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# Consolidated financial statements of Halton District School Board

August 31, 2022

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|  |      |
|--|------|
| Management Report                              | 1    |
| Independent Auditor's Report                   | 2-3  |
| Consolidated statement of financial position   | 4    |
| Consolidated statement of operations           | 5    |
| Consolidated statement of cash flows           | 6    |
| Consolidated statement of change in net debt   | 7    |
| Notes to the consolidated financial statements | 8-27 |

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# Management Report

## Management's responsibility for the consolidated financial statements

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

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

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

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

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

Director of Education



November 9, 2022

Superintendent of Business Services

And Treasurer



Nov 9, 2022

## 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, 2022, 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, 2022 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

### Basis for Opinion

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

### Emphasis of Matter

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

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

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

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

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

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

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

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

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

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



Chartered Professional Accountants  
Licensed Public Accountants  
November 9, 2022

**Halton District School Board**  
**Consolidated statement of financial position**  
As at August 31, 2022

|  | Notes | 2022<br>\$           | 2021<br>\$           |
|--|-------|----------------------|----------------------|
| <b>Financial assets</b>                            |       |                      |                      |
| Cash   |       | 62,427,095           | 46,687,522           |
| Temporary investments                              | 2     | 6,250,000            | —                    |
| Accounts receivable                                |       | 57,899,304           | 49,093,210           |
| Accounts receivable – Government of Ontario        | 3     | 284,233,938          | 314,288,157          |
| Portfolio investments                              | 2     | 18,750,000           | —                    |
| Assets held for sale                               | 4     | 3,725,793            | 7,825,473            |
|  |       | <b>433,286,130</b>   | <b>417,894,362</b>   |
| <b>Liabilities</b>                                 |       |                      |                      |
| Accounts payable and accrued liabilities           |       | 86,319,444           | 89,529,138           |
| Net long-term debt                                 | 6     | 211,132,689          | 225,102,396          |
| Deferred revenue                                   | 8     | 46,042,749           | 19,240,039           |
| Employee benefits payable                          | 10    | 22,322,702           | 22,940,004           |
| Deferred capital contributions                     | 9     | 680,433,755          | 653,755,236          |
|  |       | <b>1,046,251,339</b> | <b>1,010,566,813</b> |
| Net debt   |       | <b>(612,965,209)</b> | <b>(592,672,451)</b> |
| <b>Non-financial assets</b>                        |       |                      |                      |
| Prepaid expenses                                   |       | 4,175,997            | 4,023,710            |
| Tangible capital assets                            | 11    | 940,106,853          | 905,677,257          |
|  |       | <b>944,282,850</b>   | <b>909,700,967</b>   |
| Contractual obligations and contingent liabilities | 18    |                      |                      |
| <b>Accumulated surplus</b>                         | 12    | <b>331,317,641</b>   | <b>317,028,516</b>   |

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

Approved by the Board



Chair of the Board



Director of Education

**Halton District School Board**  
**Consolidated statement of operations**

Year ended August 31, 2022

|  | Notes     | Budget<br>\$       | 2022<br>Actual<br>\$ | 2021<br>Actual<br>\$ |
|--|-----------|--------------------|----------------------|----------------------|
| <b>Revenue</b>                             |           |                    |                      |                      |
| Grants for Student Needs                   | 26        |                    |                      |                      |
| Provincial legislative grants              | 13        | <b>499,977,235</b> | <b>511,142,145</b>   | 496,627,579          |
| Education property tax                     | 13        | <b>274,698,935</b> | <b>265,509,758</b>   | 265,449,181          |
| Provincial grants – other                  | 14 and 15 | <b>8,938,025</b>   | <b>30,633,574</b>    | 31,801,427           |
| School generated funds                     |           | <b>12,000,000</b>  | <b>8,243,420</b>     | 1,607,297            |
| Federal grants and fees                    |           | <b>2,001,386</b>   | <b>2,150,477</b>     | 1,430,086            |
| Investment income                          |           | <b>1,350,000</b>   | <b>1,329,192</b>     | 871,357              |
| Other fees and revenues from school boards |           | —                  | <b>849,386</b>       | 169,877              |
| Fees and revenues from other sources       |           | <b>24,323,611</b>  | <b>31,839,377</b>    | 38,207,004           |
|  |           | <b>823,289,192</b> | <b>851,697,329</b>   | 836,163,808          |
| <b>Expenses</b>                            |           |                    |                      |                      |
| Instruction                                |           | <b>639,647,034</b> | <b>641,048,762</b>   | 620,902,412          |
| Administration                             |           | <b>17,412,720</b>  | <b>17,274,447</b>    | 16,278,529           |
| Transportation                             |           | <b>19,747,951</b>  | <b>19,881,070</b>    | 19,232,179           |
| Pupil accommodation                        |           | <b>113,394,915</b> | <b>118,360,704</b>   | 108,205,051          |
| School generated funds                     |           | <b>12,000,000</b>  | <b>8,004,685</b>     | 2,916,121            |
| Other                                      |           | <b>13,736,089</b>  | <b>32,838,536</b>    | 33,722,804           |
|  | 16        | <b>815,938,709</b> | <b>837,408,204</b>   | 801,257,096          |
| Annual surplus                             |           | <b>7,350,483</b>   | <b>14,289,125</b>    | 34,906,712           |
| Accumulated surplus at beginning of year   |           | <b>317,028,516</b> | <b>317,028,516</b>   | 282,121,804          |
| <b>Accumulated surplus at end of year</b>  | 12        | <b>324,378,999</b> | <b>331,317,641</b>   | 317,028,516          |

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, 2022

|   | Notes | <b>2022</b>         | 2021         |
|---|-------|---------------------|--------------|
|   |       | <b>\$</b>           | <b>\$</b>    |
| <b>Operating transactions</b>                   |       |                     |              |
| Annual surplus                                  |       | <b>14,289,125</b>   | 34,906,712   |
| Non-cash items including                        |       |                     |              |
| Amortization and write-downs                    |       |                     |              |
| of tangible capital assets                      | 11    | <b>37,945,455</b>   | 36,714,128   |
| Deferred capital contributions revenue          | 9     | <b>(37,142,379)</b> | (35,468,614) |
| Increase in temporary investments               |       | <b>(6,250,000)</b>  | —            |
| Net change in non-cash working capital balances |       |                     |              |
| Accounts receivable - other                     |       | <b>(8,806,094)</b>  | 62,135,139   |
| Assets held for sale                            | 4     | <b>7,825,473</b>    | —            |
| Accounts receivable – delayed grant payment     | 3     | <b>13,012,150</b>   | (7,825,243)  |
| Accounts payable and accrued liabilities        |       | <b>(3,209,694)</b>  | (72,852,596) |
| Deferred revenues – operating                   | 8     | <b>909,769</b>      | 154,859      |
| Employee benefits payable                       |       | <b>(617,302)</b>    | (3,431,159)  |
| Prepaid expenses                                |       | <b>(152,287)</b>    | (392,885)    |
|   |       | <b>17,804,216</b>   | 13,940,341   |
| <b>Capital transaction</b>                      |       |                     |              |
| Cash used to acquire tangible capital assets    | 11    | <b>(76,100,844)</b> | (97,783,274) |
| <b>Investing transaction</b>                    |       |                     |              |
| Purchase of portfolio investments               |       | <b>(18,750,000)</b> | —            |
| <b>Financing transactions</b>                   |       |                     |              |
| Debt repaid                                     |       | <b>(13,969,707)</b> | (13,336,535) |
| Decrease in accounts receivable –               |       |                     |              |
| Government of Ontario - Approved capital        | 3     | <b>17,042,069</b>   | 1,021,604    |
| Net additions to deferred capital contributions | 9     | <b>63,820,898</b>   | 72,968,590   |
| Net additions to deferred revenue – capital     | 8     | <b>25,892,941</b>   | (361,686)    |
|   |       | <b>92,786,201</b>   | 60,291,973   |
| Change in cash                                  |       | <b>15,739,573</b>   | (23,550,960) |
| Opening cash                                    |       | <b>46,687,522</b>   | 70,238,482   |
| <b>Closing cash</b>                             |       | <b>62,427,095</b>   | 46,687,522   |

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, 2022

|   | Notes    | <b>2022</b>          | 2021          |
|---|----------|----------------------|---------------|
|   |          | <b>\$</b>            | <b>\$</b>     |
| <b>Annual surplus</b>                       |          | <b>14,289,125</b>    | 34,906,712    |
| <b>Tangible capital asset activities</b>    |          |                      |               |
| Acquisition of tangible capital assets      | 11       | <b>(76,100,844)</b>  | (97,783,274)  |
| Amortization of tangible capital assets     | 11       | <b>37,945,455</b>    | 36,287,929    |
| Write-downs of tangible capital assets      | 11       | —                    | 426,199       |
| Transfer to assets held for sale            | 4 and 11 | <b>3,725,793</b>     | 7,825,473     |
|   |          | <b>(34,429,596)</b>  | (53,243,673)  |
| <b>Other non-financial asset activities</b> |          |                      |               |
| Acquisition of prepaid expenses             |          | <b>(4,433,430)</b>   | (4,197,206)   |
| Use of prepaid expenses                     |          | <b>4,281,143</b>     | 3,804,321     |
|   |          | <b>(152,287)</b>     | (392,885)     |
| Change in net debt                          |          | <b>(20,292,758)</b>  | (18,729,846)  |
| Net debt at beginning of year               |          | <b>(592,672,451)</b> | (573,942,605) |
| <b>Net debt at end of year</b>              |          | <b>(612,965,209)</b> | (592,672,451) |

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

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

*Reporting entity (continued)*

- 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.

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

*Trust funds*

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

*Cash and cash equivalents*

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

*Investments*

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the Consolidated Statement of Financial Position at the lower of cost or market value.

Portfolio investments consist of investments that have maturities of more than one year. Portfolio investments are recorded at cost, and assessed regularly for permanent impairment.

*Deferred revenue*

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

*Deferred capital contributions*

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, is recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. 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
- Property taxation revenues which were historically used to fund capital assets, retirement, and other future benefits

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

### *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.

#### *(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.

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

*Retirement and other future benefits (continued)*

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

(i) (continued)

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.

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

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

*Tangible capital assets (continued)*

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

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value.

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

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

*Government transfers*

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

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

*Contributed materials*

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

*Investment income*

Investment income is reported as revenue in the period earned.

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

*Budget figures*

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

*Use of estimates*

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include employee future benefits, certain accruals, and useful lives of tangible capital assets. Actual results could differ from these estimates.

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

*Education Property tax revenue*

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

**2. Investments**

Investments consist of Guaranteed Investment Certificates (GICs). The investments are carried on the statement of financial position.

- (a) Temporary investments are comprised of a Guaranteed Investment Certificate (GIC) carried at the lower of cost or market value and are as follows:

|  | <b>Cost</b>      | <b>2022<br/>Market<br/>value</b> | Cost | 2021<br>Market<br>value |
|--|------------------|----------------------------------|------|-------------------------|
|  | \$               | \$                               | \$   | \$                      |
| Investment 0001-Temporary,<br>1.96%, maturing September 2022 | <b>6,250,000</b> | <b>6,250,000</b>                 | —    | —                       |

- (b) Portfolio investments are comprised of Guaranteed Investment Certificates (GICs) recorded at cost. These investments are assessed regularly for impairment and are written down if a permanent impairment exists. Investments consist of the following:

|  | <b>Cost</b>       | <b>2022<br/>Market<br/>value</b> | Cost | 2021<br>Market<br>value |
|--|-------------------|----------------------------------|------|-------------------------|
|  | \$                | \$                               | \$   | \$                      |
| Investment 0002 - Portfolio,<br>1.96%, maturing March 2023     | <b>6,250,000</b>  | <b>6,250,000</b>                 | —    | —                       |
| Investment 0003 - Portfolio,<br>1.96%, maturing September 2023 | <b>6,250,000</b>  | <b>6,250,000</b>                 | —    | —                       |
| Investment 0003 - Portfolio,<br>1.96%, maturing March 2024     | <b>6,250,000</b>  | <b>6,250,000</b>                 | —    | —                       |
|  | <b>18,750,000</b> | <b>18,750,000</b>                | —    | —                       |

On September 7, 2022, Investment 0001-Temporary matured with a principal value of \$6,250,000. The interest rate on this investment was 1.96% with interest earned totaling \$60,411. On September 8, 2022, the Board invested an additional \$20,000,000 in a 90-day GIC maturing on December 7, 2022. The interest rate on this investment is 4.26% per annum.

### **3. Accounts receivable – Government of Ontario**

#### *Capital grants*

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

The Board has an account receivable from the Province of Ontario of \$243,591,792 as at August 31, 2022 (\$260,633,861 in 2021) with respect to capital grants.

#### *Operating grants*

The Ministry of Education (the "Ministry") introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2022 is \$40,642,146 (\$53,654,296 in 2021).

### **4. Assets held for sale**

As of August 31, 2022, \$3,620,130 (nil in 2021) related to buildings, \$30,466 (nil in 2021) related to land improvements and \$75,197 (\$7,825,473 in 2021) related to land were recorded as assets held for sale. During the year, one property with a net book value of \$3,725,793 was reclassified from tangible capital assets to assets held for sale and one school property was sold. Net proceeds of \$28,558,637 (nil in 2021) were received on the sale of this property, which had a carrying value of \$7,825,473 (nil in 2021), resulting in a gain of \$20,733,164 (nil in 2021). \$20,773,164 of that gain was deferred for future capital asset purchases according to Ontario Regulation 193/10.

### **5. Temporary borrowing**

The Board's banking resolutions allow aggregate borrowings to the maximum of \$135 million. The Board has credit facilities available to the maximum of \$100 million with a Canadian chartered bank to address operating requirements, bridge capital expenditures and education development charges outstanding. As at August 31, 2022, the amount drawn was nil (nil in 2021).



**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2022

**6. Net long-term debt**

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

|  | <b>2022</b>        | 2021        |
|--|--------------------|-------------|
|  | <b>\$</b>          | \$          |
| Debtentures  |                    |             |
| OSBFC, Series 2003-A2, 5.800%,<br>maturing November 2028 | <b>11,496,979</b>  | 12,916,421  |
| OSBFC, Series 2004-A1, 5.483%,<br>maturing November 2029 | <b>18,218,068</b>  | 20,135,322  |
| OSBFC, Series 2005-A1, 4.789%, maturing August 2030      | <b>5,475,061</b>   | 6,024,930   |
|  | <b>35,190,108</b>  | 39,076,673  |
| OFA, Bylaw 06090, 4.560%, maturing November 2031         | <b>10,432,508</b>  | 11,292,678  |
| OFA, Bylaw 08012, 4.900%, maturing March 2033            | <b>22,441,163</b>  | 23,986,062  |
| OFA, Bylaw 09037, 5.062%, maturing March 2034            | <b>763,712</b>     | 809,921     |
| OFA, Bylaw 09036, 5.062%, maturing March 2034            | <b>4,130,923</b>   | 4,380,872   |
| OFA, Bylaw 09125, 5.384%, maturing May 2034              | <b>6,420,003</b>   | 6,792,479   |
| OFA, Bylaw 10052, 5.232%, maturing May 2035              | <b>8,859,181</b>   | 9,329,704   |
| OFA, Bylaw 10107, 4.947%, maturing May 2035              | <b>13,972,876</b>  | 14,723,712  |
| OFA, Bylaw 11034, 4.833%, maturing March 2035            | <b>13,837,352</b>  | 14,527,634  |
| OFA, Bylaw 11155, 3.970%, maturing November 2036         | <b>11,208,929</b>  | 11,771,332  |
| OFA, Bylaw 12024, 3.564%, maturing March 2037            | <b>13,856,899</b>  | 14,556,460  |
| OFA, Bylaw 13030, 3.799%, maturing March 2038            | <b>36,760,014</b>  | 38,425,831  |
| OFA, Bylaw 13120, 4.037%, maturing October 2028          | <b>8,850,637</b>   | 10,027,700  |
| OFA, Bylaw 14025, 4.003%, maturing March 2039            | <b>22,058,326</b>  | 22,962,956  |
| OFA, Bylaw 15010, 2.993%, maturing March 2040            | <b>972,624</b>     | 1,013,431   |
| OFA, Bylaw 16024, 3.242%, maturing March 2041            | <b>139,739</b>     | 145,053     |
| OFA, Bylaw 17020, 3.594%, maturing March 2042            | <b>1,237,695</b>   | 1,279,898   |
|  | <b>175,942,581</b> | 186,025,725 |
| Net long-term liabilities                                | <b>246,322,797</b> | 264,179,069 |

Of the net long-term debt outstanding of \$211,132,689, principal plus interest payable over the next five years and subsequent payments to maturity are as follows:

|                           | Principal   | Interest   | Total       |
|---------------------------|-------------|------------|-------------|
|                           | \$          | \$         | \$          |
| 2022/23                   | 14,633,648  | 9,404,028  | 24,037,676  |
| 2023/24                   | 15,329,885  | 8,707,791  | 24,037,676  |
| 2024/25                   | 16,060,023  | 7,977,653  | 24,037,676  |
| 2025/26                   | 16,825,748  | 7,211,928  | 24,037,676  |
| 2026/27                   | 17,628,833  | 6,408,843  | 24,037,676  |
| Total                     | 80,478,137  | 39,710,242 | 120,188,380 |
| Thereafter                | 130,654,552 | 26,186,625 | 156,841,177 |
| Net long-term liabilities | 211,132,689 | 65,896,868 | 277,029,557 |

Interest on long-term debt amounted to \$10,067,969 (\$10,701,141 in 2021) (Note 7).

## 7. Debt charges and capital loan interest

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

|  | <b>2022</b>       | 2021       |
|--|-------------------|------------|
|  | \$                | \$         |
| Principal payments on long-term debt                         | <b>13,969,707</b> | 13,336,535 |
| Interest payments on long-term debt                          | <b>10,067,969</b> | 10,701,141 |
| Interest payments on temporary financing of capital projects | <b>259,121</b>    | 244,822    |
|  | <b>24,296,797</b> | 24,282,498 |

## 8. Deferred revenue

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

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2022 is comprised of:

|                                       | Balance as at<br>August 31,<br>2021 | <b>Externally<br/>restricted<br/>revenue</b> | <b>Revenue<br/>recognized in<br/>the period</b> | <b>Transfers to<br/>deferred capital<br/>contributions</b> | Balance as at<br>August 31,<br>2022 |
|---------------------------------------|-------------------------------------|--|---|--|-------------------------------------|
|                                       | \$                                  | \$   | \$  | \$   | \$                                  |
| Special education                     | 1,591,859                           | <b>94,660,782</b>                            | <b>94,918,244</b>                               | —  | <b>1,334,397</b>                    |
| Legislative grants                    | 411,477                             | <b>36,423,577</b>                            | <b>32,968,005</b>                               | <b>3,448,061</b>   | <b>418,988</b>                      |
| Other provincial grants               | —                                   | <b>240,913</b>                               | <b>240,913</b>                                  | —  | —                                   |
| Other Ministry of<br>Education grants | 467,317                             | <b>17,507,895</b>                            | <b>16,481,779</b>                               | —  | <b>1,493,433</b>                    |
| School renewal                        | 9,628,551                           | <b>10,467,220</b>                            | <b>2,124,876</b>                                | <b>8,903,139</b>   | <b>9,067,756</b>                    |
| Education development<br>charges      | —                                   | <b>34,055,003</b>                            | <b>29,898,291</b>                               | —  | <b>4,156,712</b>                    |
| Other third party                     | 14,340                              | <b>5,735,514</b>                             | <b>3,895,853</b>                                | <b>1,824,099</b>   | <b>29,902</b>                       |
| Assets held for sale                  | —                                   | <b>3,505,924</b>                             | —   | —  | <b>3,505,924</b>                    |
| Proceeds (costs) of disposition       | 7,126,495                           | <b>20,769,542</b>                            | <b>33,329</b>                                   | <b>1,827,071</b>   | <b>26,035,637</b>                   |
| Total deferred revenue                | 19,240,039                          | <b>223,366,370</b>                           | <b>180,561,290</b>                              | <b>16,002,370</b>  | <b>46,042,749</b>                   |

## 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.

|   | <b>2022</b>         | 2021         |
|---|---------------------|--------------|
|   | \$                  | \$           |
| Balance, beginning of year                      | <b>653,755,236</b>  | 616,255,260  |
| Net additions to deferred capital contributions | <b>63,820,898</b>   | 72,968,590   |
| Revenue recognized in the period                | <b>(37,142,379)</b> | (35,468,614) |
| Balance, end of year                            | <b>680,433,755</b>  | 653,755,236  |

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2022

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

|  | <b>Retirement gratuities</b> | <b>Post retirement benefits</b> | <b>Work place safety insurance board</b> | <b>Sick leave top-up benefits</b> | <b>2022 Total employee future benefits</b> | <b>2021 Total employee future benefits</b> |
|--|------------------------------|---------------------------------|--|-----------------------------------|--|--|
|  | \$                           | \$                              | \$                                       | \$                                | \$   | \$   |
| Accrued employee future benefit obligation | <b>9,733,096</b>             | <b>359,293</b>                  | <b>11,167,628</b>                        | <b>854,534</b>                    | <b>22,114,551</b>                          | 24,084,189                                 |
| Unamortized actuarial (losses)             | <b>208,151</b>               | —                               | —  | —                                 | <b>208,151</b>                             | (1,144,185)                                |
| Employee future benefits liability         | <b>9,941,247</b>             | <b>359,293</b>                  | <b>11,167,628</b>                        | <b>854,534</b>                    | <b>22,322,702</b>                          | 22,940,004                                 |

  

|   | <b>Retirement gratuities</b> | <b>Post retirement benefits</b> | <b>Work place safety insurance board</b> | <b>Sick leave top-up benefits</b> | <b>2022 Total employee future benefits</b> | <b>2021 Total employee future benefits</b> |
|---|------------------------------|---------------------------------|--|-----------------------------------|--|--|
|   | \$                           | \$                              | \$                                       | \$                                | \$   | \$   |
| Recognition of unamortized actuarial losses (gains) | <b>435,233</b>               | <b>(25,685)</b>                 | —  | <b>(47,655)</b>                   | <b>361,893</b>                             | 523,657                                    |
| Current year benefit cost                           | —                            | —                               | <b>3,820,743</b>                         | <b>854,534</b>                    | <b>4,675,277</b>                           | 1,467,733                                  |
| Plan amendment                                      | —                            | —                               | —  | —                                 | —  | 98,070                                     |
| Interest on accrued benefit obligation              | <b>209,097</b>               | <b>7,635</b>                    | <b>154,222</b>                           | —                                 | <b>370,954</b>                             | 355,819                                    |
| Employee future benefits expense                    | <b>644,330</b>               | <b>(18,050)</b>                 | <b>3,974,965</b>                         | <b>806,879</b>                    | <b>5,408,124</b>                           | 2,445,279                                  |

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, 2022 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2022. These valuations take into account any plan changes and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

|   | <b>2022 %</b> | <b>2021 %</b> |
|---|---------------|---------------|
| Inflation                               |               |               |
| Retirement gratuities                   | <b>2.00</b>   | 1.50          |
| Healthcare cost escalation              |               |               |
| Dental                                  | <b>5.00</b>   | 5.00          |
| Health                                  | <b>5.00</b>   | 5.00          |
| Discount on accrued benefit obligations | <b>3.90</b>   | 1.80          |

## **10. 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, 2022, the employee contributions to this plan were \$48,228,869 (\$47,952,461 in 2021).

### *Ontario Municipal Employees Retirement System*

All non-teaching employees of the Board are eligible to be members of Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ending August 31, 2022, the Board contributed \$9,432,379 (\$9,289,349 in 2021) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements, as these obligations are a direct responsibility of OMERS.

### *Retirement gratuities*

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's Consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012. Retirement of gratuities expensed amounted to \$644,330 (\$627,176 in 2021).

### *Post-retirement benefits*

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

### *Healthcare spending account*

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

## **10. Retirement and other employee future benefits (continued)**

### *Other employee future benefits*

#### *Workplace Safety Insurance Board*

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act ("Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreements negotiated prior to 2012 included such provisions.

Occurrences between \$1,000,000 and \$25,000,000 are insured under third party insurance coverage. The Board participates in the Workers' Compensation Assistance Program with the School Boards' Co-operative Inc. (SBCI). For an annual fee, this program provides funds to Participating Members that incur claim costs on any workers' compensation incident between \$500,000 and \$1,000,000. The Board is self-insured for all other occurrences.

As of August 31, 2022, these obligations, as actuarially determined, amounted to \$11,167,628 (\$9,943,000 in 2021) and are included in Employee future benefits payable.

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

#### *Long-term disability salary compensation*

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

#### *Sick leave top-up benefits*

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit recoveries recorded in the consolidated statement of operations are \$23,584 (benefit costs of \$435,622 in 2021).

For accounting purposes, the accrued benefit obligation for the sick leave top-up is based on an actuarial assumptions about future events determined as at August 31, 2022 and is based on the average daily salary and banked sick days of employees as at August 31, 2022.

**Halton District School Board**  
**Notes to the consolidated financial statements**  
August 31, 2022

**11. Tangible capital assets**

|                                    | Cost<br>August 31,<br>2021<br>\$ | Additions<br>and<br>betterments<br>\$ | Disposals<br>\$ | To/from<br>construction<br>in progress<br>\$ | Transfer to<br>assets held<br>for sale<br>\$ | Cost<br>August 31,<br>2022<br>\$ |
|------------------------------------|----------------------------------|---------------------------------------|-----------------|--|--|----------------------------------|
| HDSB                               |                                  |                                       |                 |  |  |                                  |
| Land                               | 244,501,206                      | 7,612,452                             | —               | —  | (75,197)                                     | 252,038,461                      |
| Land improvements                  | 51,301,264                       | 10,393,043                            | —               | —  | (382,754)                                    | 61,311,553                       |
| Buildings (40 yrs)                 | 897,735,722                      | 29,811,267                            | —               | 14,580,753                                   | (11,319,850)                                 | 930,807,892                      |
| Other buildings                    | 112,268                          | —                                     | —               | —  | —  | 112,268                          |
| Portable structures                | 10,438,848                       | 1,594,292                             | (1,118,074)     | —  | —  | 10,915,066                       |
| Construction in progress           | 46,853,781                       | 19,684,683                            | —               | (14,059,294)                                 | —  | 52,479,170                       |
| Pre-acquisition costs - land       | 68,135                           | 377,669                               | —               | —  | —  | 445,804                          |
| Pre-acquisitions costs - buildings | 521,747                          | 552,001                               | —               | (521,459)                                    | —  | 552,289                          |
| Equipment (5 years)                | 761,675                          | 62,186                                | (58,660)        | —  | —  | 765,201                          |
| Equipment (10 years)               | 4,077,537                        | 730,231                               | (289,135)       | —  | —  | 4,518,633                        |
| Equipment (15 years)               | 2,068,784                        | 117,491                               | —               | —  | —  | 2,186,275                        |
| First time equipping               | 12,177,249                       | 2,257,164                             | (2,396,598)     | —  | —  | 12,037,815                       |
| Furniture                          | 759,331                          | 14,251                                | (106,554)       | —  | —  | 667,028                          |
| Computer hardware                  | 10,323,969                       | 2,894,114                             | (977,648)       | —  | —  | 12,240,435                       |
| Computer software                  | 142,025                          | —                                     | (55,619)        | —  | —  | 86,406                           |
| Leasehold improvements             |                                  |                                       |                 |  |  |                                  |
| - buildings                        | 1,511,590                        | —                                     | —               | —  | —  | 1,511,590                        |
|                                    | 1,283,355,131                    | 76,100,844                            | (5,002,288)     | —  | (11,777,801)                                 | 1,342,675,886                    |

|                                    | Accumulated<br>amortization<br>Balance at<br>August 31,<br>2021<br>\$ | Amortization<br>\$ | Disposals<br>\$ | Transfers to<br>assets held<br>for sale<br>\$ | Accumulated<br>amortization<br>Balance at<br>August 31,<br>2022<br>\$ | Net<br>book value<br>2022<br>\$ | Net<br>book value<br>2021<br>\$ |
|------------------------------------|---|--------------------|-----------------|---|---|---------------------------------|---------------------------------|
| HDSB                               |   |                    |                 |   |   |                                 |                                 |
| Land                               | —   | —                  | —               | —   | —   | 252,038,461                     | 244,501,206                     |
| Land improvements                  | 24,253,683  | 3,586,444          | —               | (352,288)                                     | 27,487,839  | 33,823,714                      | 27,047,581                      |
| Buildings (40 yrs)                 | 332,581,004   | 27,575,201         | —               | (7,699,720)                                   | 352,456,485   | 578,351,407                     | 565,154,718                     |
| Other buildings                    | 42,099  | 5,613              | —               | —   | 47,712  | 64,556                          | 70,169                          |
| Portable structures                | 5,782,092   | 541,225            | (1,118,074)     | —   | 5,205,243   | 5,709,823                       | 4,656,756                       |
| Construction in progress           | —   | —                  | —               | —   | —   | 52,479,170                      | 46,853,781                      |
| Pre-acquisition costs - land       | —   | —                  | —               | —   | —   | 445,804                         | 68,135                          |
| Pre-acquisitions costs - buildings | —   | —                  | —               | —   | —   | 552,289                         | 521,747                         |
| Equipment (5 years)                | 276,494   | 152,687            | (58,660)        | —   | 370,521   | 394,680                         | 485,181                         |
| Equipment (10 years)               | 2,339,116   | 429,808            | (289,135)       | —   | 2,479,789   | 2,038,844                       | 1,738,421                       |
| Equipment (15 years)               | 792,730   | 141,835            | —               | —   | 934,565   | 1,251,710                       | 1,276,054                       |
| First time equipping               | 7,894,097   | 1,210,753          | (2,396,598)     | —   | 6,708,252   | 5,329,563                       | 4,283,152                       |
| Furniture                          | 378,044   | 71,318             | (106,554)       | —   | 342,808   | 324,220                         | 381,287                         |
| Computer hardware                  | 2,911,984   | 3,880,886          | (977,648)       | —   | 5,815,222   | 6,425,213                       | 7,411,985                       |
| Computer software                  | 110,540   | 22,843             | (55,619)        | —   | 77,764  | 8,642                           | 31,485                          |
| Leasehold improvements             |   |                    |                 |   |   |                                 |                                 |
| - buildings                        | 315,991   | 326,842            | —               | —   | 642,833   | 868,757                         | 1,195,599                       |
|                                    | 377,677,874   | 37,945,455         | (5,002,288)     | (8,052,008)                                   | 402,569,033   | 940,106,853                     | 905,677,257                     |

(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 \$53,477,263 (\$47,443,663 in 2021) 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:

|  | <b>2022</b>        | 2021         |
|--|--------------------|--------------|
|  | <b>\$</b>          | \$           |
| Non-designated surplus                                       | <b>14,365,020</b>  | 21,879,796   |
| Amounts internally restricted<br>for future use of the Board |                    |              |
| Retirement gratuities  |                    | —            |
| Other operating  | <b>21,897,249</b>  | 24,303,321   |
| Accommodation  | <b>32,948,177</b>  | 30,948,177   |
| Committed capital projects<br>and sinking fund interest      | <b>8,050,002</b>   | 7,353,075    |
|  | <b>62,895,428</b>  | 62,604,573   |
| Unavailable for compliance                                   |                    |              |
| Employee future benefits                                     | —                  | (56,103)     |
| Interest accrual   | <b>(2,733,829)</b> | (2,900,578)  |
|  | <b>(2,733,829)</b> | (2,956,681)  |
| Revenue recognized for land                                  |                    |              |
| Land (Note 11)   | <b>252,038,461</b> | 244,501,206  |
| Pre-acquisition costs land (Note 11)                         | <b>445,804</b>     | 68,135       |
| Assets held for sale (Note 4)                                | <b>75,197</b>      | 7,825,473    |
| Education development charges outstanding (i)                | —                  | (20,886,812) |
|  | <b>252,559,462</b> | 231,508,002  |
| School generated funds                                       | <b>4,231,560</b>   | 3,992,826    |
| Total accumulated surplus                                    | <b>331,317,641</b> | 317,028,516  |

- (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 \$301 (\$44,459 in 2021).

**13. Grants for student needs**

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. Approximately 91.19% (91.14% in 2021) of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

|                               | <b>2022</b>        | 2021        |
|-------------------------------|--------------------|-------------|
|                               | \$                 | \$          |
| Provincial legislative grants | <b>511,142,145</b> | 496,627,579 |
| Education property tax        | <b>265,509,758</b> | 265,449,181 |
| Grants for student needs      | <b>776,651,903</b> | 762,076,760 |

**14. Ministry of Labour, Immigration, Training and Skills Development funding**

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

A requirement of the agreement with MLITSD is to provide audited financial statements for the funding year, including a schedule of revenue and expenses related to the agreement. The following is a breakdown of the revenue and expenses related to the Adult Non-Credit Language Training Program for the year ended August 31, 2022:

|                                    | <b>2022</b>    | 2021     |
|------------------------------------|----------------|----------|
|                                    | \$             | \$       |
| Program revenue                    |                |          |
| Funds received                     | <b>602,600</b> | 575,800  |
| Program expenses                   |                |          |
| Salaries and benefits              | <b>477,594</b> | 271,470  |
| Classroom resources                | <b>4,104</b>   | 23,018   |
| Subcontracted services             | <b>—</b>       | 224,559  |
| Cleaning, phone and other expenses | <b>17,436</b>  | 27,510   |
| Administration fee                 | <b>90,390</b>  | 42,428   |
|                                    | <b>589,524</b> | 588,985  |
| Excess of revenue over expenses    | <b>13,076</b>  | (13,185) |

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

The Board has recorded entries, both revenues and expenses associated with centrally procured in-kind transfers of personal protective equipment ("PPE") and critical supplies and equipment ("CSE") received from the Ministry of Public and Business Service Delivery ("MPBSD"). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the Board's records. The in-kind revenue recorded for these transfers is \$11,989,575 (\$9,968,705 in 2021) with expenses based on use of \$11,989,575 (\$9,968,705 in 2021) for a net impact of nil (nil in 2021).



**16. Expenses by object**

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

|   | <b>Budget</b>      | <b>2022</b>        | 2021        |
|---|--------------------|--------------------|-------------|
|   | \$                 | Actual             | Actual      |
|   |                    | \$                 | \$          |
| Salary and wages  | <b>551,129,714</b> | <b>555,300,460</b> | 542,815,851 |
| Employee benefits                                       | <b>98,608,059</b>  | <b>99,333,892</b>  | 91,858,202  |
| Staff development                                       | <b>4,353,408</b>   | <b>3,690,987</b>   | 3,191,426   |
| Supplies and services                                   | <b>59,687,042</b>  | <b>51,085,349</b>  | 38,999,898  |
| Interest charges on capital                             | <b>10,215,798</b>  | <b>10,160,642</b>  | 10,800,790  |
| Rental expenses   | <b>124,000</b>     | <b>139,566</b>     | 111,546     |
| Fees and contract services                              | <b>43,205,488</b>  | <b>45,480,893</b>  | 38,975,029  |
| Other   | <b>14,301,865</b>  | <b>34,270,960</b>  | 37,790,226  |
| Amortization and write-downs of tangible capital assets | <b>34,313,335</b>  | <b>37,945,455</b>  | 36,714,128  |
|   | <b>815,938,709</b> | <b>837,408,204</b> | 801,257,096 |

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

The 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, 2026.

**18. 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 \$34,784,906 (\$46,984,983 in 2021).

|            | \$                |
|------------|-------------------|
| 2023       | 22,921,056        |
| 2024       | 6,610,586         |
| 2025       | 2,427,290         |
| 2026       | 1,634,373         |
| 2027       | 707,973           |
| Thereafter | 483,628           |
|            | <u>34,784,906</u> |

(b) As of August 31, 2022 the Board had guarantees outstanding of \$1,465,679 (\$1,044,730 in 2021) 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, 2022 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.

**19. Partnership in Halton Student Transportation Services**

On February 10, 2009, Halton Student Transportation Services (“HSTS”) was incorporated under the *Corporations Act* of Ontario. On September 1, 2021, the Board renewed the agreement with Halton Catholic District School Board to provide common administration of student transportation in the region. This agreement, originally entered into in 2009, was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the boards. Under the agreement created at the time HSTS was established, decisions related to the financial and operating activities of HSTS are shared. No partner is in a position to exercise unilateral control.

Each board participates in the shared costs associated with this service for the transportation of their respective students through HSTS. This entity is proportionately consolidated in the Board’s consolidated financial statements whereby the Board’s pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board’s consolidated financial statements. The Board’s pro-rata share of the assets and liabilities for 2022 is 62.02% (2021 – 62.00% Inter-organizational transactions and balances have been eliminated.

The following provides condensed financial information:

|                      | <b>Total</b>      | <b>2022<br/>Board<br/>portion</b> | Total      | 2021<br>Board<br>portion |
|----------------------|-------------------|-----------------------------------|------------|--------------------------|
|                      | \$                | \$                                | \$         | \$                       |
| Financial position   |                   |                                   |            |                          |
| Financial assets     | <b>267,701</b>    | <b>166,028</b>                    | 778,985    | 482,971                  |
| Liabilities          | <b>279,796</b>    | <b>173,529</b>                    | 794,525    | 492,606                  |
| Non-financial assets | <b>12,855</b>     | <b>7,973</b>                      | 16,300     | 10,106                   |
| Accumulated surplus  | <b>760</b>        | <b>472</b>                        | 760        | 471                      |
| Operations           |                   |                                   |            |                          |
| Revenue              | <b>31,002,281</b> | <b>19,227,615</b>                 | 30,451,648 | 19,919,426               |
| Expenses             | <b>31,002,281</b> | <b>19,227,615</b>                 | 30,451,648 | 19,919,426               |
| Annual surplus       | —                 | —                                 | —          | —                        |

**20. Repayment of “55 School Board Trust” funding**

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

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

**21. Related party disclosures**

Ontario Regulation 41/10 under the Education Act requires school boards to borrow money for permanent improvements from the Ontario Financing Authority (OFA) when the initial maturity is more than one year. The OFA is a provincial agency of the Crown responsible for managing the Province's debt and issuing debt to public bodies and therefore a related party of the Board. The net long-term debt issued to the Board by the OFA in the form of debentures is \$175,942,581 as at August 31, 2022 (\$180,025,725 in 2021) as described Note 6.

**22. Funds administered by the Board**

Trust funds administered by the Board amounting to \$2,868,112 (\$2,619,014 in 2021) have not been included in the consolidated financial statements, as they are not controlled by the Board.

|                                    | <b>Trust<br/>funds<br/>\$</b> | <b>Deferred<br/>leave<br/>plan<br/>\$</b> | <b>2022<br/>Total<br/>\$</b> | 2021<br>Total<br>\$ |
|------------------------------------|-------------------------------|---|------------------------------|---------------------|
| Opening balance at August 31, 2021 | <b>675,952</b>                | <b>1,943,062</b>                          | <b>2,619,014</b>             | 2,442,570           |
| Contributions received in 2022     | <b>43,000</b>                 | <b>805,674</b>                            | <b>848,674</b>               | 649,645             |
| Earnings on investments in 2022    | <b>7,866</b>                  | <b>8,470</b>                              | <b>16,336</b>                | 4,861               |
|                                    | <b>726,818</b>                | <b>2,757,206</b>                          | <b>3,484,024</b>             | 3,097,076           |
| Disbursements in 2022              | <b>50,175</b>                 | <b>565,737</b>                            | <b>615,912</b>               | 478,062             |
| Closing balance at August 31, 2022 | <b>676,643</b>                | <b>2,191,469</b>                          | <b>2,868,112</b>             | 2,619,014           |

**23. Subsequent event**

The Board entered into an agreement effective October 28, 2022 with the Corporation of the City of Burlington to sell the former Robert Bateman High School for \$29,610,000 and to acquire a portion of land at the Burlington Central High School site for \$21,740,750. Additionally, the Board entered into a 20-year lease agreement with the Corporation of the City of Burlington to lease a portion of the space at the former Robert Bateman High School.

**24. COVID-19**

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since this time, the pandemic has had significant financial, market and social impacts, due to government imposed lockdowns and social distancing requirements. The board has experienced physical closure of schools based on public health recommendations, implemented temporary virtual schooling, implemented mandatory working from home requirements for those able to do so, and cancelled fundraising events and other programs.

The duration and ongoing impact of the COVID-19 pandemic remains unclear at this time. The full extent of the financial impact on the financial position and results of the board for future periods is not possible to reliably estimate.

## **25. Future accounting standard adoption**

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

While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments* must be implemented at the same time. The board has not adopted any new accounting standards for the year ended August 31, 2022.

- (i) Standards applicable for fiscal years beginning on or after April 1, 2022 (in effect for the board as of September 1, 2022 for the year ending August 31, 2023):

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

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

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

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

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

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

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

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

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

**26. Comparative figures**

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