Consolidated financial statements of
Halton District School Board

August 31, 2018

Management Report

Management's responsibility for the consolidated financial statements

The accompanying consolidated financial statements of the Halton District School Board are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

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

Director of Education	Superintendent of Business Services And Treasurer
__________________________	__________________________

November 28, 2018

Deloitte.

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Independent Auditor's Report

To the Trustees of the
Halton District School Board

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
November 28, 2018

Halton District School Board

Consolidated statement of financial position

As at August 31, 2018

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

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

Approved by the Board

_____________________________________, Director of Education

_____________________________________, Chair of the Board

Halton District School Board

Consolidated statement of operations

Year ended August 31, 2018

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

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

Halton District School Board

Consolidated statement of cash flows

Year ended August 31, 2018

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

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

Halton District School Board

Consolidated statement of change in net debt

Year ended August 31, 2018

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

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

1. Significant accounting policies

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

Basis of accounting

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- government transfers, including amounts previously recognized as tax revenue, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

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

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board, including the following:

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

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

1. Significant accounting policies (continued)

Reporting entity (continued)

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

Trust funds

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

Cash and cash equivalents

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

Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

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

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

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

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as “assets held for sale” on the consolidated statement of financial position.

1. Significant accounting policies (continued)

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

Deferred capital contributions

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

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

Retirement and other future benefits

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

(a) Employee Life and Health Trusts

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

As of the end of 2017-18, the following ELHTs have been established: Elementary Teachers' Federation of Ontario (ETFO), Elementary Teachers' Federation of Ontario Education Workers (ETFO-EW), Ontario Secondary School Teachers' Federation (OSSTF), Ontario Secondary School Teachers' Federation Education Workers (OSSTF-EW), Education Workers' Alliance of Ontario (EWAO), 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 EWAO), 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.

1. Significant accounting policies (continued)

Retirement and other future benefits (continued)

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

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

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

In 2012, changes were made to the Board’s retirement gratuity plan, sick leave plan and post-retirement health and dental plan. The Board has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of self-insured retirement and other employee future benefits are actuarially determined using management’s best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management’s best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities were actuarially determined using the employee’s salary, banked sick days and years of service as at August 31, 2012 and management’s best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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

For those self-insured benefit obligations that arise from specific events that occur periodically, such as obligations for workers’ compensation, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of multi-employer defined pension benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer’s contributions due to the plan in the period.

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

Government transfers

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

1. Significant accounting policies (continued)

Government transfers (continued)

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

Investment income

Investment income is reported as revenue in the period earned.

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

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees of the Halton District School Board. The budget is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Also included is the approved budget for the Fast Track Centre for Skills Development and Training. Budget figures in the consolidated statement of change in net debt have not been provided.

Property tax revenue

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

Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. Significant estimates include employee future benefits and certain accruals.

2. Accounts receivable - Government of Ontario

The Government of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. Halton District School Board received a one-time grant that recognized capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also be entitled to yearly capital grants to support capital programs which would be reflected in this account receivable.

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

3. Temporary borrowing

The Board's banking resolutions allow aggregate borrowings to the maximum of $135 million. The Board has credit facilities available to the maximum of $85 million with a Canadian chartered bank to address operating requirements, bridge capital expenditures and education development charges outstanding. As at August 31, 2018, the amount drawn was nil (nil in 2017).

4. Other liabilities

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

5. Net long-term liabilities

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

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

5. Net long-term liabilities (continued)

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

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

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

6. Debt charges and capital loan interest

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

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

7. Deferred revenue

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

7. Deferred revenue (continued)

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

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

8. Deferred capital contributions

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

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

9. Retirement and other employee future benefits

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

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

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

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

Actuarial assumptions

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

	2018	2017
	%	%
Inflation		
Retirement gratuities	**1.50**	1.50
Healthcare cost escalation		
Dental	**3.75**	4.00
Health	**7.75**	8.00
Discount on accrued benefit obligaton		
Retirement gratuities	**2.90**	2.55
Post-retirement benefits	**2.90**	2.55

9 Retirement and other employee future benefits (continued)

Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

During the year ended August 31, 2018, the employee contributions to this plan were $44,856,684 ($45,668,244 in 2017).

Ontario Municipal Employees Retirement System

All permanent non-teaching employees of the Board are eligible to be members of Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ending August 31, 2018, the Board contributed $8,272,071 ($8,123,745 in 2017) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements, as these obligations are a direct responsibility of OMERS.

Retirement gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. As a result of the 2012 plan change, the amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012. Retirement gratuities expensed amounted to $808,452 ($858,508 in 2017).

Post-retirement benefits

The Board continues to provide post-retirement health and dental benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums are subsidized by the board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Employees retiring on or after December 15, 2020, no longer qualify for board subsidized premiums or contributions.

Other employee future benefits

Workplace Safety Insurance Board

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

9. Retirement and other employee future benefits (continued)

Other employee future benefits (continued)

Workplace Safety Insurance Board (continued)

Occurrences between $1,000,000 and $25,000,000 are insured under third party insurance coverage. The Board participates in the Workers' Compensation Assistance Program with the School Boards' Co-operative Inc. (SBCI). For an annual fee, this program provides funds to Participating Members that incur claim costs on any workers' compensation incident between $500,000 and $1,000,000. The Board is self-insured for all other occurrences. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreements negotiated prior to 2012 included such provisions.

As of August 31, 2018, these obligations, as actuarially determined, amounted to $6,959,406 ($5,974,868 in 2017) and are included in Employee Future Benefits Payable. The change in this amount from the previous year has been reflected in the statement of operations.

Long-term disability benefits

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

Sick leave top-up benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2018. This actuarial valuation is based on assumptions about future events.

10. Tangible capital assets

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

10. Tangible capital assets (continued)

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

(a) Assets under construction

Assets under construction which include construction in progress, pre-acquisition costs – land and pre-acquisition costs – building for a total value of $22,273,060 ($4,322,567 in 2017) have not been amortized. Amortization of these assets will commence when the asset is put into service.

11. Accumulated surplus

Accumulated surplus consists of the following:

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

(i) The Education Act, Part IX, Division E and Ontario Regulation 20/98 (amended by Ontario Regulation 95/02) provide requirements for determining a board’s eligibility to impose Education Development Charges (“EDC”) on new development, and the calculation of these charges. The accumulated eligible education development charge expenditures may be financed through cash and cash equivalents or temporary borrowing on the consolidated statement of financial position. Interest on education development charges outstanding amounted to $369,326 ($355,185 in 2017).

12. Expenses by object

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

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

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

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

The ultimate premiums over a five year period are based on each member of the reciprocal and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five year term expires December 31, 2021.

14. Contractual obligations and contingent liabilities

(a) The Board has the following annual lease and contract commitments over the next 5 years with respect to furniture, equipment, computer hardware and software, construction, and portables, totaling $24,754,783.

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

(b) As of August 31, 2018 the Board had guarantees outstanding of $876,436 ($1,230,217 in 2017) relating to construction projects in progress.

(c) In the normal course of operations, the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at August 31, 2018 cannot be predicted with certainty, it is in the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

15. Partnership in Halton Student Transportation Services

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

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information:

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

16. Repayment of "55 School Board Trust" funding

On June 1, 2003, the Board received $7,294,000 from The 55 School Board Trust (the "Trust") for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered with the Trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed debt of participating boards that are beneficiaries of the Trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the Trust of future provincial grants payable to the Board in respect of the not permanently financed debt.

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

17. Funds administered by the Board

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

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

18. Subsequent events

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