



Halton District School Board

AUDIT COMMITTEE*Thursday, November 9, 2023***Public Session: 3:30 p.m.****PUBLIC SESSION AGENDA****1.0 – Opening**

- 1.1 Welcome and Call to Order
- 1.2 Acknowledgement of Traditional Lands
- 1.3 Declarations of Possible Conflict of Interest
- 1.4 Approval of the Agenda

2.0 – Ratification / Action***page***

- 2.1 Minutes of the Audit Committee Meetings
 - 2.1.1 Audit Committee Meeting, September 26, 2023 *pages 2-4*
- 2.2 Approval of Business Transacted in Private Session (Chair)
- 2.3 Action Items
 - 2.3.1 Recommendation to Board – 2022/2023 Financial Statements *page 5*
 - 2022/2023 Financial Statements and Accumulated Surplus Balances (R. Negoï) *pages 6-44*
 - Report to the Audit Committee on the 2022/2023 Audit (Deloitte) *pages 45-65*

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

- 3.1 For Information
 - 3.1.1 Supplemental Reporting
 - Annual Statement of Education Development Charges (EDC) Report (R. Negoï) *pages 66-69*
 - Summary of Trustee Expenses Report as of 2022/2023 (R. Negoï) *pages 70-76*
 - Summary of School Generated Funds 2022/2023 (R. Negoï) *pages 77-84*
 - 3.1.2 Halton Student Transportation Services 2022/2023 Financial Statements (R. Negoï) *pages 85-98*
 - 3.1.3 Timelines for Financial Reporting Presentation to Board (R.Negoï) *pages 99-100*

4.0 – Other Business***page*****5.0 – Adjournment**

- 5.1 Motion to Adjourn

Date of Next Meeting – *suggested Tuesday, February 13, 2024*

This publication is available in accessible formats upon request

**Halton District School Board
Audit Committee Public Session Meeting Minutes
Tuesday, September 26, 2023**

Attendance:

Trustee Members: A. Collard, D. Danielli (Chair), T. Rocha

Trustee Guests:

Public Representative: P. Gonsalves

Staff: K. Samarin, J. Chanthavong, R. Negoï, H. Camastro, E. Jabat

Regional Internal Audit Team: A. Eltherington

External Auditor: A. Dellavedova

Regrets: C. Ennis, L. Cheung, S. Malik

Agenda Item 1.0

1.1 Call to Order

- The Audit Committee Chair called the meeting to order at 3:31 p.m.

1.2 Acknowledgement of Traditional Lands

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

1.3 Declarations of Possible Conflict of Interest/Annual Conflict of Interest Declaration Form

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

1.4 Approval of the Agenda

Motion: T. Rocha / D. Danielli

Be it resolved that the Agenda for the Public session of the Audit Committee Meeting for September 26, 2023 be approved as distributed.

Carried Unanimously.

Agenda Item 2.0

2.1 Minutes of the Audit Committee Meetings

2.1.1 Audit Committee Meeting, May 2, 2023

Motion: D. Danielli / T. Rocha

Be it resolved that the minutes from the Public Session Audit Committee Meeting held on May 2, 2023 be approved as distributed. **Carried**

Unanimously.

2.2.1 Election of the Audit Committee Chair for 2023/2024 Per Regulation 361/10 Section (1)

Be it resolved that D. Danielli be appointed as Chair of the Audit Committee for the 2023/2024 fiscal year **Acclaimed.**

2.2.2 Election of the Audit Committee Vice-Chair for 2023/2024

Be it resolved that S. Malik be appointed as Vice-Chair of the Audit Committee for the 2023/2024 fiscal year. **Acclaimed.**

2.3 Approval of Business Transacted in Private Session (Chair)

Motion: D. Danielli

Be it resolved that the Audit Committee approve the private session 2022/2023 Annual Report to the Board of Trustees and forward the report to the Board of Trustees for acceptance. **Carried Unanimously.**

2.4 Action Items

2.4.1 Audit Committee Annual Report to the Board and Ministry

- The Superintendent of Business Services presented the report
- The report outlines the activities the Audit Committee completed during the prior year, in accordance with their mandate and regulation

Motion: A. Collard / T. Rocha

Be it resolved that the Audit Committee approve the 2022/2023 Annual Report to the Board of Trustees and the 2022/2023 Annual Report to the Ministry and forward the reports to the Board of Trustees for acceptance. **Carried Unanimously.**

Agenda Item 3.0

3.1 Information Items

3.1.1 Agreed-upon Procedures Report – 7 Month Report (Deloitte)

- The Superintendent of Business Services presented the report
- No exceptions identified in the report as it is in accordance with the policies and procedures from the Ministry of Education
- Manager of External Audit, A. Dellavedova adds the addition of certain procedures related to Asset Retirement Obligations provides a comprehensive outline of the required steps, details, and assets that undergo thorough testing during our process. More details are found on pg. 30 in the package

Motion: T. Rocha / A. Collard

Be it resolved that the Audit Committee receive the information Agreed-upon Procedures Report – Seven-month Report **Carried Unanimously.**

3.1.2 Regional Internal Auditor Status Report

- The Regional Internal Auditor Manager presented the report
- The Regional Internal Audit Manager confirms Regional Internal Audit Team Training has been completed as it is required to maintain their professional designation

3.1.3 Timelines for Financial Reporting Presentation to Board

- The Superintendent of Business Services presented the Timelines for Financial Reporting Presentation to Board, which include links to relevant reports for the benefit of the Audit Committee members
- Links for the reports will be added and updated as each report is presented to the Board

Agenda Item 5.0

5.1 Motion to Adjourn

Motion: T. Rocha

Be it resolved that the Public Session of the Audit Committee Meeting held on September 26th, 2023 be adjourned at 3:48 p.m.

- Next scheduled meeting date – Thursday, November 9, 2023



Halton District School Board

Date: November 9, 2023
FOR ACTION

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

FROM: Roxana Negoï, Superintendent of Business Services & Treasurer

RE: **2022/2023 Financial Statements**

Warrant

This report recommends approval of the 2022/2023 Financial Statements.

Recommendation

Be it resolved that the Audit Committee recommends the audited financial statements of the Halton District School Board for the fiscal year ended August 31, 2023 be approved by the Board of Trustees.

Background

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

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

Audit

The financial statements have been audited by Deloitte LLP, Chartered Accountants; independent external auditors appointed by the Board. In accordance with subsection 253(5) of the Education Act, the auditors have received full access to all books, records, documents of the Board, as well as any other information that in the auditor's opinion was necessary to enable them to carry out their duties. The audit was conducted in accordance with Canadian generally accepted auditing standards as outlined in the Auditors' Report. Based on their audit opinion, the auditors agree that the consolidated financial statements of Halton District School Board as at and for the year ended August 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements. In addition, the Halton District School Board was in compliance with all Ministry funding regulations.

Respectfully Submitted,

Roxana Negoï
 Superintendent of Business Services and Treasurer



Board Report Number:

November 15, 2023

For Decision

To: The Chair and Members of the Halton District School Board
From: Roxana Negoii, Superintendent of Business Services and Treasurer
 Curtis Ennis, Director of Education
Re: **2022-2023 Financial Statements and Accumulated Surplus**
Balances

Recommendation:

Be it resolved that the Halton District School Board authorize the 2022/2023 Year-end Deficit of \$1,337,502 to be drawn from the Accumulated Surplus category for Non-Designated Surplus.

Be it resolved that the Halton District School Board authorize the draw-down of \$3,844,804 from various categories of Accumulated Surplus Internally Restricted for Future Use, as outlined in Appendix A.

Be it resolved that the Halton District School Board approve the audited financial statements for the fiscal year ended August 31, 2023.

Background

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

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

Audit

The financial statements have been audited by Deloitte LLP, Chartered Accountants; independent external auditors appointed by the Board. In accordance with subsection 253(5) of



Board Report Number:

November 15, 2023

For Decision

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, 2023 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.

Audit Committee

Per Ontario Regulation 361/10: Audit Committees, Section 9(4), the duties of the Audit Committee is "to recommend, if the audit committee considers it appropriate to do so, that the board approve the annual audited financial statements". **The Board's Audit Committee met on November 9, 2023 and recommended that the audited financial statements of the Halton District School Board for the fiscal year ended August 31, 2023 be approved by the Board of Trustees.**

2022/2023 Financial Year

The Halton District School Board continues to be financially responsible with a clear focus on providing the system with the resources and supports necessary to create learning conditions that elevate student achievement, champion supportive and inclusive practices within safe and caring environments and provide opportunities to take action for a sustainable world. The 2022/2023 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 operating deficit of approximately \$1.3 million representing 0.2% of the approved budget. The audited Financial Statements are provided in Appendix B.

Accumulated Surplus/Deferred Revenues

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



Board Report Number:

November 15, 2023

For Decision

-
- (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 2021/2022 to 2022/2023. Approximately \$1.3 million is recommended to be drawn from the Non-Designated surplus to fund the Board's operating deficit. Furthermore, \$3.8 million was drawn from various internally appropriated surplus funds to support Multi Year Plan initiatives, school level resources, and committed capital projects. The combined closing balances of the Board's Non-Designated and Student Achievement surplus funds amount to approximately 4% of the Board's annual provincial funding allocation, which is considered a healthy reserve to address any potential budget pressures.

Multi-Year Plan Alignment

The Board of Trustees have governance over the financial resources allocate to the Halton District School Board, and the strategic allocation to support the Multi-Year Plan in a manner that is fiscally responsible and compliant with appropriate statutes and regulations. The audited financial statements are the culmination of the use of resources to meet all areas of the strategic plan.

Financial Impact

The Board of Trustees are required to approve the audited financial statements and the use of Surplus funds. While there is no direct financial impact associated with this decision, the financial statements summarize the assets, liabilities, surplus, revenues and expenses of the Halton District School Board, and are compared to the prior year financial statements and the current year budget.

Respectfully submitted,

Roxana Negoï



Board Report Number: #

November 15, 2023

For Decision

Superintendent of Business Services and Treasurer

Curtis Ennis
Director of Education

Halton District School Board
Summary of Accumulated Surplus
(Per Note 15 to the Consolidated Financial Statements)
Year Ended August 31, 2023

	2022/2023	Increase	Decrease	Transfers	2021/2022 (restated)
Non-designated Surplus	13,027,518	-	(1,337,502)	-	14,365,020
Amounts Internally Restricted For Future Use By The Board					
Operating:					
Decentralized School Budgets	536,666		(1,538,323)	-	2,074,989
Student Achievement	17,558,596	-	(1,705,912)	-	19,264,508
Technology	481,336	-	(76,416)	-	557,752
	18,576,598	-	(3,320,651)	-	21,897,249
Accommodation:					
Administrative Facility	32,661,913	-	(286,264)	-	32,948,177
	32,661,913	-	(286,264)	-	32,948,177
Committed Capital Projects and Sinking Fund Interest	7,812,113	466,027	(703,916)	-	8,050,002
Total Internally Restricted For Future Use By The Board	59,050,624	466,027	(4,310,831)	-	62,895,428
Amounts To Be Recovered					
Interest to be Accrued	(2,537,917)	195,912	-	-	(2,733,829)
	(2,537,917)	195,912	-	-	(2,733,829)
Revenues Recognized for Land					
Land & Pre-Acquisition Land Costs	311,671,757	59,490,687	(378,392)	-	252,559,462
Educational Development Charges Outstanding	(3,296,726)	33,249,579	(36,546,305)	-	-
	308,375,031	92,740,266	(36,924,697)	-	252,559,462
School Generated Funds	5,213,481	981,921	-	-	4,231,560
Asset Retirement Obligation	(39,304,175)	1,650,767	-	-	(40,954,942)
Total Accumulated Surplus Balance, end of year	343,824,562	96,034,893	(42,573,030)	-	290,362,699

Consolidated financial statements of Halton District School Board

August 31, 2023

Draft

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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
November 9, 2023

Superintendent of Business Services
And Treasurer

Independent Auditor's Report

To the Trustees of the
Halton District School Board

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Halton District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statements of operations, cash flows and change in net debt for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements of the Board for the year ended August 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and the Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

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

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

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

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

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

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

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

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

Chartered Professional Accountants
Licensed Public Accountants
November 9, 2023

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

As at August 31, 2023

	Notes	2023 \$	2022 \$
			(Restated see Note 2)
Financial assets	29		
Cash		68,745,387	62,427,095
Other deposits	27	10,688,801	—
Other investments	3	18,750,000	25,000,000
Accounts receivable		63,136,564	57,899,304
Accounts receivable – Government of Ontario	4	248,500,950	284,233,938
Assets held for sale	5	—	3,725,793
		409,821,702	433,286,130
Liabilities			
Accounts payable and accrued liabilities		94,532,658	86,319,444
Net long-term debt	7	196,499,039	211,132,689
Deferred revenue	9	37,971,735	46,042,749
Employee benefits payable	13	21,312,688	22,322,702
Deferred capital contributions	10	696,820,941	680,433,755
Asset retirement obligations	2, 11 and 12	69,159,145	63,978,432
		1,116,296,206	1,110,229,771
Net debt		(706,474,504)	(676,943,641)
Non-financial assets			
Prepaid expenses		4,139,685	4,175,997
Tangible capital assets	2 and 14	1,046,159,381	963,130,343
		1,050,299,066	967,306,340
Contractual obligations and contingent liabilities	21		
Accumulated surplus	2 and 15	343,824,562	290,362,699

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

Approved by the Board

_____, Chair of the Board

_____, Director of Education

Halton District School Board
Consolidated statement of operations
Year ended August 31, 2023

	Notes	2023 Budget \$	2023 Actual \$	2022 Actual \$
		(see Note 22)		(Restated)
Revenue				
Grants for Student Needs				
Provincial legislative grants	16	537,007,887	546,350,229	511,142,145
Education property tax	16	269,862,264	271,357,627	265,509,758
Provincial grants – other	17 and 18	6,378,579	16,080,462	30,633,574
School generated funds		20,000,000	17,423,028	8,243,420
Federal grants and fees		1,968,893	3,256,212	2,150,477
Investment income		877,000	3,577,352	1,329,192
Other fees and revenues from school boards		—	—	849,386
Fees and revenues from other sources		30,435,775	67,916,700	31,839,377
		866,530,398	925,961,610	851,697,329
Expenses				
Instruction		657,255,666	658,283,916	641,048,762
Administration		18,020,333	18,919,957	17,279,818
Transportation		21,321,659	21,404,455	19,881,070
Pupil accommodation		122,258,161	125,745,297	118,938,669
School generated funds		20,000,000	16,441,108	8,004,685
Other		17,486,212	31,705,014	32,838,536
	19	856,342,031	872,499,747	837,991,540
Annual surplus		10,188,367	53,461,863	13,705,789
Accumulated surplus at beginning of year as previously reported		331,317,641	331,317,641	317,028,516
Adjustment on first time adoption of PS 3280	2	(40,954,942)	(40,954,942)	(40,371,606)
Accumulated surplus at beginning of year, as adjusted	2	290,362,699	290,362,699	276,656,910
Accumulated surplus at end of year	2 and 15	300,551,066	343,824,562	290,362,699

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, 2023

	Notes	2023 \$	2022 \$ (Restated)
Operating transactions			
Annual surplus		53,461,863	13,705,789
Non-cash items including			
Amortization and write-downs			
of tangible capital assets	14	40,775,879	37,945,455
Amortization on tangible capital assets -			
asset retirement obligation	14	1,834,910	1,542,204
Net asset retirement obligation			
liability extinguished	11	(2,507,149)	—
Deferred capital contributions revenue	9	(39,946,394)	(37,142,379)
Deferred gain on sale of restricted assets		(179,651)	—
Other deposits		(10,688,801)	—
Other investments	3	—	—
Net change in non-cash working capital balances			
Accounts receivable - other		(5,237,260)	(8,806,094)
Assets held for sale	5	3,725,793	7,825,473
Accounts receivable – delayed grant payment	4	12,601,586	13,012,150
Accounts payable and accrued liabilities		8,213,214	(3,209,694)
Deferred revenues – operating	9	(58,787)	909,769
Employee benefits payable		(1,010,014)	(617,302)
Prepaid expenses		36,312	(152,287)
Settlement of asset retirement liability			
through abatement	11	(931,723)	(958,868)
		60,089,778	24,054,216
Capital transaction			
Proceeds on sale of tangible capital assets		180,104	—
Cash used to acquire tangible capital assets	14	(117,020,695)	(76,100,844)
		(116,840,591)	(76,100,844)
Investing transaction			
Net proceeds (purchase) of investments	3	6,250,000	(25,000,000)
Financing transactions			
Debt repaid		(14,633,650)	(13,969,707)
Decrease in accounts receivable –			
Government of Ontario - Approved capital	4	23,131,402	17,042,069
Net additions to deferred capital contributions	10	56,333,580	63,820,898
Net (decrease) increase to deferred revenue – capital	9	(8,012,227)	25,892,941
		56,819,105	92,786,201
Change in cash		6,318,292	15,739,573
Cash, beginning of year		62,427,095	46,687,522
Cash, end of year		68,745,387	62,427,095

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, 2023

	Notes	2023 \$	2022 \$
			(Restated)
Annual surplus		53,461,863	13,705,789
Tangible capital asset activities			
Acquisition of tangible capital assets and addition of TCA-ARO	14	(117,020,695)	(76,100,844)
capital asset disposals			—
Amortization of tangible capital assets	14	42,610,789	39,487,659
Net book value of tangible capital asset disposals		453	—
Revaluation of TCA-ARO due to inflation	11	(8,619,585)	—
		(83,029,038)	(32,887,392)
Other non-financial asset activities			
Acquisition of prepaid expenses		(4,424,429)	(4,433,430)
Use of prepaid expenses		4,460,741	4,281,143
		36,312	(152,287)
Change in net debt		(29,530,863)	(19,333,890)
Net debt at beginning of year, as previously reported		(612,965,209)	(592,672,451)
Adjustment on first time adoption of PS 3280	2	(63,978,432)	(64,937,300)
Net debt at beginning of year, as adjusted	2	(676,943,641)	(657,609,751)
Net debt at end of year		(706,474,504)	(676,943,641)

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

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2023

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 Halton District School Board ("the Board") and which are controlled by the Board.

- Halton Student Transportation Services ("HSTS"); and
- School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2023

1. Significant accounting policies (continued)

Reporting entity (continued)

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

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.

Financial Instruments

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized cost
Other deposits	Amortized cost
Guaranteed Investment Certificates	Amortized cost
Accounts receivable	Amortized cost
Accounts payable	Amortized cost
Net long-term debt	Amortized cost

Amortized cost: Amounts are measured using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Fair value category: The Board manages and reports performance for groups of financial assets on a fair value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. The Board does not have any financial instruments in the fair value category.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability.

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2023

1. Significant accounting policies (continued)

Financial instruments (continued)

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash and cash equivalents

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

Investments

Portfolio investments are investments in organizations that do not form part of the government reporting entity. These are normally in equity instruments or debt instruments issued by the investee. Portfolio investments in equity instruments that are quoted in an active market must be recorded at fair value. Unrealized gains and losses are recorded in the Statement of Remeasurement Gains and Losses, if any.

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulation 41/10: Board Borrowing, Investing and Other Financial Matters, the board does not have equity instruments that are quoted in an active market that must be recorded at fair value.

The Board has Other Investments in guaranteed investment certificates.

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 are 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 contribution as defined in Ontario Regulation 395/11 of the *Financial Administration Act*.

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2023

1. Significant accounting policies (continued)

Deferred capital contributions (continued)

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 purposes;
- Other restricted contributions received or receivable for capital purposes; and
- Property taxation revenues which were historically used to fund capital assets

Retirement and other future benefits

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

(a) Employee Life and Health Trusts

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, a number of Employee Life and Health Trusts (ELHTs) were established. The ELHTs provide health, life and dental benefits to teachers, education workers and other school board staff and retired individuals starting with a school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario.

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

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

Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment. School boards are required to remit the negotiated amount per full-time equivalency (FTE) on a monthly basis.

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

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

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

- (i) The costs of self-insured retirement and other employee future benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates.

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2023

1. Significant accounting policies (continued)

Retirement and other future benefits (continued)

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

- (ii) 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.

- (iii) 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.
- (iv) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

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 and legally or contractually required retirement activities. 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.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

1. Significant accounting policies (continued)

Tangible capital assets (continued)

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

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

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

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.

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

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

Contributed materials

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

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2023

1. Significant accounting policies (continued)

Investment income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

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 approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited. Budget figures in the consolidated statement of change in net debt have not been provided.

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. Significant estimates include employee future benefits, certain accruals, useful lives of tangible capital assets and asset retirement obligations. Actual results could differ from these estimates.

Education 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, education property tax revenue received from the municipalities is recorded as part of Grants for Student Needs, under Education Property Tax on the consolidated statement of operations.

2. Adoption of new accounting standards

The Board adopted the following standards concurrently beginning September 1, 2022, prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses, if needed, separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

Halton District School Board**Notes to the consolidated financial statements**August 31, 2023

2. Adoption of new accounting standards (continued)

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

The adoption of these standards had no significant impact on the financial statements of the Board. Given the immaterial impact, no Statement of Remeasurement Gains and Losses has been included in the financial statements in the current year.

PS 3280 Asset Retirement Obligations (ARO)

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on September 1, 2022, on a modified retroactive basis with prior period restatement as at September 1, 2021.

In the past, the Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from board buildings. The Board reports liabilities related to the legal obligations where the Board is obligated to incur costs to retire a tangible capital asset.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

2. Adoption of new accounting standards (continued)

PS 3280 Asset Retirement Obligations (ARO) (continued)

The Board's ongoing efforts to assess the extent to which designated substances exist in board assets, and new information obtained through regular maintenance and renewal of board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in a change to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows.

As a result of applying this accounting standard, an asset retirement obligation of \$69,159,145 (\$63,978,432 in 2022) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings and equipment. The Board has restated the September 1, 2021 accumulated surplus and 2022 amounts to reflect the modified retrospective transition approach. The adoption of PS 3280 ARO was applied to the comparative period as follows:

	As previously reported \$	Adjustments \$	2022 As restated \$
Consolidated statement of financial position			
Tangible capital assets including ARO	940,106,853	23,023,490	963,130,343
Asset retirement obligation liability	—	(63,978,432)	(63,978,432)
Accumulated surplus as at August 31, 2022	331,317,641	(40,954,942)	290,362,699
Consolidated statement of change in net debt			
Net debt as at September 1, 2021	(592,672,451)	(64,937,300)	(657,609,751)
Change in net debt	(20,292,758)	958,868	(19,333,890)
Net debt as at August 31, 2022	(612,965,209)	(63,978,432)	(676,943,641)
Consolidated statement of operations			
Accumulated surplus as at September 1, 2021	317,028,516	(40,371,606)	276,656,910
Amortization of TCA including ARO	(37,945,455)	(1,542,204)	(39,487,659)
Abatement of ARO	—	958,868	958,868
Annual surplus	14,289,125	(583,336)	13,705,789

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

3. Investments

Other investments are comprised of Guaranteed Investment Certificates (GICs) and consist of the following:

	Issue date \$	Maturity date \$	Interest rate %	2023 Principal amount \$
Guaranteed investment certificate	January 16, 2023	January 16, 2024	5.24	6,250,000
Guaranteed investment certificate	January 16, 2023	January 16, 2024	5.24	6,250,000
Guaranteed investment certificate	January 16, 2023	July 15, 2024	5.00	6,250,000
				18,750,000
	Issue date \$	Maturity date \$	Interest rate %	2022 Principal amount \$
Guaranteed investment certificate	March 11, 2022	September 7, 2022	1.96	6,250,000
Guaranteed investment certificate	March 11, 2022	January 17, 2023	1.96	6,250,000
Guaranteed investment certificate	March 11, 2022	January 16, 2023	1.96	6,250,000
Guaranteed investment certificate	March 11, 2022	January 16, 2023	1.96	6,250,000
				25,000,000

4 Accounts receivable – Government of Ontario

Capital grants

The Province of Ontario (the "Province") replaced variable capital funding with a one-time debt support grant in 2009-10. The 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 receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$220,460,390 as at August 31, 2023 (\$243,591,792 in 2022) with respect to capital grants.

Operating grants

The Ministry of Education (the "Ministry") introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2023 is \$28,040,560 (\$40,642,146 in 2022).

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

5. Assets held for sale

As of August 31, 2023, nil (\$3,620,130 in 2022) related to buildings, nil (\$30,466 in 2022) related to land improvements and nil (\$75,197 in 2022) related to land were recorded as assets held for sale. During the year, one property with a net book value of \$3,725,793 was sold. Net proceeds of \$29,317,682 (\$28,558,637 in 2022) were received on the sale of this property, which had a carrying value of \$3,725,793 (\$7,825,473 in 2022), resulting in a gain of \$25,591,889 (\$20,733,164 in 2022). \$25,591,889 (\$20,773,164 in 2022) of that gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

6. Temporary borrowing

The Board's banking resolutions allow aggregate borrowings to the maximum of \$135 million. The Board has credit facilities available to the maximum of \$100 million with a Canadian chartered bank to address operating requirements, bridge capital expenditures and education development charges outstanding. As at August 31, 2023, the amount drawn was nil (nil in 2022).

7. Net long-term debt

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

	2023 \$	2022 \$
Debentures		
OSBFC, Series 2003-A2, 5.800%, maturing November 2028	9,994,015	11,496,979
OSBFC, Series 2004-A1, 5.483%, maturing November 2029	16,194,250	18,218,068
OSBFC, Series 2005-A1, 4.789%, maturing August 2030	4,898,544	5,475,061
	31,086,809	35,190,108
OFA, Bylaw 06090, 4.560%, maturing November 2031	9,532,667	10,432,508
OFA, Bylaw 08012, 4.900%, maturing March 2033	20,819,637	22,441,163
OFA, Bylaw 09037, 5.062%, maturing March 2034	715,133	763,712
OFA, Bylaw 09036, 5.062%, maturing March 2034	3,868,162	4,130,923
OFA, Bylaw 09125, 5.384%, maturing May 2034	6,027,202	6,420,003
OFA, Bylaw 10052, 5.232%, maturing May 2035	8,363,719	8,859,181
OFA, Bylaw 10107, 4.947%, maturing May 2035	13,184,437	13,972,876
OFA, Bylaw 11034, 4.833%, maturing March 2035	13,113,305	13,837,352
OFA, Bylaw 11155, 3.970%, maturing November 2036	10,623,977	11,208,929
OFA, Bylaw 12024, 3.564%, maturing March 2037	13,132,183	13,856,899
OFA, Bylaw 13030, 3.799%, maturing March 2038	35,030,309	36,760,014
OFA, Bylaw 13120, 4.037%, maturing October 2028	7,625,577	8,850,637
OFA, Bylaw 14025, 4.003%, maturing March 2039	21,117,121	22,058,326
OFA, Bylaw 15010, 2.993%, maturing March 2040	930,586	972,624
OFA, Bylaw 16024, 3.242%, maturing March 2041	134,251	139,739
OFA, Bylaw 17020, 3.594%, maturing March 2042	1,193,964	1,237,695
	165,412,230	175,942,581
Net long-term liabilities	196,499,039	211,132,689

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

7. Net long-term debt (continued)

Of the net long-term debt outstanding of \$196,499,039, principal plus interest payable over the next five years and subsequent payments to maturity are as follows:

	Principal \$	Interest \$	Total \$
2023/24	15,329,885	8,707,791	24,037,676
2024/25	16,060,023	7,977,653	24,037,676
2025/26	16,825,748	7,211,928	24,037,676
2026/27	17,628,833	6,408,843	24,037,676
2027/28	18,471,140	5,566,536	24,037,676
Total	84,315,629	35,872,751	120,188,380
Thereafter	112,183,410	20,620,089	132,803,499
Net long-term liabilities	196,499,039	56,492,840	252,991,879

Interest on long-term debt amounted to \$9,404,028 (\$10,067,969 in 2022) (Note 8).

8. Debt charges and capital loan interest

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

	2023 \$	2022 \$
Principal payments on long-term debt	14,633,650	13,969,707
Interest payments on long-term debt	9,404,028	10,067,969
Interest payments on temporary financing of capital projects	191,604	259,121
	24,229,282	24,296,797

9. Deferred revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2023 is comprised of:

	Balance as at August 31, 2022 \$	Externally restricted revenue \$	Revenue recognized in the period \$	Transfers to deferred capital contributions \$	Balance as at August 31, 2023 \$
Special education	1,334,397	97,579,999	97,436,784	—	1,477,612
Legislative grants	418,988	40,749,230	37,733,794	2,002,901	1,431,523
Other provincial grants	—	301,207	301,207	—	—
Other Ministry of Education grants	1,493,433	14,571,882	15,598,676	—	466,639
School renewal	9,067,756	10,578,590	4,314,924	9,768,920	5,562,502
Education development charges	4,156,712	29,601,018	33,757,730	—	—
Other third party	29,902	5,654,721	4,987,823	681,306	15,494
Assets held for sale	3,505,924	(3,505,924)	—	—	—
	26,035,637	29,663,302	22,641,640	4,039,334	29,017,965

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

10. 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.

	2023	2022
	\$	\$
Balance, beginning of year	680,433,755	653,755,236
Net additions to deferred capital contributions	56,333,580	63,820,898
Revenue recognized in the period	(39,946,394)	(37,142,379)
Balance, end of year	696,820,941	680,433,755

11. Asset retirement obligations

The Board has adopted PS 3280 with an effective date of September 1, 2022 with a retrospective restatement of prior year amounts as at September 1, 2021.

The Board discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As at August 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
	\$	\$
Liabilities for asset retirement obligations at beginning of year	63,978,432	—
Adjustment on first time adoption of PS 3280	—	64,937,300
Liabilities incurred during the year	46,806	—
Revaluation of ARO liability due to inflation	8,619,585	—
Liabilities settled during the year due to abatement	(931,723)	(958,868)
Liabilities settled during the year due to sale of asset held for sale	(2,553,955)	—
Liabilities for asset retirement obligations at end of year	69,159,145	63,978,432

Revaluation of asset retirement obligations liability

As a result of recent high levels of inflation, liability balances based on previous cost estimates, the Board has made an inflation adjustment increase in estimates of 14.05% as at March 31, 2023 to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index (BCPI) survey from October 1, 2021, to September 30, 2022, and is the rate being used to update costs assumptions in the costing models in order to be reflective of March 31, 2023 costs. The revaluation adjustment has also been added to the Tangible capital assets -Asset retirement obligation to be amortized over the remaining useful life of the underlying asset. Further evaluation was done on the Board's liability balances as at August 31, 2023, and no further adjustments were recorded as at August 31, 2023.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

12. Financial instruments

There was no adjustment to the opening remeasurement gains and losses on the fair value of derivative assets and liabilities, portfolio investments or foreign exchange.

The Board does not measure any financial instruments at fair value.

Risks arising from financial instruments and risk management

The Board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Board's financial performance.

Credit risk

The Board's principal financial assets are cash, accounts receivable and GICs, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Board's maximum credit exposure as at the Statement of Financial Position date.

Market risk

The Board is exposed to interest rate risk and price risk with regard to its GICs and interest rate risk on its long-term debt, all of which are regularly monitored.

It is the Board's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

13. Retirement and other employee future benefits

	Retirement gratuities \$	Post retirement benefits \$	Work place safety insurance board %	Sick leave top-up benefits \$	2023 Total employee future benefits %	2022 Total employee future benefits \$
Accrued employee future benefit obligation	8,237,834	277,193	11,706,015	735,713	20,956,755	22,114,551
Unamortized actuarial gains	355,933	—	—	—	355,933	208,151
Employee future benefits liability	8,593,767	277,193	11,706,015	735,713	21,312,688	22,322,702
Recognition of unamortized actuarial losses (gains)	97,910	(9,012)	—	(253,410)	(164,512)	361,893
Current year benefit cost	—	—	3,154,263	735,713	3,889,976	4,675,277
Interest on accrued benefit obligation	344,684	12,346	377,173	—	734,203	370,954
Employee future benefits expense	442,594	3,334	3,531,436	482,303	4,459,667	5,408,124

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

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

13. Retirement and other employee future benefits (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2023. These 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:

	2023 %	2022 %
Inflation		
Retirement gratuities	2.00	2.00
Healthcare cost escalation		
Dental	5.00	5.00
Health	5.00	5.00
Discount on accrued benefit obligations	4.40	3.90

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, 2023, the employee contributions to this plan were \$48,993,048 (\$48,228,869 in 2022).

Ontario Municipal Employees Retirement System

All 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 ended August 31, 2023, the Board contributed \$10,127,821 (\$9,432,379 in 2022) 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. 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 \$442,594 (\$644,330 in 2022).

Post-retirement benefits

The Board continues to provide post-retirement health and dental benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums are subsidized by the board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Employees retiring on or after August 12, 2021, no longer qualify for board subsidized premiums or contributions.

Halton District School Board
Notes to the consolidated financial statements
 August 31, 2023

13. Retirement and other employee future benefits (continued)

Healthcare spending account

The Board also provides additional supplemental benefits in the form of a healthcare spending account ("HCSA") of \$3,000 per year for all eligible members of the Senior Officers group who retired before August 13, 2021, until age 65.

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. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreements negotiated prior to 2012 included such provisions.

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.

As of August 31, 2023, these obligations, as actuarially determined, amounted to \$11,706,015 (\$11,167,628 in 2022) and are included in Employee future benefits payable.

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

Long-term disability salary compensation

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

Sick leave top-up benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit recoveries recorded in the consolidated statement of operations are \$118,822 (benefit recoveries of \$23,584 in 2022).

For accounting purposes, the accrued benefit obligation for the sick leave top-up is based on an actuarial assumption about future events determined as at August 31, 2023 and is based on the average daily salary and banked sick days of employees as at August 31, 2023.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

14. Tangible capital assets

	Cost August 31, 2022, as previously reported	Adjustment for PS3280	Cost August 31, 2022, as adjusted	Additions and betterments	Transfers to/from construction in progress	Disposals	Write downs	Transfer to assets held for sale	Revaluation of TCA- ARO	Cost August 31, 2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	252,038,461	—	252,038,461	59,122,608	(453)	302,742	—	—	—	311,463,358
Land improvements	61,311,553	158,220	61,469,773	7,578,489	—	—	—	—	22,230	69,070,492
Buildings (40 yrs)	930,807,892	61,266,257	992,074,149	32,541,203	—	48,423,209	—	—	8,597,355	1,081,635,916
Other buildings	112,268	—	112,268	—	—	—	—	—	—	112,268
Portable structures	10,915,066	—	10,915,066	—	(1,969,827)	—	—	—	—	8,945,239
Construction in progress	52,479,170	—	52,479,170	13,529,013	—	(48,054,049)	—	—	—	17,954,134
Pre-acquisition costs - land	445,804	—	445,804	65,337	—	(302,742)	—	—	—	208,399
Pre-acquisitions costs - buildings	552,289	—	552,289	1,056,131	—	(369,160)	—	—	—	1,239,260
Equipment (5 years)	765,201	—	765,201	161,349	(168,469)	—	—	—	—	758,081
Equipment (10 years)	4,518,633	—	4,518,633	340,582	(214,472)	—	—	—	—	4,644,743
Equipment (15 years)	2,186,275	—	2,186,275	81,319	—	—	—	—	—	2,267,594
First time equipping	12,037,815	—	12,037,815	418,810	(2,939,176)	—	—	—	—	9,517,449
Furniture	667,028	—	667,028	42,846	(18,228)	—	—	—	—	691,646
Computer hardware	12,240,435	—	12,240,435	1,583,008	(2,061,595)	—	—	—	—	11,761,848
Computer software	86,406	—	86,406	—	(86,406)	—	—	—	—	—
Leasehold improvements - buildings	1,511,590	—	1,511,590	500,000	—	—	—	—	—	2,011,590
	1,342,675,886	61,424,477	1,404,100,363	117,020,695	(7,458,626)	—	—	—	8,619,585	1,522,282,017

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

14. Tangible capital assets (continued)

	Cost August 31, 2022, as previously reported	Adjustment for PS3280	Cost August 31, 2022, as adjusted	Amortization	Disposals, write downs, revaluation of TCA-AROs, additions and transfers	Transfers to assets held for sale	Accumulated amortization August 31, 2023	Net book value 2023	Net book value 2022, as adjusted
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	—	—	—	—	—	—	—	311,463,358	252,038,461
Land improvements	27,487,839	5,274	27,493,113	4,140,857	—	—	31,633,970	37,436,522	33,976,660
Buildings (40 yrs)	352,456,485	38,395,713	390,852,198	31,694,241	—	—	422,546,439	659,089,477	601,221,951
Other buildings	47,712	—	47,712	5,613	—	—	53,325	58,943	64,556
Portable structures	5,205,243	—	5,205,243	502,069	(1,969,827)	—	3,737,485	5,207,754	5,709,823
Construction in progress	—	—	—	—	—	—	—	17,954,134	52,479,170
Pre-acquisition costs - land	—	—	—	—	—	—	—	208,399	445,804
Pre-acquisitions costs - buildings	—	—	—	—	—	—	—	1,239,260	552,289
Equipment (5 years)	370,521	—	370,521	152,328	(168,469)	—	354,380	403,701	394,680
Equipment (10 years)	2,479,789	—	2,479,789	458,169	(214,472)	—	2,723,486	1,921,257	2,038,844
Equipment (15 years)	934,565	—	934,565	148,462	—	—	1,083,027	1,184,567	1,251,710
First time equipping	6,708,252	—	6,708,252	1,077,763	(2,939,176)	—	4,846,839	4,670,610	5,329,563
Furniture	342,808	—	342,808	67,934	(18,228)	—	392,514	299,132	324,220
Computer hardware	5,815,222	—	5,815,222	4,027,869	(2,061,595)	—	7,781,496	3,980,352	6,425,213
Computer software	77,764	—	77,764	8,642	(86,406)	—	—	—	8,642
Leasehold improvements - buildings	642,833	—	642,833	326,842	—	—	969,675	1,041,915	8 68,757
	402,569,033	38,400,987	440,970,020	42,610,789	(7,458,173)	—	476,122,636	1,046,159,381	963,130,343

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

14. Tangible capital assets (continued)

(a) Assets under construction

Assets under construction which include construction in progress, pre acquisition costs – land and pre-acquisition costs – building for a total value of \$19,401,793 (\$53,477,263 in 2022) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(a) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$200,822 (nil in 2022).

(b) During the year, a portion of a parcel of land with book value of \$453 (nil in 2022) was sold. Net proceeds of \$180,104 (nil in 2022) were received on the sale of this property, resulting in a gain of \$179,651 (nil in 2022). \$179,651 (nil in 2022) of that gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

15. Accumulated surplus

Accumulated surplus consists of the following:

	2023 \$	2022 \$ (Restated)
Non-designated surplus	13,027,518	14,365,020
Amounts internally restricted for future use of the Board		
Other operating	18,576,598	21,897,249
Accommodation	32,661,913	32,948,177
Committed capital projects and sinking fund interest	7,812,113	8,050,002
	59,050,624	62,895,428
Unavailable for compliance		
Asset retirement obligation	(39,304,175)	(40,954,942)
Interest accrual	(2,537,917)	(2,733,829)
	(41,842,092)	(43,688,771)
Revenue recognized for land		
Land (Note 14)	311,463,358	252,038,461
Pre-acquisition costs land (Note 14)	208,399	445,804
Assets held for sale (Note 5)	—	75,197
Education development charges outstanding (i)	(3,296,726)	—
	308,375,031	252,559,462
School generated funds	5,213,481	4,231,560
Total accumulated surplus	343,824,562	290,362,699

- (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 nil (\$301 in 2022).

Halton District School Board
Notes to the consolidated financial statements
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16. Grants for student needs

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. Approximately 88.31% (91.19% in 2022) of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2023	2022
	\$	\$
Provincial legislative grants	546,350,229	511,142,145
Education property tax	271,357,627	265,509,758
Grants for student needs	817,707,856	776,651,903

17. Ministry of Labour, Immigration, Training and Skills Development funding

The Board has a transfer payment agreement with the Ministry of Labour, Immigration, Training and Skills Development ("MLITSD") to provide Adult Non-Credit Language Training in the form of English as a Second Language ("ESL") and French as a Second Language ("FSL").

A requirement of the agreement with MLITSD is to provide audited financial statements for the funding year, including a schedule of revenue and expenses related to the agreement. The following is a breakdown of the revenue and expenses related to the Adult Non-Credit Language Training Program for the year ended August 31, 2023:

	2023	2022
	\$	\$
Program revenue		
Funds received	524,571	602,600
Program expenses		
Salaries and benefits	464,969	477,594
Classroom resources	7,661	4,104
Cleaning, phone and other expenses	9,065	17,436
Administration fee	76,724	90,390
	558,419	589,524
(Deficiency) excess of revenue over expenses	(33,848)	13,076

18. In-kind transfers from the Ministry of Public and Business Service Delivery

The Board has recorded entries, both revenues and expenses associated with centrally procured in-kind transfers of personal protective equipment ("PPE") and critical supplies and equipment ("CSE") received from the Ministry of Public and Business Service Delivery ("MPBSD"). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is \$140,592 (\$11,989,575 in 2022) with expenses based on use of \$140,592 (\$11,989,575 in 2022) for a net impact of nil (nil in 2022).

Halton District School Board
Notes to the consolidated financial statements
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19. Expenses by object

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

	Budget, as adjusted	2023 Actual	2022 Actual
	\$	\$	\$
	(Note 22)		(Restated)
Salary and wages	564,163,426	568,783,841	555,300,460
Employee benefits	102,715,379	102,013,562	99,333,892
Staff development	4,263,587	5,376,489	3,690,987
Supplies and services	68,975,855	64,069,614	51,085,349
Interest charges on capital	9,499,116	9,399,720	10,160,642
Rental expenses	125,500	592,672	139,566
Fees and contract services	46,493,189	47,078,263	45,480,893
Other	18,119,450	32,574,797	33,312,092
Amortization and write-downs of tangible capital assets and tangible capital assets-asset retirement obligations	41,986,529	42,610,789	39,487,659
	856,342,031	872,499,747	837,991,540

20. 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 of Ontario*. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27 million per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2022, were \$1,307,396 (\$1,222,482 in 2021). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the school board.

Any school board wishing to join OSBIE must execute a reciprocal insurance exchange agreement whereby every member commits to a five-year subscription period, the current one of which will end on December 31, 2026.

OSBIE exercises stewardship over the assets of the reciprocal, including the guarantee fund. While no individual school board enjoys any entitlement to access the assets of the reciprocal, the agreement provides for two circumstances when a school board, that is a member of a particular underwriting group, may receive a portion of the accumulated funds of the reciprocal.

- (1) In the event that the board of directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the Exchange, in respect of claims arising in prior years in respect of the underwriting group, the Board of Directors may reduce the actuarially determined rate for policies of insurance or may grant premium credits or policyholder dividends for that underwriting group in any subsequent underwriting year.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

20. Ontario School Board Insurance Exchange ("OSBIE") (continued)

- (2) Upon termination of the exchange of reciprocal contracts of insurance within an Underwriting Group, the assets related to the Underwriting Group, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be returned to each Subscriber in the Underwriting Group according to its subscriber participation ratio and after termination the reserve for future liabilities will be reassessed from time to time and when all liabilities have been discharged, any remaining assets returned as the same basis upon termination.

In the event that a Board or other Board organization ceases to participate in the exchange of contracts of insurance within an Underwriting Group or within the Exchange, it shall continue to be liable for any Assessment(s) arising during or after such ceased participation in respect of claims arising prior to the effective date of its termination of membership in the Underwriting Group or in the exchange, unless satisfactory arrangements are made within the board of directors to buy out such liability.

21. 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 \$45,771,969 (\$34,784,906 in 2022).

	\$
2024	29,496,494
2025	10,736,810
2026	4,347,064
2027	707,973
2028	402,717
Thereafter	80,911
	<u>45,771,969</u>

- (b) As of August 31, 2023, the Board had guarantees outstanding of \$2,222,970 (\$1,465,679 in 2022) 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, 2023 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.

22. Budget reconciliation

The budget data presented in these consolidated financial statements is based upon the 2023 budgets approved by the board. The budget was prepared prior to the implementation of the PS 3280-Assets Retirement Obligations (ARO) standard.

The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations.

Where amounts were not budgeted for (ARO amortization, revaluation and abatement adjustments), the actual amounts for 2023 were used to adjust the budget numbers to reflect the same accounting policies that were used to report the actual results.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

22. Budget reconciliation (continued)

As school boards only budget the Statement of Operations, the budget figures in the Consolidated Statement of Change in Net Debt have not been provided. The adjustments do not represent a formal amended budget as approved by the board. This is an amendment to make the 2023 budget information more comparable.

	Budget, as approved	Adjustments	2023 Budget, as adjusted
Revenues	866,530,398	—	866,530,398
Expenses	854,507,121	1,834,910	856,342,031
Annual surplus	12,023,277	(1,834,910)	10,188,367
Accumulated surplus at beginning of year	290,362,699	—	290,362,699
Accumulated surplus at end of year	302,385,976	(1,834,910)	300,551,066

23. Partnership in Halton Student Transportation Services

On February 10, 2009, Halton Student Transportation Services ("HSTS") was incorporated under the Corporations Act of Ontario. On September 1, 2021, the Board renewed the agreement with Halton Catholic District School Board to provide common administration of student transportation in the region. This agreement, originally entered into in 2009, was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the boards. 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.

Each board participates in the shared costs associated with this service for the transportation of their respective students through HSTS. 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. The Board's pro-rata share of the assets and liabilities for 2023 is 62.17% (62.02% in 2022). Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information:

	Total	2023 Board portion	Total	2022 Board portion
	\$	\$	\$	\$
Financial position				
Financial assets	330,613	205,542	267,701	166,028
Liabilities	342,642	213,021	279,796	173,529
Non-financial assets	12,789	7,951	12,855	7,973
Accumulated surplus	760	472	760	472
Operations				
Revenue	31,137,053	19,357,906	31,002,281	19,227,615
Expenses	31,137,053	19,357,906	31,002,281	19,227,615
Annual surplus	—	—	—	—

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

24. 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 Trust was created to refinance the outstanding not permanently financed debt of participating boards who are beneficiaries of the Trust. Under the terms of the agreement, The 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. The flow-through of \$543,389 (2022 \$543,389) in grants in respect of the above agreement for the year ended August 31, 2023, is recorded in these consolidated financial statements.

25. Related party disclosures

Ontario Regulation 41/10 under the Education Act requires school boards to borrow money for permanent improvements from the Ontario Financing Authority (OFA) when the initial maturity is more than one year. The OFA is a provincial agency of the Crown responsible for managing the province's debt and issuing debt to public bodies and therefore a related party of the Board. The net long-term debt issued to the Board by the OFA in the form of debentures is \$165,412,230 as at August 31, 2023 (\$175,942,581 in 2022) as described Note 7.

26. Funds administered by the Board

Trust funds administered by the Board amounting to \$2,873,906 (\$2,868,112 in 2022) have not been included in the consolidated financial statements, as they are not controlled by the Board.

	Trust funds \$	Deferred leave plan \$	2023 Total \$	2022 Total \$
Opening balance at August 31, 2022	676,643	2,191,469	2,868,112	2,619,014
Contributions received in 2023	32,500	1,045,015	1,077,515	848,674
Earnings on investments in 2023	32,472	80,947	113,419	16,336
	741,615	3,317,431	4,059,046	3,484,024
Disbursements in 2023	63,894	1,121,246	1,185,140	616,912
Closing balance at August 31, 2023	677,721	2,196,185	2,873,906	2,868,112

27. Subsequent event

As at August 31, 2023, \$10.7 million was held in trust by the Board's legal representatives in relation to the purchase of a tangible capital asset. On September 14, 2023, the transaction closed and the funds were transferred in full in settlement of this purchase.

Halton District School Board
Notes to the consolidated financial statements
August 31, 2023

28. Future accounting standard adoption

The board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements.

- (ii) Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the board for as of September 1, 2023, for the year ending August 1, 2024):

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e., the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

29. Comparative figures

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



Halton District School Board Report to the Audit Committee on the 2023 audit

November 9, 2023

November 9, 2023

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 2023 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you.

As agreed in our master service agreement ("MSA") dated April 1, 2018 and subsequent confirmation of changes letter dated April 14, 2021 and June 7, 2023, we have performed an audit of the consolidated financial statements of Halton District School Board as at, and for the year ended, August 31, 2023, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our Independent Auditor's Report thereon dated November 15, 2023 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 May 2, 2023.

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

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

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

Yours truly,

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

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Executive summary



Audit scope and terms of engagement

We were engaged to perform an audit of the School Board's consolidated financial statements (the "financial statements") prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act. ("Financial Reporting Framework") as at and for the year ended August 31, 2023. Our audit was conducted in accordance with Canadian Generally Accepted Auditing Standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the master services agreement dated April 1, 2018 and subsequent confirmation of changes letter dated April 14, 2021 and June 7, 2023, which was signed on behalf of the Audit Committee and management.

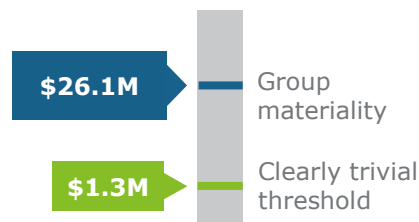


Audit risks

1	Revenue recognition
2	Management override of controls
3	School generated funds and school council funds
4	Government transfers relating to capital contributions
5	Employee future benefits
6	Adoption of new PSAS accounting standards




Uncorrected misstatements



Materiality levels were determined on the basis of 3% of consolidated expenses, as disclosed in our audit plan. Given this is a group audit, our testing on the non-consolidated balances of the School Board was conducted at a lower component materiality.

There were no uncorrected misstatements identified during our audit.

 Outstanding matters & next steps
Receipt of signed management representations letter
Receipt of legal letters
Completion of Engagement Quality Review
Completion of certain audit procedures

Going concern

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

 Highlights
<p>Significant effort has been put in by management on the first time adoption of PS 3280 Asset Retirement Obligations (ARO) standard. We have performed incremental procedures on the first time adoption, including testing of the assumptions within the Ministry of Education's Model 1 for estimation of ARO liability, the School Board's inputs into the model, as well as transitional adjustments on adoption.</p>
<p>No significant deficiencies identified in internal controls. We have included our recommendations resulting from our school visits under separate cover.</p>
<p>We understand in recent days there have been news announcements on the ratification of a new agreement between the Ministry of Education and ETFO that includes Bill 124 remedies. At the time of mailing, we do not have further information on the nature of the remedy such that we can assess whether this met the definition of a liability as at August 31, 2023 but continue to assess the need for disclosure and/or recording.</p>

Results

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the financial statements of the School Board for the year ended August 31, 2023 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Board of Trustees.

Audit risks

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

Revenue recognition*

Analysis of risk	Audit response and results
<p>Assurance standards include the presumption of a fraud risk involving improper revenue recognition.</p> <p>As part of our audit planning, we pinpointed the presumed fraud risk in revenue recognition to specific revenue streams and associated assertions, as follows:</p> <ul style="list-style-type: none"> • Grants for student needs (occurrence, accuracy) • Provincial grants – other (occurrence, accuracy) • Education development charges (completeness, accuracy) • School generated funds (occurrence, accuracy) • Other fees (manual journal entries) 	<ul style="list-style-type: none"> • We tested the design and implementation of controls over revenue and performed substantive analytic procedures, detailed testing, and confirmation procedures in the various revenue streams • With respect to grants revenue, we reviewed funding letters, if available, as well as associated B and SB memos issued by the Ministry of Education, to understand the grant stipulations and assessed management's recording of the associated revenue and deferred revenue. We tested a sample of underlying expenses where revenue recognition was dependent on the incurrence of eligible expenses using funding received. • We tested a sample of enrolment registers given that enrolment figures impacted total grants for student needs. • We noted in the prior year the proceeds of disposition fund (POD) relating to sales of school properties which have been deferred and during the current year, there was a purchase of land amounting to \$22.64M, which triggered the recognition of revenue. • Our audit procedures did not indicate any evidence of material misstatement.

Risk of management override of controls*

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

Risk of management override of controls*

Analysis of risk	Audit response and results
	<ul style="list-style-type: none"> Our audit procedures to date did not indicate any evidence of material misstatement.

School generated funds and school council funds

Analysis of risk	Audit response and results
<p>There is an increased risk of misstatement of School Generated Funds and School Council Funds due to the fact that transaction processing is decentralized and internal controls implemented at each school site and their operating effectiveness may vary.</p> <p>In particular, during 2021, we saw a significant decline in school generated funds and school council funds activities due to COVID closures. We saw an increase in volume of activities during fiscal 2022, as expected, which also resulted in an increased volume of testing. In current fiscal year 2023, we continued to observe a significant increase in volume of activities.</p>	<ul style="list-style-type: none"> We selected a sample of schools to audit and performed substantive tests of details to obtain assurance over assets, liabilities, revenues and expenses. We performed our school visits in person this year. We also performed testing on internal controls over the p-card process at the selected schools. We also performed testing on the maintenance of enrolment registers and enrolment reporting at each selected school. Our audit procedures did not indicate any evidence of material misstatement.

Government transfers relating to capital contributions

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

Employee future benefits

Analysis of risk	Audit response and results
<p>Employee future benefits liabilities and expenses are valued by the School Board's actuary based on certain significant judgments and assumptions, which are subject to a higher level of risk.</p>	<ul style="list-style-type: none"> We communicated with the School Board's actuary, School Boards' Co-operative Inc., to ensure our ability to rely on the results of their valuation. We reviewed the actuarial report including assumptions and data upon which estimates were based. We selected a sample of data inputs provided to the actuary and validated them against supporting documents. We also evaluated the reasonableness of

Employee future benefits

Analysis of risk	Audit response and results
	<p>assumptions used in the valuation against independent source.</p> <ul style="list-style-type: none"> • We evaluated the reliability and qualifications of the School Board's actuary. • We ensured proper disclosure in the financial statements. • Our audit procedures did not indicate any evidence of material misstatement.

Adoption of new PSAS accounting standards

Analysis of risk	Audit response and results
<p>In fiscal 2023, two new accounting standards, PS 3280 Asset retirement obligations, and PS 3450 Financial instruments, will come into effect. Both standards will require early preparation by the School Board, including development of accounting policies, information gathering with various School Board departments, engagement of external consultants (where needed) to assist with valuation, and development of go-forward processes for policy maintenance.</p> <p>We understand that the Ministry of Education has been leading the sector's implementation of the ARO standard, and has provided certain templates to assist with the process, including unit cost estimates to enable the valuation of asset retirement obligations.</p>	<ul style="list-style-type: none"> • We discussed with management as they considered the implications of an implementation plan for the new standards and provided support as needed. • Through the implementation and information gathering process, we connected with management to monitor status and ensured implementation decisions were reasonable and judgments were properly documented and substantiated. We provided input as requested by management and have done a review of management's memo over the PS 3280 implementation approach and process. • We worked with internal advisory specialists to review the Ministry's ARO estimation models (Models 1 and 2) and the reasonableness of the assumptions used in the model. Specifically, we evaluated the reliability of ECOH, the Ministry's external consultants who provided support on the development of the Model. We also obtained a reliance letter from ECOH. We also tested a sample of unit costs within the Model against market pricing to assess their reasonableness. • We tested a sample of quantity inputs used by the School Board within the models against source documents, including asbestos surveys provided by the School Board's third party consultants. • We worked with management to review disclosure of the first-time adoption in the financial statements, including introduction of new accounting policy notes and financial statement presentation. • Our audit procedures did not identify any evidence of material misstatement. We noted there is wide variability in the potential remediation cost, given it is dependent on the condition at the time remediation is actually undertaken. Based on our procedures, we are comfortable that the unit costs within the Ministry's model are reasonable.

* Area of Significant audit risk

Other matters

Group audit

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

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

Use of the work of specialists

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

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

We relied on the work of ECOH, as third party consultants for the Ministry of Education, in their development of the model for valuation of asset retirement obligations. We obtained a reliance letter from ECOH to enable our reliance on their model.

Appendix 1 – Communication requirements and other reportable matters

Required communication	Reference	Refer to this report or document described below
Audit Service Plan		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS ¹ 260.14	Master service agreement dated April 1, 2018 and subsequent confirmation of changes letter dated April 14, 2021 and June 7, 2023.
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> a. Timing of the audit b. Significant risks, including fraud risks c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk 	CAS 260.15	Audit plan communicated May 2, 2023
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27	None noted.
Enquiries of those charged with governance		
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.21	Discussed during the Audit plan presentation on May 2, 2023.
5. Any known suspected or alleged fraud affecting the School Board	CAS 240.22	None noted.
6. Whether the School Board is in compliance with laws and regulations	CAS 250.15	None noted.
Year End Communication		
7. Fraud or possible fraud identified through the audit process	CAS 240.40-.42	We are not aware of any fraudulent events.

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

Required communication	Reference	Refer to this report or document described below
23. Uncorrected misstatements and disclosure items	CAS 450.12-13	None noted.
Other reportable matters		
24. Changes to the audit plan	CAS 260.A26	No changes to audit plan.
25. Concerns regarding management competence and integrity	CAS 260.11, A38	We have not determined any concerns regarding management competence and integrity.
26. Disagreements with management	CAS 260.16(c)(i), A22	In the course of our audit, we did not encounter any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
27. Subsequent events	CAS 260.10(a), 260.13(b), 260.14(a), 260.17	We noted that subsequent to year end, the School Board settled the payment for the purpose of a tangible capital asset as outlined in Note 27 to the financial statements. We have reviewed the note disclosure for appropriateness as part of the audit.
28. Limitations when sending confirmations	CAS 505.9	Not applicable.
29. Other significant matters arising from the audit	CAS 260.16(e), A26-A28	None noted.

Appendix 2 – Draft management representations letter

[School Board Letterhead]

[Date]

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

Dear _____:

Subject: Consolidated financial statements of Halton District School Board for the year ended August 31, 2023

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 “us”) as of and for the years ended August 31, 2023, and a summary of significant accounting policies (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Organization in accordance with Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act (“the special purpose framework”).

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

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

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the Organization and Deloitte dated April 1, 2018 and subsequent confirmation of changes letter dated April 14, 2021 and June 7, 2023 for the preparation of the Financial Statements in accordance with the special purpose framework. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Organization as at August 31, 2023 and the results of its operations and cash flows for the year then ended in accordance with the special purpose framework.
2. The Financial Statements have been prepared for the Ministry of Education, and Board of Trustees of HDSB using the basis of accounting described in Note 1 to the Financial Statements for the purpose of assessing the financial position of HDSB and the results of its operations.
3. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

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

the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS 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, 2023 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. We have determined that the Financial Statements are complete as of the **date of this letter** as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after August 31, 2023 and up to the date of this letter.
6. 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

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
8. 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

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

11. 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.
12. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Organization.
13. There have been no communications with regulatory agencies concerning actual or potential noncompliance with or deficiencies in financial reporting practices. There are also no known or possible instances of non-compliance with the requirements of regulatory or governmental authorities.
14. We have disclosed to you the identities of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.

Independence matters

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

15. Prior to the Organization having any substantive employment conversations with a former or current Deloitte engagement team member, the Organization has held discussions with Deloitte and obtained approval from the Audit Committee.
16. We have ensured that all non-audit services provided to the Organization have been pre-approved by the Audit Committee. Further, we have adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte to the Organization in accordance with applicable laws, regulations and rules that apply to the Organization, including the Audit Committee approval requirements.
17. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.

Other matters

Except where otherwise stated below, immaterial matters less than \$1,239,750 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the Financial Statements.

18. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
19. The School Board has identified all related parties in accordance with the special purpose framework. Management has determined that such disclosure is not necessary because the transactions have not occurred at a value different from that which would have been arrived at if the parties were unrelated and do not or could not have a material effect on the financial statements.
20. There are no instances of identified or suspected noncompliance with laws and regulations.

21. 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.
22. 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.
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 Organization 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.
25. The Organization 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.

Title to assets

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

Work of management's experts

27. 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 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

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

Environmental liabilities/contingencies

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

Employee future benefits

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

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

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.

In-Kind Revenue for Personal Protective Equipment Received

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

Asset retirement obligations

32. We have considered the estimates used in the determination of the liability for asset retirement obligations, and believe them to reflect the best information available at this time.

Various matters

33. 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;
- k. loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

Yours truly,

Halton District School Board

Curtis Ennis
Director of Education

Roxana Negoï
Superintendent of Business Services

Heather Camastro
Manager of Accounting

Appendix A

Summary of disclosure items passed

Halton District School Board
Year ended August 31, 2023

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

Appendix 3 – Deloitte resources a click away

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

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

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



Board Report Number:

November 15, 2023

For Information: **Public Session**

To: The Chair and Members of the Halton District School Board
From: Roxana Negoï, Superintendent of Business Services and Treasurer
 Curtis Ennis, Director of Education
Re: **Annual Statement of Education Development Charges (EDC)**

Background

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

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

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

The Board has approved seven 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 on May 17, 2023 and is in effect until May 31, 2028. Prior to a by-law being adopted, the Education Act requires a background



Board Report Number:

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For Information: **Public Session**

study to be conducted to determine the EDC by-law amount. The background study was conducted by Watson & Associates Economists Ltd. ("Watson") due to their development charge expertise. The Board provided Watson with information such as land purchase price, site preparation costs and actual EDC revenue. For potential school sites identified but not yet purchased, site valuation information was provided by Cushman & Wakefield Ltd. The background study considered the region's growth projection, enrolment forecasts, new building requirements, the board's capital plans and the cost of land.

The latest amendments to O. Reg. 20/98 in 2018 introduced caps on, or limits to, the amount a Board can increase their residential and non-residential charges annually, and phasing in the maximum amount. As a result of this change, the Board has had challenges in reaching the maximum charge set by the Background Studies and Amending By-laws.

The legislative caps are as follows:

1. A maximum yearly increase of the greater of 5% or \$300 per residential dwelling unit; and,
2. A maximum yearly increase of the greater of 5% or \$0.10 per square foot of non-residential space.¹

On November 9, 2021, staff advised the Board that the 2018 EDC By-Law would reach its 5-year term in July of 2023, requiring a full EDC By-law renewal. On March 22, 2023, staff provided a brief information session to Trustees to discuss the overall policy direction of the upcoming 2023 EDC Background Study, and how the charge would be calculated.

On March 30, 2023, the Board met with the Ministry of Education to present the Background Study as well as discuss the alternative accommodation projects considered as part of the study.

On April 3, 2023, Watson & Associates hosted a virtual Stakeholder Meeting inviting members from all four (4) municipalities, the Region, and BILD. At this meeting, the proposed 2023 EDC rates were presented. On May 16, BILD advised the board that they will not appeal the proposed by-law.

On May 16, 2023, the Ministry advised that the necessary portions of the Background Study listed in O. Regulation 20/98, s.10, paragraph 1 were approved. This allowed the Board to enact the bylaw at its May 17, 2023 Regular Meeting of the Board, effective June 1, 2023.

¹ Note that effective Year 2 of the new by-law, the greater of the two annual capped increases will be 5%, which is greater than the \$300 per year.



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For Information: **Public Session**

The chart below identifies the phase-in of the new EDC rates in accordance with amendments to O. Reg 20/98:

Table 1: HDSB Residential and Non-Residential Rates

	2018 Year 5 BY-LAW CHARGE	2023 MAX RATE (CAP)	Year 1 June 1, 2023 to May 31, 2024	Year 2 June 1, 2024 to May 31, 2025	Year 3 June 1, 2025 to May 31, 2026	Year 4 June 1, 2026 to May 31, 2027	Year 5 June 1, 2027 to May 31, 2028
Residential	\$ 5,792	\$ 8,715	\$ 6,092	\$ 6,396.60	\$ 6,716.43	\$ 7,052.25	\$ 7,404.86
Non-Res.	\$ 1.41	\$ 2.64	\$ 1.51	\$ 1.61	\$ 1.71	\$ 1.81	\$ 1.91

Staff will assess the above and report back to the Board if land values have increased and there is an opportunity to increase the charge in the new year. If an amendment is pursued, it will be done in collaboration with the Halton Catholic District School Board as in previous years. The approval of the amendment by-law could be brought forward to the Board in May of 2024.

A summary of EDC revenues, expenditures and closing balance as at August 31, 2023 are included in Appendix A.

Multi-Year Plan Alignment

HDSB is supporting a growing student population, in particular in South Milton and North Oakville. The ability to set and charge EDC levies creates a funding mechanism for the procurement of new school sites in areas of growth. This is key in being able to open new schools that meet the increasing student demand. As such, EDCs support the creation of student learning spaces, which contribute to Student Achievement, Mental Health and Wellbeing, as well as to Equitable and Inclusive education opportunities.

Respectfully submitted,

Roxana Negoï
Superintendent of Business Services and Treasurer

Curtis Ennis
Director of Education

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

Opening EDC Balance/ (Deficit) as at September 1, 2022	\$ 4,156,712
EDC Revenues received in 2022/2023:	
Interest paid on EDC Surplus	\$ 1,569,196
Residential	
City of Burlington	1,191,916
Town of Oakville	11,895,622
Town of Milton	7,896,778
Town of Halton Hills	348,420
	<u>21,332,736</u>
Non-Residential	
City of Burlington	679,762
Town of Oakville	2,141,047
Town of Milton	3,510,601
Town of Halton Hills	367,676
	<u>6,699,086</u>
	29,601,018
EDC Expenditures in 2021/2022:	
Site acquisition expenditure (multiple sites)	(35,294,301)
Site preparation expenditure (multiple sites)	(1,252,004)
Interest on debt service costs	-
Refunds paid	-
Expenses related to the Milton #12 temporary easement	(300,347)
Study Costs/ legal fees	(207,804)
	<u>(37,054,456)</u>
	(37,054,456)
Closing EDC Balance/ (Deficit) as at August 31, 2023	\$ <u><u>(3,296,726)</u></u>



Board Report Number:

November 15, 2023

For Information

To: The Chair and Members of the Halton District School Board
From: Roxana Negoï, Superintendent of Business Services and Treasurer
Curtis Ennis, Director of Education
Re: **2022-2023 Summary of Trustee Expenses**

Background

"Trustee Expenses" Policy states:

The Halton District School Board (HDSB) recognizes the need to reimburse Trustees for expenses reasonably incurred in carrying out their role as Trustee. In addition, the HDSB recognizes Trustees must be equipped properly so they may consult with and contact their constituents.

Sections 3.26 and 3.27 of the "Trustee Expenses Governance Procedure" state that:

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

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 in each of the following categories:

- OPSBA Conferences
- Other Professional Development
- Meeting Expenses
- Supplies
- Other Expenses

HDSB paid:

- Telecommunications
- Technology
- Board Leadership & Mandatory Training
- Trustees' Prior Term Reserve Account
- Travel



Board Report Number:

November 15, 2023

For Information

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 HDSB 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 \$6,000 for personal professional development, meetings and office supplies. 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 HDSB as appropriate Trustee expenses. It also allows any approved travel expenditure not to be charged against the trustee account, but rather the Trustees Mileage/Travel 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 Committee training) these costs will not be charged against the trustee account, but rather the Board's Leadership account.

Summary of Expenses - HSDB paid/reimbursed (on a cash basis):

Telecommunications (internet, cell, phone)	\$17,634.35
Travel	\$13,141.39
Technology	\$25,313.27
Conferences (Board Leadership Mandatory Training)	\$6,469.59
Prior Term Reserve (Professional Development)	\$14,466.82
	<hr/>
	\$77,025.42

Summary of Expenses Reimbursed as of August 31, 2023 (on a cash basis)

OPSBA Conferences	\$6,999.93
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Board Report Number:

November 15, 2023

For Information

Other Professional Development (registration, accommodation, meals)	\$40,785.09
Meeting Expenses (refreshments, meals, hospitality)	\$357.97
Office Supplies	\$14,379.65
Travel (Prior Term - Sept 1, 2022 to Nov 14, 2022)	\$3,376.47
Other Expenses (eg. Child minding)	\$1,166.56
	<hr/>
	\$67,065.67

**Cash basis refers to actual reimbursement received from September 1, 2022 to August 31, 2023.*

Details of expenditures by individual Trustee will be posted on the board website prior to December 31, 2023.

As at the end of the previous term (November 14th, 2022), \$88,155 representing the unused portion of the expense budget rolled over to 2022/2023. As of August 31, 2023, the reserve balance is up to \$136,419.

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.



Board Report Number:

November 15, 2023

For Information

Multi-Year Plan Alignment

Financial accountability is a foundational element supporting the Multi-Year Plan, and Trustee expenses facilitate Trustees to carry out their mandate in a responsible and transparent manner.

Respectfully submitted,

Roxana Negoï
Superintendent of Business Services and Treasurer

Curtis Ennis
Director of Education

Appendix A

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

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

Board Motions:

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

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

Outgoing Trustees (no budget):

Interim Trustee - R.A. Chaudhry and Trustee A. Harvey-Hope (946) (946)

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

Trustee Policy Revision:

M19-0182

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

Included in Trustee Expenses - Governance Procedure:

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

Board Motions:

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

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

Board Motions:

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

M21-0037 Mending the Chasm Anti-Racism Leadership Series Total cost to be split 50/50 between Board Leadership and Reserve Account April 12 - May 3, 2021 (4,087)

M21-0082 Comparable Alternative Training DiSC training (Part II), to a maximum of \$4,000 (including hst) May 2021 (2,299) (6,686)

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

Included in Trustee Expenses - Governance Procedure:

Ontario Public School Board Association Public Education Symposium Virtual Conference Board Registration Fee January 28, 2022	(1,022)	
Ontario Public School Board Association Labour Relations Symposium Toronto April 28, 2022	<u>(102)</u>	(1,124)

Board Motions:

M22-0010 Informed Opinions Strategic Communications Online Workshop Fee January 18, 2022	(4,086)	
M22-0010 Lori Lukinuk, CP-T, PRP Parliamentary Services Boardroom Decorum and Robert's Rules of Order Parliamentary Workshop Fee January 31, 2022	(817)	
M22-0010 CMR Governance Consulting Customized Virtual Governance Training Session Fee Total cost to be split 50/50 between Board Leadership and Reserve Account February 7, 2022	(3,065)	
M22-0035 Bang the Table Canada Ltd. Community Engagement Initiative Platform Implementation Fees Implemented by Relmagine Forward Subcommittee	<u>(10,216)</u>	(18,184)

Reserve Balance, August 31, 2022 **\$ 62,731**

Transfer End of Term Balance (2018-2022): 88,155

Included in Trustee Expenses - Governance Procedure:

Ontario Public School Board Association Public Education Symposium Registration Fees January 26-28, 2023	(5,613)	
Lori Lukinuk, CP-T, PRP Parliamentary Services Boardroom Decorum and Robert's Rules of Order Parliamentary Workshop Fee February 16, 2023	(2,364)	
Ontario Public School Board Association Labour Relations and Human Resources Symposium Registration Fees April 28, 2022 April 27-28, 2023	<u>(526)</u>	(8,606)

Board Motions:

M23-0023 Ontario Education Services Corporation Director's Performance Appraisal Review Professional Development March 8, 2023	(1,769)	
M23-0067 Marion Thomson Howell (M23-0080 - Fees approved) Joint Board and Senior Management Team Workshop		

PUBLIC SESSION

May 1, 2023

(1,750)

M23-0068 Ontario Public School Board Association
2023 Annual General Meeting Registration Fees
June 8-10, 2023

(2,342) (5,861)

Reserve Balance, August 31, 2023

\$ 136,419



Board Report Number:

November 15, 2023

For Information

To: The Chair and Members of the Halton District School Board
From: R. Negoi, Superintendent of Business and Treasurer
C. Ennis, Director of Education
Re: **Summary of School Generated Funds - 2022/2023**

Background

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

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

This report summarizes school generated revenues and expenditures for the year ended August 31, 2023.

For the year ended August 31, 2023, the Halton District School Board recorded school generated revenues of \$17.6 million and related expenditures of \$16.6 million. Additional information has been attached as follows:

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



Board Report Number:

November 15, 2023

For Information

School generated funds revenues and expenses typically represent approximately 2.5% of the total Board's revenue and expenses annually, however, for the 2021/2022 year it was around 1%. The 2022/2023 year saw a trend towards a more normal level at 2% of total Board revenues and expenses. Schools are permitted to carry forward a surplus of funds up to a maximum of \$30 per student without approval. Surpluses exceeding this limit must be explained with a documented surplus plan that is approved by the School Superintendent. The carry forward is usually as a result of a timing difference between the collection of funds and the outlay of expenditures, e.g., end of year Fun Fairs in May and June and transition activities that occur in the summer in preparation for the following school year.

There was approximately \$0.2M in capital projects revenues and expenses that were reallocated to Tangible Capital Assets in the Board's financial statements. These were larger capital projects that were either partially or wholly funded by School Generated Funds. As such, the Financial Statements show only the operating revenue and expenditures, at \$17.4 million and \$16.4 million, respectively.

There was approximately \$5.2 Million in carryforwards at the end of the 2022/2023 year, which is up by 23% compared to 2021/2022. During the 2022/2023 year, schools continued to experience supply chain ordering challenges and delays which impacted the ability to procure certain items with fundraising proceeds.

The significant increase in the 2022/2023 school year's revenues and expenses are an indication of the close return to pre-pandemic levels of school activities and extracurriculars. It is predicted that the 2023/2024 revenues and expenses will continue to increase to match pre-pandemic levels.

Multi-Year Plan Alignment

School generated funds allow schools to enhance learning by raising funds to facilitate co and extra curricular activities. These support student learning and well being, as well as the environmental sustainability strategic priorities under the Multi-Year Plan.



Board Report Number:

November 15, 2023

For Information

Respectfully submitted,

Roxana Negoï

Superintendent of Business and Treasurer

Curtis Ennis

Director of Education

Halton District School Board

Summary of School Generated Funds (including School Councils)

	<u>2022/2023</u>	<u>2021/2022</u>	<u>Year Ended 2020/2021</u>	<u>2019/2020</u>	<u>2018/2019</u>
Balance, Beginning of Year	\$ 4,231,560	3,992,826	5,301,650	5,837,622	5,748,655
Receipts By Category (1)					
Athletics	1,811,565	927,094	43,175	1,366,242	2,067,293
Charity	126,061	91,383	8,648	186,949	238,005
Extracurricular	2,806,600	1,293,621	236,329	1,418,115	3,004,519
Field Trips	3,377,122	816,390	220,754	1,474,523	5,250,041
Food & General Fundraising	6,547,187	2,891,590	152,626	4,161,860	6,273,122
Fundraising - Capital (3)	183,865	13,003	40,741	11,791	15,850
Fundraising - Curricular/ Enhancements (2)	1,546,882	1,149,829	518,781	1,085,634	1,688,786
Grants	1,096,553	683,672	231,138	603,953	664,980
Other(Non-Student, HST)	83,507	376,838	155,107	772,969	984,796
Summary of Receipts	17,579,343	8,243,420	1,607,297	11,082,036	20,187,393
Disbursements By Category (1)					
Athletics	2,070,809	792,216	171,578	1,266,498	2,058,385
Charity	134,623	98,552	18,358	182,420	243,256
Extracurricular	2,944,190	1,408,396	673,099	1,831,558	3,192,885
Field Trips	3,441,253	874,867	65,159	2,040,345	5,443,375
Food & General Fundraising	4,720,823	2,608,491	764,181	3,722,776	5,519,125
Fundraising - Capital (3)	466,548	118,230	247,096	514,479	297,141
Fundraising - Curricular/ Enhancements (2)	1,535,929	1,494,792	413,200	1,163,158	2,004,879
Grants	1,128,781	573,740	185,831	427,575	731,021
Other(Non-Student, HST)	154,467	35,401	377,618	469,198	608,360
Summary of Disbursements	16,597,422	8,004,685	2,916,121	11,618,008	20,098,426
Receipts Less Disbursements	981,921	238,734	(1,308,824)	(535,972)	88,967
Balance, End of Year	\$ <u>5,213,481</u>	<u>4,231,560</u>	<u>3,992,826</u>	<u>5,301,650</u>	<u>5,837,622</u>

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

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

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

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

(3) Fundraising - Capital receipts and disbursements include \$156,314 in capitalized revenue and expenses. This is related to capital projects funded through School Generated Funds completed at Alton Village PS, Munn's PS and Maple Grove PS.

Halton District School Board

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

	<u>2022/2023</u>	<u>2021/2022</u>	<u>Year Ended 2020/2021</u>	<u>2019/2020</u>	<u>2018/2019</u>
Balance, Beginning of Year	\$ 1,876,060	1,735,846	2,064,639	2,185,482	2,133,993
Receipts By Category (1)					
Athletics	1,695,561	901,459	42,943	1,301,326	1,931,485
Charity	59,901	42,222	2,535	67,199	99,230
Extracurricular	2,301,012	981,003	198,980	1,216,210	2,314,124
Field Trips	615,238	125,706	51,371	300,915	1,072,315
Food & General Fundraising	717,017	339,986	50,587	601,114	703,304
Fundraising - Capital	11,580	10,094	11,860	8,080	1,240
Fundraising - Curricular/ Enhancements (2)	1,160,393	823,414	504,853	824,002	1,064,385
Grants	282,751	235,974	74,365	132,974	164,773
Other (Non-Student, HST)	18,192	152,878	62,321	252,313	329,441
Summary of Receipts	6,861,644	3,612,737	999,816	4,704,133	7,680,297
Disbursements By Category (1)					
Athletics	1,893,538	731,365	162,880	1,182,926	1,869,992
Charity	64,189	48,080	6,677	59,123	98,249
Extracurricular	2,274,405	1,014,990	511,654	1,510,678	2,368,154
Field Trips	563,094	138,100	17,278	499,869	1,065,631
Food & General Fundraising	578,013	258,075	101,183	378,743	694,234
Fundraising - Capital	34,200	9,709	35,693	177,435	32,414
Fundraising - Curricular/ Enhancements (2)	890,611	1,052,381	288,608	672,307	1,077,276
Grants	268,770	159,050	53,475	106,325	185,150
Other (Non-Student, HST)	(48,600)	60,772	151,161	237,571	237,710
Summary of Disbursements	6,518,220	3,472,523	1,328,609	4,824,976	7,628,809
Receipts Less Disbursements	343,424	140,214	(328,793)	(120,843)	51,488
Balance, End of Year	\$ <u>2,219,484</u>	<u>1,876,060</u>	<u>1,735,846</u>	<u>2,064,639</u>	<u>2,185,482</u>

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

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

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

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

Halton District School Board

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

	<u>2022/2023</u>	<u>2021/2022</u>	<u>Year Ended 2020/2021</u>	<u>2019/2020</u>	<u>2018/2019</u>
Balance, Beginning of Year	\$ 2,355,500	2,256,980	3,237,011	3,652,140	3,614,662
Receipts By Category (1)					
Athletics	116,004	25,635	231	64,916	135,808
Charity	66,160	49,160	6,112	119,751	138,775
Extracurricular	505,588	312,619	37,349	201,905	690,395
Field Trips	2,761,884	690,683	169,383	1,173,608	4,177,726
Food & General Fundraising	5,830,170	2,551,604	102,039	3,560,746	5,569,818
Fundraising - Capital (3)	172,285	2,909	28,881	3,710	14,610
Fundraising - Curricular/ Enhancements (2)	386,489	326,414	13,928	261,632	624,402
Grants	813,802	447,698	156,773	470,979	500,208
Other (Non-Student, HST)	65,315	223,960	92,785	520,656	655,355
Summary of Receipts	10,717,698	4,630,683	607,481	6,377,903	12,507,096
Disbursements By Category (1)					
Athletics	177,271	60,851	8,698	83,572	188,393
Charity	70,434	50,472	11,681	123,298	145,007
Extracurricular	669,786	393,406	161,446	320,880	824,731
Field Trips	2,878,158	736,767	47,881	1,540,477	4,377,744
Food & General Fundraising	4,142,809	2,350,416	662,999	3,344,034	4,824,891
Fundraising - Capital (3)	432,348	108,520	211,404	337,044	264,727
Fundraising - Curricular/ Enhancements (2)	645,317	442,411	124,592	490,851	927,604
Grants	860,012	414,690	132,356	321,251	545,871
Other (Non-Student, HST)	203,067	(25,370)	226,457	231,627	370,650
Summary of Disbursements	10,079,202	4,532,163	1,587,513	6,793,032	12,469,617
Receipts Less Disbursements	638,496	98,520	(980,031)	(415,130)	37,478
Balance, End of Year	\$ <u>2,993,997</u>	<u>2,355,500</u>	<u>2,256,980</u>	<u>3,237,011</u>	<u>3,652,140</u>

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

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

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

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

(3) Fundraising - Capital receipts and disbursements include \$156,314 in capitalized revenue and expenses. This is related to capital projects funded through School Generated Funds completed at Alton Village PS, Munn's PS and Maple Grove PS.

HDSB Standard Category Structure for School Generated & School Council Funds

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

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



Halton District School Board

Date: November 9, 2023
FOR INFORMATION

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

FROM: Roxana Negoï, Superintendent of Business Services & Treasurer

RE: **2022/2023 Halton Student Transportation Services (HSTS)
Financial Statements**

Background

The proportion of revenue and costs for Halton Student Transportation Services (HSTS) are consolidated into the financial statements of the Halton District School Board. Additional information on this consolidation can be found in Note 23 in the Notes to the Consolidated Financial Statements.

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

Rationale

The financial statements for HSTS have been audited by KPMG LLP, Chartered Accountants. The audit was conducted in accordance with Canadian generally accepted auditing standards as outlined in the Auditors' Report. Based on their audit opinion, the auditors agree that the consolidated financial statements of Halton Student Transportation Services as at and for the year ended August 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Respectfully Submitted,

Roxana Negoï
Superintendent of Business Services and Treasurer

Financial Statements of

**HALTON STUDENT
TRANSPORTATION SERVICES**

And Independent Auditor's Report thereon

Year ended August 31, 2023



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Halton Student Transportation Services

Opinion

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

- the statement of financial position as at August 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at August 31, 2023, and its results of changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 19, 2023

HALTON STUDENT TRANSPORTATION SERVICES

Financial Statements

Year ended August 31, 2023

Financial Statements

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

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Financial Position

August 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Due from related parties (note 4)	\$ 330,613	\$ 267,702
Financial liabilities		
Accounts payable and accrued liabilities	89,176	115,553
Due to related parties (note 4)	253,215	163,489
Deferred capital contributions (note 5)	251	753
	342,642	279,795
Net debt	(12,029)	(12,093)
Non-financial assets		
Tangible capital assets (note 2)	251	753
Prepaid expenses	12,538	12,100
	12,789	12,853
Accumulated surplus	\$ 760	\$ 760

See accompanying notes to financial statements.

On behalf of the Board of Directors:

Director

Director

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Operations

Year ended August 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
Revenues	\$ 32,115,068	\$ 31,137,053	\$ 31,002,281
Expenses:			
Transportation services	30,327,816	29,361,912	28,236,898
Administrative expenses:			
Salaries and benefits	1,481,707	1,486,452	1,438,809
Professional fees	77,376	69,410	65,335
Rent	72,677	69,203	67,836
Contractual services	37,000	54,210	32,999
Software fees and licenses	51,300	48,537	44,247
Office supplies	18,948	14,779	14,174
Professional development	13,044	10,851	5,923
Communication	11,610	7,977	35,906
Insurance	5,000	4,858	4,911
Equipment	7,500	4,111	7,601
Travel and meetings	2,500	1,884	518
Day to day maintenance	1,590	1,203	1,663
Advertising	7,000	1,164	715
Amortization of tangible capital assets	—	502	3,085
Health supplies	—	—	1,041,661
Total expenses	32,115,068	31,137,053	31,002,281
Annual surplus	—	—	—
Accumulated surplus, beginning of year	760	760	760
Accumulated surplus, end of year	\$ 760	\$ 760	\$ 760

See accompanying notes to financial statements.

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Changes in Net Debt

Year ended August 31, 2023, with comparative information for 2022

	2023	2022
Annual surplus	\$ —	\$ —
Amortization of tangible capital assets	502	3,085
	502	3,085
Other non-financial asset activity:		
Acquisition of prepaid expenses	(7,687)	(7,249)
Use of prepaid expenses	7,249	7,611
Total other non-financial asset activity	(438)	362
Change in net debt	64	3,447
Net debt, beginning of year	(12,093)	(15,540)
Net debt, end of year	\$ (12,029)	\$ (12,093)

See accompanying notes to financial statements.

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ —	\$ —
Item not involving cash:		
Amortization of tangible capital assets	502	3,085
Revenue recognized from deferred capital contributions	(502)	(3,085)
Changes in non-cash working capital:		
(Decrease) increase in accounts payable and accrued liabilities	(26,377)	70,694
(Increase) decrease in prepaid expenses	(438)	362
	(26,815)	71,056
Investing activities:		
(Increase) decrease in due from related parties (note 4)	(62,911)	511,283
Increase (decrease) in due to related parties (note 4)	89,726	(582,339)
	26,815	(71,056)
Net change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to financial statements.

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

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

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

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

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

(c) Government transfers:

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

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

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(d) Budget figures:

Budget figures have been provided for comparison purposes and have been approved by the Board of Directors of the Halton Student Transportation Services. Budget figures, which are reported in the statement of operations, were originally approved on November 24, 2022. The figures have been reported for the purposes of these statements to comply with Public Sector Accounting Board ("PSAB") reporting requirements. Budget figures were excluded from the Statement of Change in Net Debt as these amounts were not included in management's revised budgeted figures.

(e) Use of estimates:

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

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

2. Tangible capital assets:

Cost	Balance at August 31, 2022	Additions	Disposals	Balance at August 31, 2023
Furniture and equipment	\$ 5,016	\$ –	\$ –	\$ 5,016
Accumulated amortization	Balance at August 31, 2022	Disposals	Amortization Expense	Balance at August 31, 2023
Furniture and equipment	4,263	–	502	\$ 4,765
Net book value	August 31, 2022			August 31, 2023
Furniture and equipment	753			251

3. Economic dependence:

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

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

4. Due from/to related party:

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

	2023	2022
Halton District School Board	\$ 330,613	\$ 267,702

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

	2023	2022
Halton Catholic District School Board	\$ 253,215	\$ 163,489

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

5. Deferred capital contributions:

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

	2023	2022
Balance, beginning of year	\$ 753	\$ 3,838
Additions to deferred capital contributions	—	—
Revenue recognized in the period	(502)	(3,085)
Balance, end of year	\$ 251	\$ 753

6. Lease commitment:

The HSTS leases office premises with terms to October 31, 2027. The minimum annual rental under this agreement is as follows:

Fiscal year ending August 31:		
2024	\$	72,678
2025		72,678
2026		72,678
2027		72,678
2028 and thereafter		12,113
	\$	302,825



Halton District School Board

INFORMATION FOR AUDIT COMMITTEE

2022/2023 FISCAL YEAR

Budget Development	February 2, 2022	Report 22016
Budget Presentation to Committee of the Whole	February 9, 2022	Committee of the Whole Presentation
Budget Presentation	June 1, 2022	Budget for 2022/2023 Report 22068 and Full Operating and Capital Budget Report
Budget Approval	June 15, 2022	Approved Budget 2022/23 Link M22-0111
Revised Estimates	December 7, 2022	Revised Estimates 2022/23 Report 22160 and Presentation
Quarterly Financial Report for the period ending November 2022	January 11, 2023	Report 23005
Quarterly Financial Report for the period ending February 2023	March 22, 2023	Report 23048
Quarterly Financial Report for the period ending May 2023	June 21, 2023	Report 23121
Financial Statements – Audit Committee	November 9, 2023	
Financial Statements – Board Presentation and Board Approval	November 15, 2023	

2023/2024 FISCAL YEAR

Budget Development	December 7, 2022	Report 22153
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Committee of the Whole Budget Planning Presentation and Trustee Input	March 8, 2023	Committee of the Whole Budget Presentation
Budget Survey Feedback Board Report	April 19, 2023	Budget Survey Results
Release of the Grants for Student Needs Board report	May 3, 2023	Report 23076
Committee of the Whole Budget Presentations	May 10, 2023 and May 24, 2023	Committee of the Whole Budget Presentation
Draft Budget Report	June 7, 2023	Report 23091
Budget Approval	June 21, 2023	Report 23091
Revised Estimates	December 20, 2023	
Quarterly Financial Report for the period ending November 2023	January 10, 2024	
Quarterly Financial Report for the period ending February 2024	March 20, 2024	
Quarterly Financial Report for the period ending May 2024	June 24, 2024	
Financial Statements – Audit Committee	November 2024	
Financial Statements – Board Presentation and Board Approval	November 2024	