,295	5,708,760
School funded activities	19,000,000	20,474,463	20,538,167
12	<b>751,453,527</b>	<b>759,469,108</b>	<b>720,995,621</b>
Annual surplus	9,026,794	11,303,426	28,753,045
Accumulated surplus, beginning of year	201,023,447	222,912,656	194,159,611
<b>Accumulated surplus, end of year</b>	11 <b>210,050,241</b>	<b>234,216,082</b>	<b>222,912,656</b>

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, 2018

	Notes	2018 \$	2017 \$
<b>Operating transactions</b>			
Annual surplus		<b>11,303,426</b>	28,753,045
Non-cash items			
Amortization	10	<b>29,286,622</b>	29,105,902
Deferred capital contributions – grants recognized	8	<b>(28,728,872)</b>	(28,547,307)
Gain on sale of tangible capital assets		<b>(1,687,860)</b>	—
Net change in non-cash working capital balances			
Accounts receivable		<b>(462,701)</b>	1,504,229
Accounts payable and accrued liabilities		<b>8,950,683</b>	10,890,338
Other liabilities		<b>528,280</b>	(963,485)
Deferred revenue - operating		<b>(120,678)</b>	48,535
Employee future benefits payable		<b>(960,433)</b>	(2,187,584)
Prepaid expenses		<b>174,726</b>	174,779
		<b>18,283,193</b>	38,778,452
<b>Capital transactions</b>			
Proceeds on sale of tangible capital assets		<b>2,888,033</b>	—
Acquisition of tangible capital assets	10	<b>(66,580,977)</b>	(55,510,748)
		<b>(63,692,944)</b>	(55,510,748)
<b>Financing transactions</b>			
Principal repayments on long-term liabilities	6	<b>(11,607,432)</b>	(11,048,158)
Net long-term liabilities issued		—	1,434,441
Additions to deferred capital contributions	8	<b>48,634,248</b>	42,073,980
Decrease in deferred revenues – capital		<b>(1,097,647)</b>	(1,357,247)
Decrease (increase) in accounts receivable – Government of Ontario		<b>11,508,603</b>	(1,350,803)
		<b>47,437,772</b>	29,752,213
Increase in cash and cash equivalents		<b>2,028,021</b>	13,019,917
Cash and cash equivalents, beginning of year		<b>86,166,167</b>	73,146,250
<b>Cash and cash equivalents, end of year</b>		<b>88,194,188</b>	86,166,167

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, 2018

	Notes	<b>2018</b>	2017
		\$	\$
<b>Annual surplus</b>		<b>11,303,426</b>	28,753,045
Tangible capital asset activity			
Acquisition of tangible capital assets	10	<b>(66,580,977)</b>	(55,510,748)
Net book value of tangible capital asset disposals	10	<b>1,200,173</b>	—
Amortization of tangible capital assets	10	<b>29,286,622</b>	29,105,902
		<b>(36,094,182)</b>	(26,404,846)
Other non-financial asset activity			
Acquisition of prepaid expenses		<b>(987,678)</b>	(1,100,202)
Use of prepaids		<b>1,162,404</b>	1,274,981
		<b>174,726</b>	174,779
(Increase) decrease in net debt		<b>(24,616,030)</b>	2,522,978
Net debt, beginning of year		<b>(527,965,305)</b>	(530,488,283)
<b>Net debt, end of year</b>		<b>(552,581,335)</b>	(527,965,305)

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

**Halton District School Board**  
**Notes to the consolidated financial statements**  
 August 31, 2018

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## **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:

- Fast Track Community Centre for Skills Development and Training ("The Centre"); and
- Halton Student Transportation Services ("HSTS").

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, 2018

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**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
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5–15
Computer hardware	5
Computer software	5
Leasehold improvements – The Centre	10

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for 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. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
 August 31, 2018

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**1. Significant accounting policies (continued)**

*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.

As of the end of 2017-18, the following ELHTs have been established: 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.

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.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
 August 31, 2018

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**1. Significant accounting policies (continued)**

*Retirement and other future benefits (continued)*

*(a) Employee Life and Health Trusts (continued)*

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*

In 2012, changes were made to the Board's 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.

*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.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

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**1. Significant accounting policies (continued)**

*Government transfers (continued)*

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.

*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. Also included is the approved budget for the Fast Track Centre for Skills Development and Training. 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.

*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 and certain accruals.

**2. Accounts receivable - Government of Ontario**

The Government of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Halton District School Board received 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.

The balance in this account is an account receivable from the Government of Ontario with respect to capital grants.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

### 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 \$85 million with a Canadian chartered bank to address operating requirements, bridge capital expenditures and education development charges outstanding. As at August 31, 2018, the amount drawn was nil (nil in 2017).

### 4. Other liabilities

The balance in other liabilities represents the Group Life Premium Stabilization Fund.

### 5. 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:

	2018	2017
	\$	\$
Debentures		
OSBFC, Series 2003-A2, 5.800%, maturing November 2028	16,718,759	17,848,021
OSBFC, Series 2004-A1, 5.483%, maturing November 2029	25,302,349	26,846,581
OSBFC, Series 2005-A1, 4.789%, maturing August 2030	7,526,681	7,981,717
OFA, Bylaw 06090, 4.560%, maturing November 2031	13,652,271	14,370,493
OFA, Bylaw 08012, 4.900%, maturing March 2033	28,196,358	29,469,287
OFA, Bylaw 09037, 5.062%, maturing March 2034	935,465	973,300
OFA, Bylaw 09036, 5.062%, maturing March 2034	5,059,941	5,264,591
OFA, Bylaw 09125, 5.384%, maturing May 2034	7,798,211	8,099,377
OFA, Bylaw 10052, 5.232%, maturing May 2035	10,603,875	10,986,576
OFA, Bylaw 10107, 4.947%, maturing May 2035	16,768,111	17,385,633
OFA, Bylaw 11034, 4.833%, maturing March 2035	16,411,277	16,981,530
OFA, Bylaw 11155, 3.970%, maturing November 2036	13,331,773	13,812,344
OFA, Bylaw 12024, 3.564%, maturing March 2037	16,512,798	17,120,174
OFA, Bylaw 13030, 3.799%, maturing March 2038	43,063,132	44,496,147
OFA, Bylaw 13120, 4.037%, maturing October 2028	13,289,342	14,292,497
OFA, Bylaw 14025, 4.003%, maturing March 2039	25,471,337	26,243,339
OFA, Bylaw 15010, 2.993%, maturing March 9, 2040	1,128,825	1,165,061
OFA, Bylaw 16024, 3.242%, maturing March 15, 2041	160,007	164,679
OFA, Bylaw 17020, 3.594%, maturing March 14, 2042	1,397,844	1,434,441
Net long-term liabilities	263,328,356	274,935,788



**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

**5. Net long-term liabilities (continued)**

Of the net long-term liabilities outstanding of \$263,328,356, principal plus interest payable over the next five years and subsequent payments to maturity are as follows:

	Principal	Interest	Total
	\$	\$	\$
2018/19	12,156,748	11,880,928	24,037,676
2019/20	12,732,677	11,304,999	24,037,676
2020/21	13,336,535	10,701,141	24,037,676
2021/22	13,969,707	10,067,969	24,037,676
2022/23	14,633,648	9,404,028	24,037,676
Total	66,829,315	53,359,065	120,188,380
Thereafter	196,499,041	56,492,839	252,991,880
Net long-term liabilities	263,328,356	109,851,904	373,180,260

Interest payments on long-term liabilities amounted to \$12,277,012 (\$12,791,049 in 2017) (Note 6).

**6. Debt charges and capital loan interest**

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

	2018	2017
	\$	\$
Principal payments on long-term liabilities	<b>11,607,432</b>	11,048,158
Interest payments on long-term liabilities (Note 5)	<b>12,277,012</b>	12,791,049
Interest payments on temporary financing of capital projects	<b>342,603</b>	119,147
	<b>24,227,047</b>	23,958,354

**7. 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.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

**7. Deferred revenue (continued)**

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2018 is comprised of:

	Balance as at August 31, 2017	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2018
	\$	\$	\$	\$	\$
Renewable energy – capital	142,793	—	—	—	142,793
School renewal	6,462,986	9,792,391	2,060,326	6,538,984	7,656,067
Special education	2,708,887	88,600,868	89,433,844	—	1,875,911
Legislative grants	1,667,359	31,604,277	28,711,972	3,406,563	1,153,101
Other provincial grants	229,366	7,204,731	6,807,387	—	626,710
Other Ministry of Education grants	185,823	9,490,393	9,091,098	—	585,118
Education development charges	—	14,484,370	14,484,370	—	—
Other third party	424,928	3,786,395	3,737,449	133,287	340,587
Proceeds of disposition	17,687,429	1,687,860	2,160	3,462,170	15,910,959
Total deferred revenue	29,509,571	166,651,285	154,328,606	13,541,004	28,291,246

**8. Deferred capital contributions**

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

	2018	2017
	\$	\$
Balance, beginning of year	550,502,882	536,976,209
Net additions to deferred capital contributions	48,634,248	42,073,980
Deferred capital contributions – grants recognized	(28,728,872)	(28,547,307)
Balance, end of year	570,408,258	550,502,882

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

**9. Retirement and other employee future benefits**

	<b>2018</b>						2017
	<b>Retirement gratuities</b>	<b>Post retirement benefits</b>	<b>Workplace safety insurance board</b>	<b>Sick leave top-up benefits</b>	<b>Long-term disability plans</b>	<b>Total employee future benefits</b>	<b>Total employee future benefits</b>
	\$	\$	\$	\$	\$	\$	\$
Accrued employee future benefit obligations	<b>19,378,638</b>	<b>108,989</b>	<b>6,959,406</b>	<b>390,188</b>	—	<b>26,837,221</b>	28,419,180
Unamortized actuarial (losses)	<b>(1,037,980)</b>	—	—	—	—	<b>(1,037,980)</b>	(1,659,506)
Employee future benefits liability	<b>18,340,658</b>	<b>108,989</b>	<b>6,959,406</b>	<b>390,188</b>	—	<b>25,799,241</b>	26,759,674

The Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totaled \$ 3,482,211 at August 31, 2018 (\$4,615,211 in 2017).

	<b>2018</b>						2017
	<b>Retirement gratuities</b>	<b>Post retirement benefits</b>	<b>Workplace safety insurance board</b>	<b>Sick leave top-up benefits</b>	<b>Long-term disability plans</b>	<b>Total employee future benefits</b>	<b>Total employee future benefits</b>
	\$	\$	\$	\$	\$	\$	\$
Recognition of unamortized actuarial (gains) losses	<b>286,080</b>	<b>(603)</b>	—	<b>(20,107)</b>	—	<b>265,370</b>	491,754
Current year benefit cost	—	—	<b>2,620,559</b>	<b>390,188</b>	<b>(32,051)</b>	<b>2,978,696</b>	1,905,700
Gain on plan amendments	—	—	—	—	—	—	38,875
Interest on accrued benefit obligation	<b>522,372</b>	<b>3,946</b>	<b>162,836</b>	—	<b>862</b>	<b>690,016</b>	606,022
Employee future benefits expense	<b>808,452</b>	<b>3,343</b>	<b>2,783,395</b>	<b>370,081</b>	<b>(31,189)</b>	<b>3,934,082</b>	3,042,351

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

*Actuarial assumptions*

The accrued benefit obligations for employee future benefit plans as at August 31, 2018 are based on actuarial valuations completed for accounting purposes as at August 31, 2018. These actuarial valuations take into account any plan changes and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<b>2018</b>	2017
	%	%
Inflation		
Retirement gratuities	<b>1.50</b>	1.50
Healthcare cost escalation		
Dental	<b>3.75</b>	4.00
Health	<b>7.75</b>	8.00
Discount on accrued benefit obligation		
Retirement gratuities	<b>2.90</b>	2.55
Post-retirement benefits	<b>2.90</b>	2.55

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

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**9 Retirement and other employee future benefits (continued)**

*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, 2018, the employee contributions to this plan were \$44,856,684 (\$45,668,244 in 2017).

*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, 2018, the Board contributed \$8,272,071 (\$8,123,745 in 2017) 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 gratuities expensed amounted to \$808,452 (\$858,508 in 2017).

*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 December 15, 2020, no longer qualify for board subsidized premiums or contributions.

*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.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

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**9. Retirement and other employee future benefits (continued)**

*Other employee future benefits (continued)*

*Workplace Safety Insurance Board (continued)*

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 4 ½ 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, 2018, these obligations, as actuarially determined, amounted to \$6,959,406 (\$5,974,868 in 2017) and are included in Employee Future Benefits Payable. The change in this amount from the previous year has been reflected in the statement of operations.

*Long-term disability benefits*

The Board provides long-term disability benefits including payment of life insurance premiums and health care benefits to employees who are not yet members of an ELHT, during the period an employee is unable to work. The benefit costs related to this plan are included in the Board's consolidated financial statements. As of August 31, 2018, all employees have been transferred to an ELHT.

*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, 2018. This actuarial valuation is based on assumptions about future events.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

**10. Tangible capital assets**

		Cost			
	Balance at August 31, 2017	Additions and betterments	Disposals	Transfer to/from construction in progress	August 31, 2018
	\$	\$	\$	\$	\$
Halton District School Board					
Land	190,542,807	17,880,217	(1,200,173)	66,460	207,289,311
Land improvements	35,731,176	2,647,507	—	—	38,378,683
Buildings (40 yrs)	749,984,411	24,203,049	—	135,653	774,323,113
Other buildings	112,268	—	—	—	112,268
Portable structures	9,054,193	—	(147,400)	—	8,906,793
Construction in progress	2,856,605	16,169,151	—	629,491	19,655,247
Pre-acquisition costs – land	223,266	69,112	—	(66,460)	225,918
Pre-acquisition costs – building	1,242,697	1,914,342	—	(765,144)	2,391,895
Equipment (5 years)	188,711	168,469	—	—	357,180
Equipment (10 years)	4,182,332	191,160	(71,873)	—	4,301,619
Equipment (15 years)	1,474,770	254,214	—	—	1,728,984
First time equipping	14,573,380	554,261	(68,851)	—	15,058,790
Furniture	587,169	107,639	—	—	694,808
Computer hardware	7,068,669	2,026,452	—	—	9,095,121
Computer software	1,473,482	375,261	—	—	1,848,743
	1,019,295,936	66,560,834	(1,488,297)	—	1,084,368,473
The Centre					
Computers	30,114	20,143	—	—	50,257
Leasehold improvements	1,305,422	—	—	—	1,305,422
Equipment and furniture	907,667	—	—	—	907,667
	2,243,203	20,143	—	—	2,263,346
	1,021,539,139	66,580,977	(1,488,297)	—	1,086,631,819

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

**10. Tangible capital assets (continued)**

	Balance at August 31, 2017	Amortization	Disposals	Accumulated amortization		Net book value
				Balance at August 31, 2018	2018	
	\$	\$	\$	\$	\$	\$
Halton District School Board						
Land	—	—	—	—	207,289,311	190,542,807
Land improvements	12,689,479	2,506,380	—	15,195,859	23,182,824	23,041,697
Buildings (40 yrs)	235,567,212	22,428,541	—	257,995,753	516,327,360	514,417,200
Other buildings	19,646	5,613	—	25,259	87,009	92,622
Portable structures	6,312,809	459,287	(147,400)	6,624,696	2,282,097	2,741,384
Construction in progress (a)	—	—	—	—	19,655,247	1,845,399
Pre-acquisition costs – land (a)	—	—	—	—	225,918	223,266
Pre-acquisition costs – building (a)	—	—	—	—	2,391,895	2,253,902
Equipment (5 years)	93,481	51,790	—	145,271	211,909	95,230
Equipment (10 years)	1,754,841	413,656	(71,873)	2,096,624	2,204,995	2,427,491
Equipment (15 years)	259,725	98,069	—	357,794	1,371,190	1,215,045
First time equipping	8,014,313	1,439,345	(68,851)	9,384,807	5,673,983	6,559,067
Furniture	268,919	61,430	—	330,349	364,459	318,250
Computer hardware	4,035,454	1,472,697	—	5,508,151	3,586,970	3,033,215
Computer software	805,456	299,898	—	1,105,354	743,389	668,026
	269,821,335	29,236,706	(288,124)	298,769,917	785,598,556	749,474,601
The Centre						
Computers	30,114	1,489	—	31,603	18,654	—
Leasehold improvements	862,085	48,427	—	910,512	394,910	443,337
Equipment and furniture	907,667	—	—	907,667	—	—
	1,799,866	49,916	—	1,849,782	413,564	443,337
	271,621,201	29,286,622	(288,124)	300,619,699	786,012,120	749,917,938

*(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 \$22,273,060 (\$4,322,567 in 2017) have not been amortized. Amortization of these assets will commence when the asset is put into service.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
 August 31, 2018

**11. Accumulated surplus**

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Non-designated surplus	—	5,000,000
Amounts internally restricted for future use of the Board		
Retirement gratuities	3,482,211	4,615,211
Fast Track Centre for Skills, Development & Training	1,697,939	1,598,914
Other operating	13,086,051	12,997,451
Accommodation	39,837,430	39,017,224
Committed capital projects and sinking fund interest	8,089,029	8,646,777
	<b>66,192,660</b>	<b>66,875,577</b>
Unavailable for compliance		
Employee future benefits	(9,320,581)	(13,776,664)
Interest accrual	(3,425,378)	(3,578,610)
	<b>(12,745,959)</b>	<b>(17,355,274)</b>
Revenue recognized for land		
Land (Note 10)	207,289,311	190,542,807
Pre-acquisition costs land (Note 10)	225,918	223,266
Education development charges outstanding (i)	(32,494,504)	(28,608,998)
	<b>175,020,725</b>	<b>162,157,075</b>
School generated funds	5,748,656	6,235,278
Total accumulated surplus	<b>234,216,082</b>	<b>222,912,656</b>

- (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 \$369,326 (\$355,185 in 2017).



**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

**12. Expenses by object**

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

	<b>2018</b>		2017
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
Salary and wages	<b>502,849,052</b>	<b>499,326,813</b>	476,987,068
Employee benefits	<b>84,241,780</b>	<b>83,575,435</b>	78,287,219
Staff development	<b>4,793,552</b>	<b>6,933,185</b>	5,970,093
Supplies and services	<b>64,942,754</b>	<b>64,882,752</b>	63,003,449
Interest charges on capital	<b>13,197,024</b>	<b>12,988,940</b>	13,265,381
Rental expenses	<b>147,615</b>	<b>181,574</b>	121,031
Fees and contract services	<b>37,394,539</b>	<b>38,473,310</b>	37,002,459
Other	<b>15,049,163</b>	<b>23,820,477</b>	17,253,019
Amortization of tangible capital assets	<b>28,838,048</b>	<b>29,286,622</b>	29,105,902
	<b>751,453,527</b>	<b>759,469,108</b>	720,995,621

**13. Ontario School Board Insurance Exchange ("OSBIE")**

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$24 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.

**14. 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 \$24,754,783.

	\$
2019	11,940,866
2020	2,757,640
2021	2,417,574
2022	2,046,098
2023	5,592,605

- (b) As of August 31, 2018 the Board had guarantees outstanding of \$876,436 (\$1,230,217 in 2017) 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, 2018 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.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2018

**15. 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:

	<b>2018</b>		<b>2017</b>	
	<b>Total</b>	<b>Board portion</b>	<b>Total</b>	<b>Board portion</b>
	\$	\$	\$	\$
Financial position				
Financial assets	<b>22,412</b>	<b>14,019</b>	71,877	45,714
Liabilities	<b>47,539</b>	<b>29,736</b>	102,151	64,968
Non-financial assets	<b>25,887</b>	<b>16,192</b>	31,034	19,738
Accumulated surplus	<b>760</b>	<b>475</b>	760	484
Operations				
Revenue	<b>23,667,377</b>	<b>15,790,265</b>	22,813,652	15,470,334
Expenses	<b>23,667,377</b>	<b>15,790,265</b>	22,813,652	15,470,334
Annual surplus	—	—	—	—

**16. 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, 2018

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**17. Funds administered by the Board**

Trust funds administered by the Board amounting to \$1,776,599 (\$1,397,704 in 2017) have not been included in the consolidated financial statements, as they are not controlled by the Board.

	<b>2018</b>			2017
	<b>Trust funds</b>	<b>Deferred leave plan</b>	<b>Total</b>	<b>Total</b>
	\$	\$	\$	\$
Opening balance at September 1, 2017	<b>698,612</b>	<b>698,692</b>	<b>1,397,304</b>	1,408,184
Contributions received in 2018	<b>3,900</b>	<b>592,848</b>	<b>596,748</b>	387,599
Earnings on investments in 2018	<b>11,751</b>	<b>6,221</b>	<b>17,972</b>	7,356
	<b>714,263</b>	<b>1,297,761</b>	<b>2,012,024</b>	1,803,139
Disbursements in 2018	<b>32,137</b>	<b>203,288</b>	<b>235,425</b>	405,435
Closing balance at August 31, 2018	<b>682,126</b>	<b>1,094,473</b>	<b>1,776,599</b>	1,397,704

**18. Subsequent events**

In accordance with the Long term Accommodation Plan, in September 2018, the Board purchased a land site in Georgetown to be used as a future elementary school site for approximately \$7,739,000.

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Financial statements of  
Fast Track - Community Centre for  
Skills, Development and Training

August 31, 2018

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Independent Auditor’s Report .....	1-2
Statement of revenue and expenses and net assets .....	3
Balance sheet .....	4
Statement of cash flows .....	5
Notes to the financial statements .....	6-9

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## Independent Auditor's Report

To the Members of  
Fast Track - Community Centre for Skills, Development and Training

We have audited the accompanying financial statements of Fast Track – Community Centre for Skills, Development and Training, which comprise balance sheet as at August 31, 2018, and the statements of revenue and expenses and net assets, and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of Fast Track – Community Centre for Skills, Development and Training as at August 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

“Original signed Deloitte LLP”

Chartered Professional Accountants  
Licensed Public Accountants  
October 17, 2018

**Fast Track - Community Centre for Skills, Development and Training****Statement of revenue and expenses and net assets**

Year ended August 31, 2018

	Notes	2018	2017
		\$	\$
<b>Revenue</b>			
Government of Canada	7	3,677,399	2,976,495
Province of Ontario	7	7,046,870	6,747,127
Fees		658,226	838,227
General		128,341	156,414
Adult high school credits		188,382	255,496
Rent	8	148,566	315,500
		<b>11,847,784</b>	<b>11,289,259</b>
<b>Expenses</b>			
Wages and benefits - programs		5,348,693	5,038,948
Materials, services and supplies - programs		3,400,381	3,389,131
Rent		1,464,991	1,311,589
Administrative salaries		900,706	823,424
Other administrative		262,672	292,135
Advertising and promotion		214,387	99,144
General supplies and purchased services		130,044	134,998
Amortization		49,916	67,841
Bad debts		6,742	5,176
		<b>11,778,532</b>	<b>11,162,386</b>
Excess of revenue over expenses		<b>69,252</b>	<b>126,873</b>
Net assets, beginning of year		<b>2,042,251</b>	<b>1,915,378</b>
<b>Net assets, end of year</b>		<b>2,111,503</b>	<b>2,042,251</b>

The accompanying notes to the financial statements are an integral part of this financial statement.



**Fast Track - Community Centre for Skills, Development and Training****Balance sheet**

Year ended August 31, 2018

	Notes	2018 \$	2017 \$
<b>Assets</b>			
Current assets			
Cash		3,061,487	851,675
Accounts receivable		543,489	1,976,445
Prepaid expenses		145,835	151,881
		<b>3,750,811</b>	<b>2,980,001</b>
Capital assets	3	<b>413,564</b>	<b>443,337</b>
		<b>4,164,375</b>	<b>3,423,338</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		501,708	230,452
Due to Halton District School Board	6	98,309	24,893
Deferred revenue		952,855	625,742
		<b>1,552,872</b>	<b>881,087</b>
Due to Halton District School Board	6	<b>500,000</b>	<b>500,000</b>
		<b>2,052,872</b>	<b>1,381,087</b>
Commitments	8		
<b>Net assets</b>		<b>2,111,503</b>	<b>2,042,251</b>
		<b>4,164,375</b>	<b>3,423,338</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Fast Track - Community Centre for Skills, Development and Training****Statement of cash flows**

Year ended August 31, 2018

	Notes	2018	2017
		\$	\$
<b>Operating activities</b>			
Excess of revenue over expenses		69,252	126,873
Item not affecting cash			
Amortization		49,916	67,841
Changes in non-cash operating working capital items	4	2,110,787	(365,403)
		<b>2,229,955</b>	<b>(170,689)</b>
<b>Investing activity</b>			
Purchase of capital assets		(20,143)	(371,881)
<b>Financing activity</b>			
Decrease in due to Halton District School Board	6	—	(50,000)
Net cash outflow		2,209,812	(592,570)
Cash, beginning of year		851,675	1,444,245
<b>Cash, end of year</b>		<b>3,061,487</b>	<b>851,675</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

## Fast Track - Community Centre for Skills, Development and Training

### Notes to the financial statements

Year ended August 31, 2018

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#### 1. Description of business

Fast Track - Community Centre for Skills, Development and Training's (the "Organization") principal function is to provide education and training programs for adults in the Halton community. The Organization was incorporated under the Corporations Act of Ontario as a non-profit corporation without share capital and is exempt from income taxes.

#### 2. Accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The significant accounting policies of the Organization are as follows:

##### *Use of estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations 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 revenue and expenses during the reporting period. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

##### *Cash*

Cash consists of cash on deposit with the Organization's bankers.

##### *Capital assets*

Purchased capital assets are recorded at cost. Amortization is recorded at the following annual rates over the estimated useful lives of the related assets:

Leasehold improvements	10 years straight line
Equipment and furniture	5 years straight line
Computer hardware	3 years straight line

Contributed capital assets and matching deferred contributions are recorded at fair market values at the date of the donation. Amortization on donated equipment and the related deferred contribution is recorded using the straight-line method over 5 years, the estimated useful life of the equipment.

##### *Revenue recognition*

Proceeds from project grants specifically intended for future periods are initially deferred and taken into revenue as expenses are incurred.

Fees are recognized as revenue in the period to which they relate.

Rent revenue is recognized when the services are provided to tenants, and collection is reasonably assured. When rental payments are received in advance of contracted services, the Organization records this as deferred revenue.

**Fast Track - Community Centre for Skills, Development and Training****Notes to the financial statements**

Year ended August 31, 2018

**2. Accounting policies (continued)***Financial instruments*

Under PS 3450, all financial instruments, including derivatives, are included on the balance sheet and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Organization's accounting policy choices. All financial instruments reported on the balance sheet of the Organization are classified as follows:

Financial instrument	Classification
Cash	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to Halton District School Board	Amortized cost

Financial instruments measured at fair value are initially recognized at cost and subsequently carried at fair value. Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Financial instruments measured at amortized cost are initially recognized at cost, and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect for recovery. Financial assets are then written down to net recoverable value with the write down being recognized in the Statement of revenue and expenses and net assets.

**3. Capital assets**

	2018		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Leasehold improvements	1,305,423	910,513	394,910
Equipment and furniture	907,668	907,668	—
Computer hardware	563,714	545,060	18,654
	<b>2,776,805</b>	<b>2,363,241</b>	<b>413,564</b>
	2017		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Leasehold improvements	1,305,423	862,086	443,337
Equipment and furniture	907,668	907,668	—
Computer hardware	543,571	543,571	—
	<b>2,756,662</b>	<b>2,313,325</b>	<b>443,337</b>

**Fast Track - Community Centre for Skills, Development and Training****Notes to the financial statements**

Year ended August 31, 2018

**4. Changes in non-cash operating working capital items**

	2018	2017
	\$	\$
Accounts receivable	1,432,956	(422,569)
Prepaid expenses	6,046	107,734
Accounts payable and accrued liabilities	271,256	(111,321)
Due to Halton District School Board	73,416	(54,669)
Deferred revenue	327,113	115,422
	<b>2,110,787</b>	<b>(365,403)</b>

**5. Credit facility**

The Centre has a \$500,000 standby line of credit with a Canadian chartered bank for operating and capital purposes. The amount outstanding as at August 31, 2018 is \$Nil (2017 - \$Nil).

**6. Related party transactions**

Amounts due to Halton District School Board ("HDSB") of \$98,309 (2017 - \$24,893) are for operating purposes. Also owing is \$500,000 (2017 - \$500,000) for capital purposes.

In addition, the following transactions occurred during the year between the Organization and Halton District School Board:

	2018	2017
	\$	\$
Rent revenue	56,219	23,792
General revenue	9,515	11,678

Anticipated annual principal repayments over the next five years for the loan from HDSB are as follows:

	\$
2019	100,000
2020	50,000
2021	50,000
2022	50,000
2023	50,000

During 2018, no repayment was made by the Organization to HDSB in respect of the loan. A repayment of \$50,000 was made on September 24, 2018 and it is anticipated that a further repayment will be made in the remainder of fiscal 2019.

**Fast Track - Community Centre for Skills, Development and Training****Notes to the financial statements**Year ended August 31, 2018

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**7. Government grants**

The Organization participated in several educational programs funded by the federal government through Citizenship and Immigration Canada and the Ontario government during the year. Approximately 91% (2017 - 86%) of its revenues were from these grants.

**8. Commitments**

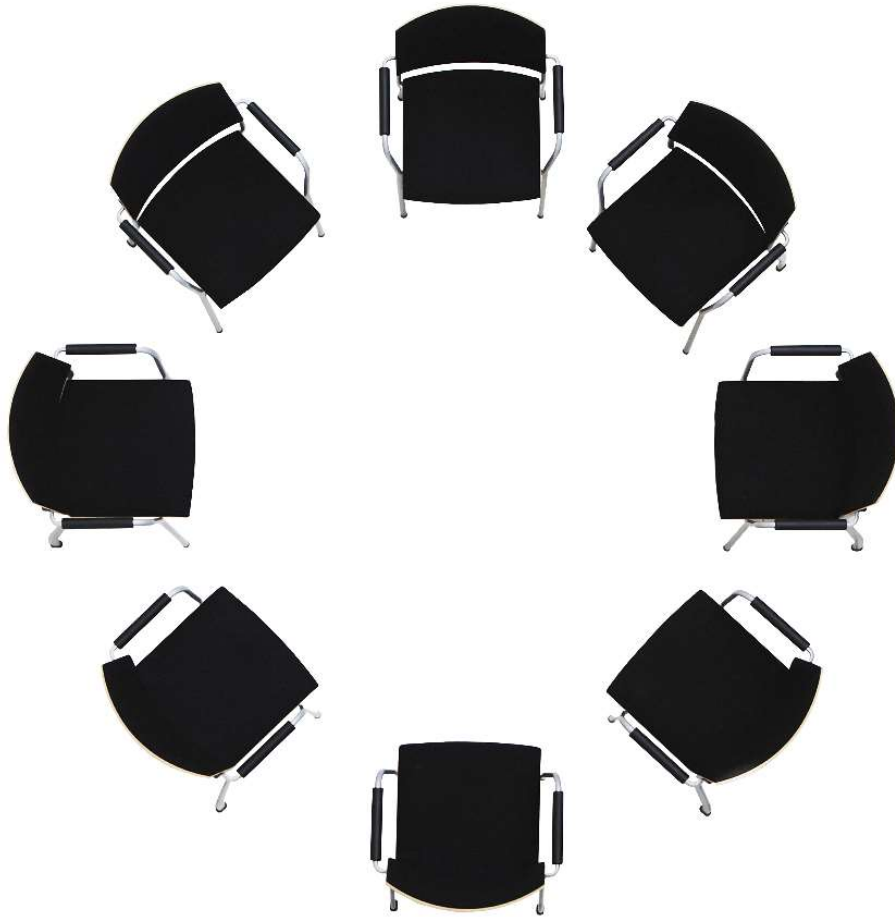
The Organization has the following annual operating lease commitments with respect to premises and telephones:

	\$
2019	1,279,175
2020	1,090,115
2021	1,048,274
2022	869,350
2023	700,804
	<u>4,987,718</u>

Minimum rental revenue commitments on operating leases with respect to premises are as follows:

	\$
2019	148,645
2020	138,275
2021	140,403
2022	119,480
	<u>546,803</u>

All rental revenue agreements currently in effect terminate by 2022.



## **Halton District School Board** Report to the audit committee on the 2018 audit

November 13, 2018

November 6, 2018

**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 2018 fiscal year. This report summarizes the scope of our audit, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our master service agreement dated September 14, 2016, we have performed an audit of the consolidated financial statements of Halton District School Board as at and for the year ended August 31, 2018, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our independent auditor's report thereon dated November 21, 2018 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 17, 2018.

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 very truly,

"Original signed Deloitte LLP"

Chartered Professional Accountants  
Licensed Public Accountants



# Table of contents

Our audit explained	1
Audit risks	4
Other reportable matters	7
Appendix 1 – Communication requirements	8
Appendix 2 – Draft management representation letter	10
Appendix 3 – Summary of uncorrected financial statement misstatements and summary of disclosure items passed	16
Appendix 4 – Deloitte resources a click away	17

# Our audit explained

This report summarizes the main findings arising from our audit.

## Audit scope and terms of engagement

We were engaged to perform an audit which includes 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, 2018. 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 September 14, 2016 and confirmation of changes dated April 1, 2018, which was signed on behalf of the board and management.

## Audit risks

Through our risk assessment process, we have identified audit risks. Certain of these risks of material misstatement and related audit responses are described in the Audit Risks section of this report.



## Materiality

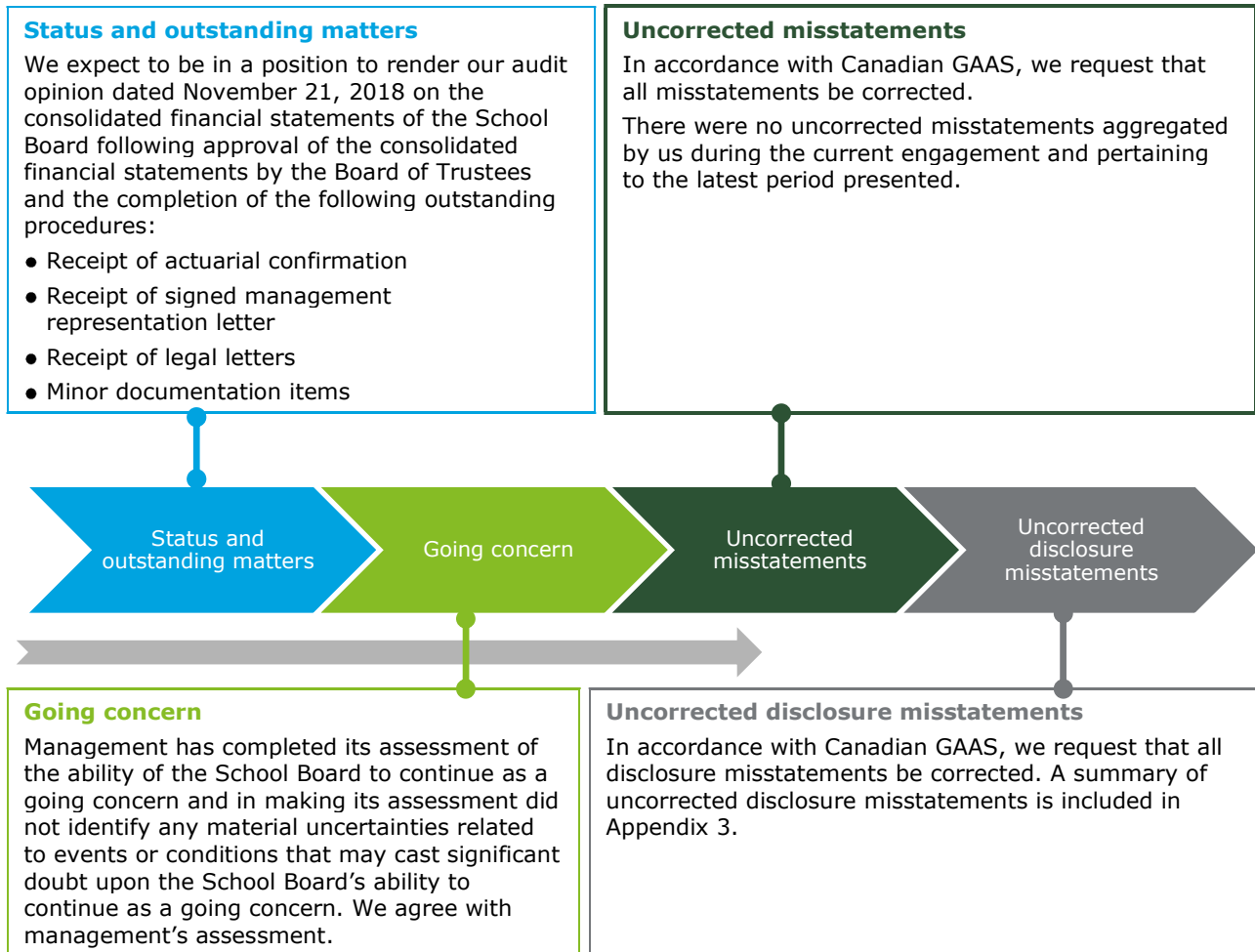
We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.

Our materiality level was based on professional judgment, using 2% of total expenses as a reference point. Our materiality for the year ended August 31, 2018 was \$14,500,000 (2017 - \$13,700,000).

We have informed the Audit Committee of all uncorrected misstatements greater than a threshold amount of 5% of materiality and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we asked that any misstatements be corrected.

## Audit fees

We communicated our proposed audit fees in our audit plan. There have been no changes to our proposed fee.



**Fraud risk**

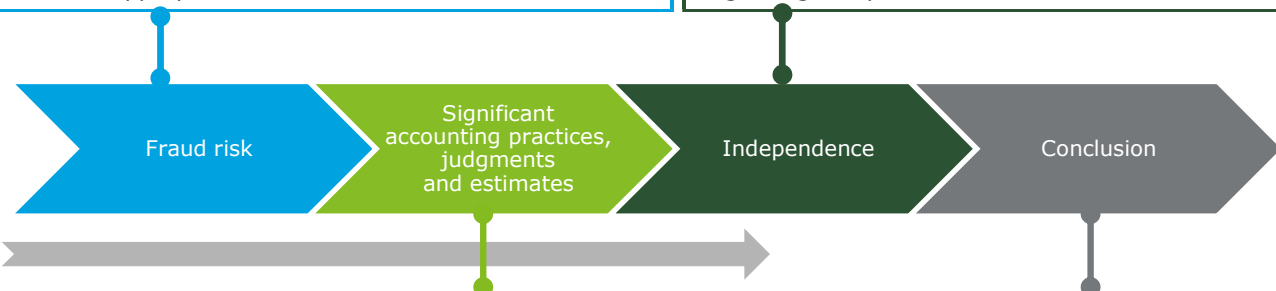
A summary of the results of our audit procedures designed to address the risk of material misstatement in the financial statements relating to fraud is provided in the Audit risks section of this report.

Based on the audit evidence obtained, our assessment of the risks of material misstatement due to fraud remains appropriate.

**Independence**

We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.

We confirm that we have complied with the relevant ethical requirements regarding independence.

**Significant accounting practices, judgments and estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. These judgments are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards and regulation.

During the year ended August 31, 2018, management advised us that there were no significant changes in accounting estimates or in judgments relating to the application of the accounting policies.

**Conclusion**

In accordance with Canadian GAAS, our audit is designed to enable us to express an opinion on whether the consolidated financial statements are prepared, in all material respects, in accordance with the applicable Financial Reporting Framework.

No restrictions have been placed on the scope of our audit. In performing the audit, we were given full and complete access to the accounting records, supporting documentation and other information requested.

We expect to issue an unmodified audit report on the consolidated financial statements of the School Board for the year ended August 31, 2018 once the outstanding items referred to above are completed satisfactorily and the consolidated financial statements are approved by the Board of Trustees.

# Audit risks

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

## Revenue recognition\*

### Audit risk

Under Canadian GAAS, we are required to evaluate the risk of fraud in revenue recognition. We have evaluated the revenue transactions, and we have concluded that the significant risk is that revenue may have been recorded in the incorrect period. This represents a fraud risk for the 2018 audit.

### Our audit response

- We reviewed agreements with third parties.
- We reviewed grant stipulations.
- We reviewed related disclosures.
- We tested the cut-off, completeness and accuracy by obtaining confirmation of the 2018 revenues from the Ontario Ministry of Education.

### Audit results

Our audit procedures did not indicate any evidence of material misstatement.

## Management override of controls\*

### Audit risk

Management is in a unique position to override internal controls, which could allow manipulation of the accounting records that could result in financial statements that are materially misstated. This represents a fraud risk for the 2018 audit.

### Our audit response

- 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.
- We determined whether the judgments and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates.

### Audit results

Our audit procedures did not indicate any evidence of material misstatement.

### School Generated Funds and School Council Funds\*

Risk identified	Our audit response	Audit results
<p>There is an increased risk of misstatement of School Generated Funds and School Council Funds due to the large volume of cash collected.</p> <p>This represents a fraud risk for the 2018 audit.</p>	<ul style="list-style-type: none"> <li>We selected a sample of schools to test and performed substantive tests of details to obtain assurance over assets, liabilities, revenues and expenses.</li> </ul>	<p>Our audit procedures did not indicate any evidence of material misstatement.</p>

### Accounting for government transfers in accordance with Ministry directives and Ontario government regulations as it relates to capital contributions

Risk identified	Our audit response	Audit results
<p>Requires certain accounting which has been prescribed by the Ministry and can be complex given the significance of capital transactions and balances at the School Board.</p>	<ul style="list-style-type: none"> <li>We tested transactions and balances impacted, including tangible capital assets and capital contributions received and recognized, and determine whether the School Board has accounted for these transactions in accordance with regulations and relevant policies.</li> <li>We reviewed disclosure of the basis of accounting in the notes to the financial statements.</li> </ul>	<p>Our audit procedures did not indicate any evidence of material misstatement.</p>

### Accounts payable and accrued liabilities

Audit risk	Our audit response	Audit results
<p>Accounts payable and accrued liabilities may be misstated due to improper cut-off. Estimates may not be supported.</p>	<ul style="list-style-type: none"> <li>We tested disbursements subsequent to year-end to determine the reasonableness of accounts payable and accrued liabilities.</li> <li>We tested the supporting assumptions and underlying data for accruals.</li> <li>We reviewed the outcome of prior year estimates and accruals.</li> </ul>	<p>Our audit procedures did not indicate any evidence of material misstatement.</p>

### Employee future benefits

Audit risk	Our audit response	Audit results
<p>Employee future benefits liabilities and expenses may be misstated.</p>	<ul style="list-style-type: none"> <li>We reviewed the actuarial report including assumptions and data upon which estimates were based.</li> <li>We ensured proper disclosure in the financial statements.</li> </ul>	<p>Our audit procedures did not indicate any evidence of material misstatement.</p>

## Payroll

### Audit risk

Payroll expense is not accurately recorded.

### Our audit response

- We reviewed and tested the design and implementation of internal controls related to the payroll cycle.
- We detail tested payroll transactions for appropriate pay in accordance with employment agreements and other relevant documentation.
- We performed an overall analytical review of payroll amounts.

### Audit results

Our audit procedures did not indicate any evidence of material misstatement.

\*Areas of significant audit risk

# Other reportable matters

The following summarizes the status and findings of key aspects of our audit. In the appendices to this report, we have provided additional information related to certain matters we committed to report to the Audit Committee as part of the audit plan.

	Comment
<b>Changes to the audit plan</b>	The audit was conducted in accordance with our audit plan, which was communicated to the Audit Committee. We confirm that there have been no significant amendments to the audit scope and approach communicated in the audit plan.
<b>Significant difficulties encountered in performing the audit</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.
<b>Related party transactions</b>	<p>We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure.</p> <p>The School Board was required to adopt <i>PS 2200 Related Party Disclosures</i> beginning September 1, 2017. We discussed with management their process for identifying and monitoring related party transactions and reviewed their assessment of whether additional disclosures on related party transactions was necessary, and did not identify any additional disclosures required.</p>
<b>Disagreements with management</b>	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.
<b>Consultation with other accountants</b>	Management has informed us that the School Board has not consulted with other accountants about auditing or accounting matters.
<b>Legal and regulatory compliance</b>	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the School Board.
<b>Post-balance sheet events</b>	At the date of finalizing this report, we are not aware of any significant post balance sheet events that impact the 2018 consolidated financial statements that are not already disclosed.



# Appendix 1 – Communication requirements

The table below summarizes our communication requirements under Canadian GAAS.

Required communication	Reference	Refer to this report or document described below
<b>Audit Service Plan</b>		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements.	CAS <sup>1</sup> 260.14	Engagement letter dated September 14, 2016 and confirmation of changes dated April 1, 2018.
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit.</li> <li>b. Significant risks, including fraud risks Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit.</li> </ul>	CAS 260.15	Audit plan communicated on April 17, 2018.
3. Significant transactions outside of the normal course of business, including related party transactions.	CAS 260 App. 2, CAS 550.27	Nothing to report
<b>Enquiries of those charged with governance</b>		
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 240.20	Discussed during the Audit plan presentation on April 17, 2018.
5. Any known suspected or alleged fraud affecting the School Board.	CAS 240.21	Nothing to report
6. Whether the School Board is in compliance with laws and regulations.	CAS 250.14	No non-compliance noted
<b>Year end communication</b>		
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. No unusual transactions noted.

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
<b>Year end communication (continued)</b>		
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 570.23	We concluded that there was no substantial doubt about the School Board's ability to continue as a going concern.
11. Management judgments and accounting estimates.	CAS 260.16 a.	See significant accounting practices, judgements and estimates on page 3 of this report.
12. Significant difficulties, if any, encountered during the audit.	CAS 260.16 b.	No significant difficulties to report.
13. Material written communications between management and us, including management representation letters.	CAS 260.16 c.	Management representation letter
14. Other matters that are significant to the oversight of the financial reporting process.	CAS 260.16d.	No other matters to report.
15. Modifications to our opinion(s).	CAS 260.A18	We will issue an unmodified opinion.
16. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns.	CAS 260.A19	No consultation with other accountants were noted.
17. Significant matters discussed with management.	CAS 260.A.19	Nothing to report.
18. Illegal or possible illegal acts that come to our attention.	CAS 250.23	We are not aware of any illegal acts.
19. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements.	CAS 265	No significant deficiencies in internal control identified. Some business insights will be discussed in closed session.
20. Uncorrected misstatements and disclosure items.	CAS 450.12-13	In accordance with Canadian GAAS, we request that all misstatements be corrected. There were no uncorrected misstatements. See Appendix 3 for uncorrected disclosure misstatements.

# Appendix 2 – Draft management representation letter

## [School Board letterhead]

November 21, 2018

Deloitte LLP  
1005 Skyview Drive, Suite 200  
Burlington, ON L7P 5B1

Dear Sirs:

**Subject:** Consolidated financial statements of Halton District School Board for the year ended August 31, 2018.

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 “School Board” or “HDSB” or “we” or “us”), for the year ended August 31, 2018, and a summary of significant accounting policies and other explanatory information (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, changes in net debt, and cash flows of the School Board based on 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”).

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 School Board and Deloitte dated September 14, 2016 and confirmation of changes dated April 1, 2018 for the preparation of the Financial Statements in accordance with the special purpose framework.

In particular, the Financial Statements present fairly, in all material respects, the financial position of the School Board as at August 31, 2018 and the results of its operations, changes in net debt, 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 School Board 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, 2018 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. The School Board has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). 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. This assessment is based on all relevant factors, including those listed in paragraph 16 of PS 2200.
6. We have determined that the Financial Statements are complete as of November 21, 2018 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.
7. We have completed our review of events after August 31, 2018 and up to the date of this letter. 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.
8. 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**

9. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
10. 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**

11. 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; and,
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
12. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
13. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
14. 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.
15. 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.
16. 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 entity.
17. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
18. 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.

### **Independence matters**

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

19. 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 School Board has held discussions with Deloitte and obtained approval from the Audit Committee.
20. 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 School Board in accordance with applicable laws, regulations and rules that apply to the School Board, including the Audit Committee approval requirements.

21. 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.
22. 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.
23. 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.
24. 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.

### **Work of management's experts**

25. 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**

26. 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**

27. 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**

28. 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.

### **Various matters**

29. 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.

**Title to assets**

30. 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.

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

31. 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.

Yours truly,

**Halton District School Board**

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Stuart Miller  
Director of Education

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Lucy Veerman  
Superintendent of Business Services

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Heather Camastro  
Manager of Accounting



**Appendix A**  
**Halton District School Board**  
**Summary of disclosure items passed**  
**Year ended August 31, 2018**

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	<p>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.</p> <p>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.</p>	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.

# Appendix 3 – Summary of uncorrected financial statement misstatements and summary of disclosure items passed

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	<p>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.</p> <p>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.</p>	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.

# Appendix 4 – 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.

<input type="checkbox"/> Canada's Best Managed Companies ( <a href="http://www.bestmanagedcompanies.ca">www.bestmanagedcompanies.ca</a> )	<ul style="list-style-type: none"> <li>• Directors</li> <li>• CEO/CFO</li> </ul>	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.
<input type="checkbox"/> Centre for financial reporting ( <a href="http://www.cfr.deloitte.ca">www.cfr.deloitte.ca</a> )	<ul style="list-style-type: none"> <li>• Directors</li> <li>• CEO/CFO</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.
<input type="checkbox"/> Financial Reporting Insights ( <a href="http://www.iasplus.com/fri">www.iasplus.com/fri</a> )	<ul style="list-style-type: none"> <li>• CFO</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	Monthly electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.
<input type="checkbox"/> On the board's agenda	<ul style="list-style-type: none"> <li>• Directors</li> <li>• CEO/CFO</li> </ul>	Bi-monthly publication examining a key topic in detail, including the perspectives of a Deloitte professional with deep expertise in the subject matter as well as the views of an experienced external director.
<input type="checkbox"/> State of change ( <a href="http://www.iasplus.com/StateOfChange">www.iasplus.com/StateOfChange</a> )	<ul style="list-style-type: none"> <li>• CFO</li> <li>• VP Finance</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	Bi-monthly newsletter providing insights into key trends, developments, issues and challenges facing the not-for-profit sector in Canada, with a Deloitte point of view.
<input type="checkbox"/> Deloitte Financial Reporting Update ( <a href="http://www.deloitte.com/ca/update">www.deloitte.com/ca/update</a> )	<ul style="list-style-type: none"> <li>• CFO</li> <li>• VP Finance</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.

# Halton District School Board

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Date: November 13, 2018

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

FROM: Lucy Veerman, Superintendent of Business Services and Treasurer

RE: **2017/2018 Financial Statements**

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**Recommendation:**

***Be it resolved that the Audit Committee recommends that the audited financial statements of the Halton District School Board for the fiscal year ended August 31, 2018 be approved by the Board of Trustees.***

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**Rationale:**

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, 2018 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,*

*Lucy Veerman*  
*Superintendent of Business Services and Treasurer*

# Halton District School Board

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**Report Number: 18148****Date: November 1, 2018****FOR INFORMATION**

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

**FROM:** Lucy Veerman, Superintendent of Business Services and Treasurer  
Stuart Miller, Director of Education

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

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**Background:**

Each year, the treasurer of every board is required (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.

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**Rationale:**

The Education Act, Part IX, Division E and Ontario Regulation 20/98 (in effect as of August 31, 2018) 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 three ways (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." (O. Reg. 95/02 Section 10).

The Board has approved five 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 2013, thereby a new by-law was scheduled to be approved in 2018. 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.

# Halton District School Board

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The Education Development Charge Background Study was provided to the Ministry of Education on March 15, 2018 to review the document and provide approval prior to the initially proposed May 16, 2018 by-law passage. The Board's economic consultant contacted Ministry staff on April 19, 2018 requesting a status update on their review of the EDC estimates, and again on May 7, 2018. On May 8, 2018, the Business Services Branch of the Ministry of Education advised the Board's consultant that they would not grant the approvals required under Section 10 of Ontario Regulation 20/98 prior to the Provincial election scheduled for June 7, 2018, despite the fact that Ministry staff had completed their review of the EDC estimates and the Background Study and were in a position to release the approval.

In response to concerns expressed by the Halton Boards that their current by-laws would lapse resulting in a gap in collections, the Ministry advised the Boards that they would receive their approvals immediately following the Provincial election, and acknowledged the urgency of passing these by-laws prior to the June 24, 2018 expiry date. It is significant that the Ministry assured the Boards that the Provincial election would not otherwise impact the EDC approval process. On June 15, 2018, as the Boards were approaching their respective meetings at which they planned to pass their replacement by-laws, the Ministry verbally advised staff that the Minister or Ministry intended to withhold the approvals until such time as the new Provincial government was sworn in and a new Minister was appointed and brought up to date on EDC by-laws.

As a result, the Board's current EDC by-law expired on June 24 2018. After significant discussion with the Ministry, the EDC Background Study dated March 12, 2018 was approved on June 28, 2018. However, the Ministry's approval was conditional upon the Board agreeing that a new education development charge by-law based on this background study would be for a maximum term of up to one year and impose education development charges of \$4,364.00 per dwelling unit and \$1.11 per square foot of gross floor area for residential and non-residential developments, respectively. These EDCs are the same as the rates that were imposed under the Board's 2013 EDC by-law, as amended on June 24, 2017.

On October 15, 2018, the Ministry of Education through Memorandum 2018:B15 advised boards of amendments to Ontario Regulation 20/98 which included the following four key elements:

- Maintain EDC rates at the levels in existing by-laws as of August 31, 2018;
- Limits the ability of boards to change the areas in their by-law that are subject to EDCs;
- Restricts additional boards from becoming eligible to pass a new EDC by-law; and
- Streamlines some of the requirements to be included in the required background study.

In addition, the Ministry indicated their intention to undertake a review of the Education Development Charge policy framework, as well as recent amendments made to Ontario Regulation 20/98.

A summary of EDC revenues, expenditures and closing balance as at August 31, 2018 are included in Appendix A.

*Respectfully submitted,*

*Lucy Veerman*  
*Superintendent of Business Services and Treasurer*

*Stuart Miller*  
*Director of Education*

**Appendix A**

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

**Opening EDC Balance/ (Deficit) as at September 1, 2017** **\$ (28,608,998)**

**EDC Revenues received in 2017/2018:**

Sale of excess site - adjacent to John W. Boich P.S.	\$	1,200,174
Refund received related to past contributions on EDC sites	\$	4,536

**Residential**

City of Burlington	2,161,124
Town of Oakville	3,697,292
Town of Milton	4,599,392
Town of Halton Hills	929,532
	11,387,340

**Non-Residential**

City of Burlington	319,770	
Town of Oakville	411,350	
Town of Milton	454,201	
Town of Halton Hills	706,999	
	1,892,320	14,484,370

**EDC Expenditures in 2017/2018:**

Site acquisition expenditure (multiple sites)	(17,150,472)	
Site preparation expenditure (multiple sites)	(707,301)	
Interest on debt service costs	(369,326)	
Refunds paid	(4,110)	
Study Costs/ legal fees	(138,667)	
	(18,369,876)	(18,369,876)

**Closing EDC Balance/ (Deficit) as at August 31, 2018** **\$ (32,494,504)**

# Halton District School Board

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**Report Number: 18147**

**Date:** November 1, 2018

## FOR INFORMATION

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

**FROM:** Lucy Veerman, Superintendent of Business Services  
Stuart Miller, Director of Education

**RE:** **Summary of Trustee Expenses**

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### Background:

“Trustee Expenses” Policy:

*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 4.16 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

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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)	\$	20,419
• Travel (mileage > \$1,000)		7,679
• Technology		2,875
• Conferences – Board Leadership Mandatory Training		<u>4,505</u>
		<u>\$ 35,478</u>

Summary of Expenses Reimbursed as of August 31, 2018 (cash basis\*):

• OPSBA Conferences	\$	6,154
• Other Professional Development:		
➤ registration, accommodation, meals, travel		27,100
• Meeting expenses (refreshments, meals)		389
• Office Supplies		1,491
• Travel (mileage up to \$1,000)		12,103
• Other		<u>1,770</u>
		<u>\$ 49,007</u>

\*Cash basis refers to actual reimbursement received from September 1, 2017 to August 31, 2018.

Details of expenditures by individual Trustee will be posted on the board website prior to December 31, 2018.

As at August 31, 2018, \$67,800 representing the unused portion of the expense budget will rollover to 2018/2019.

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,*

*Lucy Veerman*

*Superintendent of Business Services*

*Stuart Miller*

*Director of Education*

## Appendix A

<b>Reserve Balance, December 1, 2010</b>	<b>\$</b>	<b>28,435</b>
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
<b>Reserve Balance, August 31, 2014</b>	<b>\$</b>	<b>25,354</b>
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
<b>Reserve Balance, August 31, 2015</b>	<b>\$</b>	<b>52,856</b>
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)
<b>Reserve Balance, August 31, 2016</b>	<b>\$</b>	<b>44,150</b>
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)
<b>Reserve Balance, August 31, 2017</b>	<b>\$</b>	<b>36,272</b>
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
<b>Reserve Balance, August 31, 2018</b>	<b>\$</b>	<b>41,047</b>