Consolidated financial statements of
Halton District School Board

August 31, 2020

Management Report

Management's responsibility for the consolidated financial statements

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

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

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

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

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

Director of Education

Superintendent of Business Services

And Treasurer

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November 18, 2020

Deloitte.

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Independent Auditor's Report

To the Trustees of the
Halton District School Board

Opinion

We have audited the consolidated financial statements of Halton District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2020, 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, 2020 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

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

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

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

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

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

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

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
November 18, 2020

Halton District School Board
Consolidated statement of financial position
As at August 31, 2020

	Notes	2020 $	2019 $
Financial assets			
Cash and cash equivalents		**70,238,482**	63,380,525
Accounts receivable	2	**111,228,349**	37,933,846
Accounts receivable – Government of Ontario	3	**307,484,518**	299,574,872
		488,951,349	400,889,243
Liabilities			
Accounts payable and accrued liabilities	5	**162,381,734**	79,055,128
Net long-term liabilities	6	**238,438,931**	251,171,607
Deferred revenue	8	**19,446,866**	25,206,491
Employee future benefits payable	10	**26,371,163**	25,480,652
Deferred capital contributions	9	**616,255,260**	585,920,862
		1,062,893,954	966,834,740
Net debt		**(573,942,605)**	(565,945,497)
Non-financial assets			
Prepaid expenses		**3,630,825**	3,838,316
Tangible capital assets	11	**852,433,584**	814,934,798
		856,064,409	818,773,114
Contractual obligations and contingent liabilities	15		
Accumulated surplus	12	**282,121,804**	252,827,617

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

Approved by the Board

____________________________________, Director of Education

____________________________________, Chair of the Board

	Notes	Budget $	2020 Actual $	2019 Actual $
Revenue				
Provincial grants –				
Grants for Student Needs		**696,211,092**	**693,121,596**	698,882,905
Provincial grants – other		**766,583**	**3,673,459**	9,372,806
Investment income		**1,700,000**	**1,776,391**	2,298,299
Federal grants		**420,000**	**512,536**	4,061,176
School fundraising and other revenues		**19,000,000**	**11,082,036**	20,187,393
Deferred capital contributions – grants recognized	9	**28,645,245**	**31,135,549**	29,807,211
Other fees and revenues		**21,750,697**	**25,753,037**	30,671,960
		768,493,617	**767,054,604**	795,281,750
Expenses				
Instruction		**593,696,399**	**580,103,077**	608,003,421
Administration		**17,044,774**	**16,468,447**	17,855,416
Transportation		**18,135,469**	**17,314,707**	17,344,168
Pupil accommodation		**105,444,168**	**104,369,645**	106,751,948
Other		**1,635,835**	**6,412,960**	6,616,836
School funded activities		**19,000,000**	**11,618,008**	20,098,426
Loss on disposition of Fast Track Centre for Skills, Development & Training	1	**—**	**1,473,573**	—
	13	**754,956,645**	**737,760,417**	776,670,215
Annual surplus		**13,536,972**	**29,294,187**	18,611,535
Accumulated surplus, beginning of year		**247,656,111**	**252,827,617**	234,216,082
Accumulated surplus, end of year	12	**261,193,083**	**282,121,804**	252,827,617

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

	Notes	2020 $	2019 $
Operating transactions			
Annual surplus		**29,294,187**	18,611,535
Non-cash items			
Amortization and write downs	11	**31,693,263**	30,364,961
Deferred capital contributions – grants recognized	9	**(31,135,549)**	(29,807,211)
Gain on sale of tangible capital assets			(1,879,644)
Loss on disposition of Fast Track Centre for Skills, Development & Training	1	**1,473,573**	—
Cash balance from disposition of Fast Track Centre for Skills, Development and Training	1	**(3,125,663)**	—
Net change in non-cash working capital balances			
Accounts receivable		**(73,493,168)**	688,864
Accounts receivable – Government of Ontario		**(17,053,826)**	(28,775,227)
Accounts payable and accrued liabilities		**83,898,472**	3,309,884
Deferred revenue – operating		**303,565**	(214,294)
Employee future benefits payable		**890,511**	(318,589)
Prepaid expenses		**75,435**	(3,053,019)
		22,820,800	(11,072,740)
Capital transactions			
Proceeds on sale of tangible capital assets		**—**	2,005,376
Acquisition of tangible capital assets	11	**(69,551,101)**	(59,413,371)
		(69,551,101)	(57,407,995)
Financing transactions			
Principal repayments on long-term liabilities	7	**(12,732,676)**	(12,156,749)
Additions to deferred capital contributions	9	**61,828,999**	45,319,815
Decrease in deferred revenues – capital		**(4,652,245)**	(2,870,461)
Decrease in accounts receivable – Government of Ontario		**9,144,180**	13,374,467
		53,588,258	43,667,072
Increase (decrease) in cash and cash equivalents		**6,857,957**	(24,813,663)
Cash and cash equivalents, beginning of year		**63,380,525**	88,194,188
Cash and cash equivalents, end of year		**70,238,482**	63,380,525

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, 2020

	Notes	2020 $	2019 $
Annual surplus		**29,294,187**	18,611,535
Tangible capital asset activities			
Acquisition of tangible capital assets	11	**(69,551,101)**	(59,413,371)
Net book value of tangible capital asset disposals		**—**	125,732
Amortization of tangible capital assets	11	**31,693,263**	30,136,085
Write-downs of tangible capital assets		**—**	228,876
Write-off of tangible capital assets on disposition of Fast Track Centre for Skills, Development and Training	1	**359,052**	—
		(37,498,786)	(28,922,678)
Other non-financial asset activities			
Acquisition of prepaid expenses		**(3,737,273)**	(4,411,830)
Use of prepaids		**3,812,708**	1,358,811
Write-off of prepaid expenses on disposition of Fast Track Centre for Skills, Development and Training	1	**132,056**	—
		207,491	(3,053,019)
Increase in net debt		**(7,997,108)**	(13,364,162)
Net debt, beginning of year		**(565,945,497)**	(552,581,335)
Net debt, end of year		**(573,942,605)**	(565,945,497)

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:

- 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.

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.

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

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

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

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.

1. Significant accounting policies (continued)

Tangible capital assets

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

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

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

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

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.

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.

1. Significant accounting policies (continued)

Deferred capital contributions

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

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

Retirement and other future benefits

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

(a) Employee Life and Health Trusts

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

The Board's employees belong to the following ELHTs: Elementary Teachers' Federation of Ontario (ETFO), Elementary Teachers' Federation of Ontario Education Workers (ETFO-EW), Ontario Secondary School Teachers' Federation (OSSTF), Ontario Secondary School Teachers' Federation Education Workers (OSSTF-EW), Education Workers' Alliance of Ontario (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.

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.

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

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.

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.

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 form part of the respective deferred revenue balances.

Budget figures

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

Property tax revenue

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

Use of estimates

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

2. Accounts receivable – Municipalities

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was $68,143,243 and has been included in accounts receivable on the consolidated statement of financial position. This amount will be recovered fully by the Board in the following school year.

3. Accounts receivable – Government of Ontario

Capital grants

The Government of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board was granted a one-time grant that recognized capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also be entitled to yearly capital grants to support capital programs which would be reflected in this account receivable. As at August 31, 2020, the Board has a receivable balance of $261,655,465 ($270,799,645 in 2019) with respect to this capital grant, which has been included on the consolidated statement of financial position as part of Accounts receivable – Government of Ontario.

3. Accounts receivable – Government of Ontario (continued)

Operating grants

Effective September 1, 2018, the Ministry of Education (the "Ministry") introduced a new cash management strategy. As part of the strategy, the Ministry delays the flow of part of the annual operating grant payment to school boards if the school board's adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments receivable by the Board from the Ministry as at August 31, 2020 is $45,829,053 ($28,775,227 in 2019) and has been included on the consolidated statement of financial position as part of Accounts receivable – Government of Ontario.

4. Temporary borrowing

The Board's banking resolutions allow aggregate borrowings to the maximum of $115 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, 2020, the amount drawn was nil (nil in 2019).

5. Accounts payable – Government of Ontario

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was $68,143,243 and has been included in accounts payable and accrued liabilities on the consolidated statement of financial position. This amount will be recovered by the Province of Ontario in 2021.

6. 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:

	2020 $	2019 $
Debentures		
OSBFC, Series 2003-A2, 5.800%, maturing November 2028	**14,256,984**	15,523,050
OSBFC, Series 2004-A1, 5.483%, maturing November 2029	**21,951,623**	23,672,287
OSBFC, Series 2005-A1, 4.789%, maturing August 2030	**6,549,382**	7,049,592
OFA, Bylaw 06090, 4.560%, maturing November 2031	**12,114,926**	12,900,924
OFA, Bylaw 08012, 4.900%, maturing March 2033	**25,457,954**	26,860,290
OFA, Bylaw 09037, 5.062%, maturing March 2034	**853,878**	895,691
OFA, Bylaw 09036, 5.062%, maturing March 2034	**4,618,634**	4,844,802
OFA, Bylaw 09125, 5.384%, maturing May 2034	**7,145,683**	7,480,612
OFA, Bylaw 10052, 5.232%, maturing May 2035	**9,776,543**	10,200,889
OFA, Bylaw 10107, 4.947%, maturing May 2035	**15,438,738**	16,119,662
OFA, Bylaw 11034, 4.833%, maturing March 2035	**15,185,727**	15,813,131
OFA, Bylaw 11155, 3.970%, maturing November 2036	**12,312,055**	12,831,935
OFA, Bylaw 12024, 3.564%, maturing March 2037	**15,231,740**	15,883,582
OFA, Bylaw 13030, 3.799%, maturing March 2038	**40,030,122**	41,575,159
OFA, Bylaw 13120, 4.037%, maturing October 2028	**11,158,645**	12,245,281
OFA, Bylaw 14025, 4.003%, maturing March 2039	**23,832,433**	24,668,122
OFA, Bylaw 15010, 2.993%, maturing March 9, 2040	**1,053,044**	1,091,497
OFA, Bylaw 16024, 3.242%, maturing March 15, 2041	**150,199**	155,181
OFA, Bylaw 17020, 3.594%, maturing March 14, 2042	**1,320,621**	1,359,920
Net long-term liabilities	**238,438,931**	251,171,607

Of the net long-term liabilities outstanding of $238,438,931, principal plus interest payable over the next five years and subsequent payments to maturity are as follows:

	Principal $	Interest $	Total $
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
2023/24	15,329,885	8,707,791	24,037,676
2024/25	16,060,023	7,977,653	24,037,676
Total	73,329,798	46,858,582	120,188,380
Thereafter	165,109,133	39,807,395	204,916,528
Net long-term liabilities	238,438,931	86,665,977	325,104,908

Interest payments on long-term liabilities amounted to $11,304,999 ($11,880,927 in 2019) (Note 7).

7. Debt charges and capital loan interest

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

	2020 $	2019 $
Principal payments on long-term liabilities	**12,732,676**	12,156,749
Interes t payments on long term liabilities	**11,304,999**	11,880,927
Interest payments on temporary financing of capital projects	**367,888**	361,365
	24,405,563	24,399,041

8. Deferred revenue

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

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2020 is comprised of:

	Balance as at August 31, 2019 $	Disposition of The Centre (Note 1) $	Contributions received $	Revenue recognized in the period $	Transfers to deferred capital contributions $	Balance as at August 31, 2020 $
Renewable energy-capital	93,245	—	—	—	**44,491**	**48,754**
School renewal	8,875,508	—	**10,105,764**	**2,558,642**	**7,239,261**	**9,183,369**
Special education	1,154,449	—	**95,579,822**	**95,028,984**	—	**1,705,287**
Legislative grants	827,370	—	**30,859,680**	**28,415,980**	**3,271,070**	—
Other provincial grants	451,695	**(451,695)**	**202,446**	**202,446**	—	—
Other Ministry of Education grants	605,476	—	**3,419,015**	**3,630,221**	—	**394,270**
Education development charges	—	—	**13,803,278**	**13,803,278**	—	—
Other third party	1,002,410	**(959,250)**	**2,039,232**	**2,075,299**	—	**7,093**
Proceeds (costs) of disposition	12,196,338	—	**(26,183)**	—	**4,062,062**	**8,108,093**
Total deferred revenue	25,206,491	**(1,410,945)**	**155,983,054**	**145,714,850**	**14,616,884**	**19,446,866**

9. Deferred capital contributions

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

	2020 $	2019 $
Balance, beginning of year	**585,920,862**	570,408,258
Disposition of The Centre (Note 1)	**(359,052)**	—
Net additions to deferred capital contributions	**61,828,999**	45,319,815
Deferred capital contributions – grants recognized	**(31,135,549)**	(29,807,211)
Balance, end of year	**616,255,260**	585,920,862

10. Retirement and other employee future benefits

	Retirement gratuities $	Post retirement benefits $	Workplace safety insurance board $	Sick leave top-up benefits $	2020 Total employee future benefits $	2019 Total employee future benefits $
Accrued employee future benefit obligation	**15,082,566**	**665,157**	**11,880,043**	**442,495**	**28,070,261**	27,104,959
Unamortized actuarial (losses)	**(1,674,212)**	**(24,886)**	**—**	**—**	**(1,699,098)**	(1,624,307)
Employee future benefits liability	**13,408,354**	**640,271**	**11,880,043**	**442,495**	**26,371,163**	25,480,652

The Board has designated reserves for certain of these employee future benefit obligations. The balance of these reserves totaled $1,216,211 at August 31, 2020 ($2,349,211 in 2019).

	Retirement gratuities $	Post retirement benefits $	Workplace safety insurance board $	Sick leave top-up benefits $	2020 Total employee future benefits $	2019 Total employee future benefits $
Recognition of unamortized actuarial losses (gains)	**346,685**	**—**	**—**	**(49,752)**	**296,933**	212,157
Current year benefit cost	**—**	**112,314**	**5,142,413**	**442,495**	**5,697,222**	4,257,142
Plan amendment	**—**	**—**	**—**	**—**	**—**	538,522
Interest on accrued benefit obligation	**314,250**	**11,940**	**207,416**	**—**	**533,606**	740,446
Employee future benefits expense	**660,935**	**124,254**	**5,349,829**	**392,743**	**6,527,761**	5,748,267

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

10. Retirement and other employee future benefits (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on actuarial valuations completed for accounting purposes as at August 31, 2020. 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:

	2020 **%**	2019 %
Inflation		
Retirement gratuities	**1.50**	1.50
Healthcare cost escalation		
Dental	**4.50**	3.50
Health	**7.25**	7.50
Discount on accrued benefit obligaton		
Retirement gratuities	**1.40**	2.00
Post-retirement benefits	**1.40**	2.00

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, 2020, the employee contributions to this plan were $43,377,059 ($45,112,404 in 2019).

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, 2020, the Board contributed $8,868,304 ($8,655,144 in 2019) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements, as these obligations are a direct responsibility of OMERS.

Retirement gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's Consolidated financial statements. As a result of the 2012 plan change, the amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012. Retirement of gratuities expensed amounted to $660,935 ($730,859 in 2019).

10. Retirement and other employee future benefits (continued)

Post-retirement benefits

The Board continues to provide post-retirement health and dental benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums are subsidized by the board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Employees retiring on or after 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.

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

As of August 31, 2020, these obligations, as actuarially determined, amounted to $11,880,043 ($9,068,949 in 2019) and are included in Employee future benefits payable.

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

Long-term disability salary compensation

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

Sick leave top-up benefits

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2020. This actuarial valuation is based on assumptions about future events.

11. Tangible capital assets

	Cost August 31, 2019 $	**Additions and betterments $**	**Disposals, including disposition of The Centre $**	**To/from construction in progress $**	**Cost August 31, 2020 $**
HDSB					
Land	221,172,453	**7,234,847**	**–**	**–**	**228,407,300**
Land improvements	43,549,476	**3,579,515**	**–**	**–**	**47,128,991**
Buildings (40 yrs)	805,702,916	**40,045,605**	**–**	**25,463,197**	**871,211,718**
Other buildings	112,268	**–**	**–**	**–**	**112,268**
Portable structures	7,219,093	**–**	**–**	**–**	**7,219,093**
Construction in progress	25,463,197	**14,701,875**	**–**	**(22,941,023)**	**17,224,049**
Pre-acquisition costs - land	310,601	**155,826**	**–**	**–**	**466,427**
Pre-acquisitions costs - buildings	3,118,025	**139,730**	**–**	**(2,522,174)**	**735,581**
Equipment (5 years)	449,262	**77,410**	**(121,131)**	**–**	**405,541**
Equipment (10 years)	4,394,365	**146,315**	**(716,755)**	**–**	**3,823,925**
Equipment (15 years)	1,897,221	**131,869**	**–**	**–**	**2,029,090**
First time equpping	15,769,181	**918,574**	**(3,972,164)**	**–**	**12,715,591**
Furniture	901,962	**26,511**	**(168,290)**	**–**	**760,183**
Computer hardware	10,072,769	**2,061,595**	**(4,975,518)**	**–**	**7,158,846**
Computer software	1,531,935	**–**	**(820,174)**	**–**	**711,761**
Leasehold improvements - buildings	–	**331,429**	**–**	**–**	**– 331,429**
	1,141,664,724	**69,551,101**	**(10,774,032)**	**–**	**1,200,441,793**
The Centre					
Computers	19,597	**–**	**(19,597)**	**–**	**–**
Leasehold improvements	394,912	**–**	**(394,912)**	**–**	**–**
	414,509	**–**	**(414,509)**	**–**	**–**

	Accumulated amortization Balance at August 31, 2019 $	**Amortization $**	**Disposals, including disposition of The Centre $**	**Accumulated amortization Balance at August 31, 2020 $**	**Net book value 2020 $**	Net book value 2019 $
HDSB						
Land	–	**–**	**–**	**–**	**228,407,300**	221,172,453
Land improvements	17,965,260	**3,060,662**	**–**	**21,025,922**	**26,103,069**	25,584,216
Buildings (40 yrs)	281,216,911	**24,747,314**	**–**	**305,964,225**	**565,247,493**	524,486,005
Other buildings	30,872	**5,614**	**–**	**36,486**	**75,782**	81,396
Portable structures	5,349,497	**369,408**	**–**	**5,718,905**	**1,500,188**	1,869,596
Construction in progress	–	**–**	**–**	**–**	**17,224,049**	25,463,197
Pre-acquisition costs - land	–	**–**	**–**	**–**	**466,427**	310,601
Pre-acquisitions costs - buildings	–	**–**	**–**	**–**	**735,581**	3,118,025
Equipment (5 years)	216,456	**78,820**	**(121,131)**	**174,145**	**231,396**	232,806
Equipment (10 years)	2,495,504	**392,287**	**(716,755)**	**2,171,036**	**1,652,889**	1,898,861
Equipment (15 years)	469,945	**122,154**	**–**	**592,099**	**1,436,991**	1,427,276
First time equpping	10,734,635	**1,310,310**	**(3,972,164)**	**8,072,781**	**4,642,810**	5,034,546
Furniture	401,652	**79,910**	**(168,290)**	**313,272**	**446,911**	500,310
Computer hardware	6,911,845	**1,353,749**	**(4,975,518)**	**3,290,076**	**3,868,770**	3,160,924
Computer software	1,296,401	**173,035**	**(820,174)**	**649,262**	**62,499**	235,534
Leasehold improvements - buildings	–	**–**	**–**	**–**	**331,429**	–
	327,088,978	**31,693,263**	**(10,774,032)**	**348,008,209**	**852,433,584**	814,575,746
The Centre						
Computers	7,028	**–**	**(7,028)**	**–**	**–**	12,569
Leasehold improvements	48,429	**–**	**(48,429)**	**–**	**–**	346,483
	55,457	**–**	**(55,457)**	**–**	**–**	359,052

11. 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 $18,426,057 ($28,891,823 in 2019) and leasehold improvements – building for a total value of $331,429 ($nil in 2019) have not been amortized. Amortization of these assets will commence when the asset is put into service.

12. Accumulated surplus

Accumulated surplus consists of the following

	2020 $	2019 $
Non-designated surplus	**28,933,760**	—
Amounts internally restricted for future use of the Board		
Retirement gratuities	**1,133,000**	2,349,211
Fast Track Centre for skills, development and training	**—**	1,473,573
Other operating	**10,198,566**	12,751,126
Accommodation	**29,384,263**	41,176,545
Committed capital projects and sinking fund interest	**7,304,993**	7,531,279
	48,020,822	65,281,734
Unavailable for compliance		
Employee future benefits	**(545,356)**	(4,932,970)
Interest accrual	**(3,090,210)**	(3,272,717)
	(3,635,566)	(8,205,687)
Revenue recognized for land		
Land (Note 11)	**228,407,300**	221,172,453
Pre-acquisition costs land (Note 11)	**466,427**	310,601
Education development charges outstanding (i)	**(25,372,589)**	(31,569,106)
	203,501,138	189,913,948
School generated funds	**5,301,650**	5,837,622
Total accumulated surplus	**282,121,804**	252,827,617

(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 $230,007 ($496,882 in 2019).

13. Expenses by object

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

	Budget $	2020 Actual $	2019 Actual $
Salary and wages	**514,550,523**	**507,158,886**	515,781,190
Employee benefits	**87,486,461**	**87,460,107**	89,126,700
Staff development	**3,607,568**	**4,145,171**	7,084,903
Supplies and services	**66,808,336**	**48,580,451**	64,681,376
Interest charges on capital	**12,151,513**	**11,720,387**	12,586,514
Rental expenses	**124,300**	**116,642**	169,113
Fees and contract services	**38,946,625**	**38,592,895**	38,800,271
Other	**2,077,541**	**6,819,042**	18,075,187
Amortization and write-downs of tangible capital assets	**29,203,778**	**31,693,263**	30,364,961
Loss on disposition of The Centre	**—**	**1,473,573**	—
	754,956,645	**737,760,417**	776,670,215

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

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $27 million per occurrence.

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

15. Contractual obligations and contingent liabilities

(a) The Board has the following annual lease and contract commitments over the next 5 years with respect to furniture, equipment, computer hardware and software, construction, and portables, totaling $54,559,597.

	$
2021	47,199,757
2022	1,815,556
2023	1,744,231
2024	1,617,737
2025	1,393,220
Thereafter	789,096
	54,559,597

(b) As of August 31, 2020 the Board had guarantees outstanding of $1,501,311 ($960,740 in 2019) relating to construction projects in progress.

15. Contractual obligations and contingent liabilities (continued)

(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, 2020 cannot be predicted with certainty, it is in the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

16. Partnership in Halton Student Transportation Services

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

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

The following provides condensed financial information:

	Total	**2020 Board portion**	Total	2019 Board portion
	$	**$**	$	$
Financial position				
Financial assets	**236,365**	**144,064**	110,642	68,377
Liabilities	**259,244**	**158,009**	139,424	86,164
Non-financial assets	**23,639**	**14,408**	29,542	18,257
Accumulated surplus	**760**	**463**	760	470
Operations				
Revenue	**25,765,149**	**16,873,601**	25,825,561	16,823,079
Expenses	**25,765,149**	**16,873,601**	25,825,561	16,823,079
Annual surplus	**—**	**—**	—	—

17. Repayment of "55 School Board Trust" funding

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

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

18. Funds administered by the Board

Trust funds administered by the Board amounting to $2,442,570 ($2,438,826 in 2019) have not been included in the consolidated financial statements, as they are not controlled by the Board

	Trust funds $	**Deferred leave plan** $	**2020 Total** $	2019 Total $
Opening balance at August 31, 2019	**718,159**	**1,720,667**	**2,438,826**	1,776,599
Contributions received in 2020	**1,000**	**776,786**	**777,786**	977,002
Earnings on investments in 2020	**11,347**	**12,301**	**23,648**	33,028
	730,506	**2,509,754**	**3,240,260**	2,786,629
Disbursements in 2020	**30,255**	**767,435**	**797,690**	347,803
Closing balance at August 31, 2020	**700,251**	**1,742,319**	**2,442,570**	2,438,826

19. Subsequent event

The Board of Trustees approved a budget of $22,374,945 for the construction of an elementary school in Milton, ON. In October 2020, the Board engaged a contractor for the construction of the school. As of August 31, 2020, total capital expenditures of $773,215 have been incurred in respect of this project.

20. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Board in future periods.

21. Comparative figures

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