

Consolidated Financial Statements

**Hamilton-Wentworth Catholic District  
School Board**

Year ended August 31, 2019



## *Independent auditor's report*

To the Board of Trustees of Hamilton-Wentworth Catholic District School Board

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### *Our opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Hamilton-Wentworth Catholic District School Board (the Board) as at August 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the consolidated financial statements.

#### **What we have audited**

The Board's consolidated financial statements comprise:

- the consolidated statement of financial position as at August 31, 2019;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of change in net debt for the year then ended; and
- the notes to consolidated financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

#### **Independence**

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Emphasis of matter- basis of accounting*

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the Board to comply with the financial reporting requirements of the Ontario Ministry of Education. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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### *Other matter*

The budget financial information of the Board for the year ended August 31, 2019 is unaudited.

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### *Responsibilities of management and those charged with governance for the consolidated financial statements*

Management is responsible for the preparation and fair presentation 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.

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### *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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario  
November 25, 2019

## Hamilton-Wentworth Catholic District School Board

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at August 31

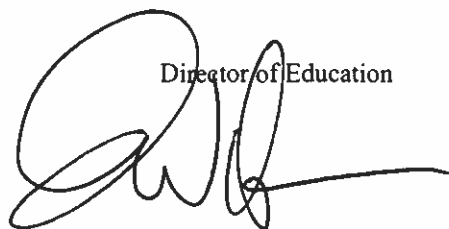
	2019 \$	2018 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	36,001,439	39,792,039
Long term investments [note 2]	-	5,142,696
Accounts receivable	12,311,143	12,077,489
Accounts receivable – Government of Ontario [note 3]	137,858,539	129,393,789
Assets held for sale [note 4]	-	530,093
<b>TOTAL FINANCIAL ASSETS</b>	<b>186,171,121</b>	<b>186,936,106</b>
<b>LIABILITIES</b>		
Temporary borrowing [note 9]	8,836,014	11,940,783
Accounts payable and accrued liabilities	23,188,647	18,985,825
Deferred revenue [note 5]	16,867,340	18,450,345
Deferred capital contributions [note 6]	326,914,693	328,662,526
Retirement and other employee future benefits [note 7]	8,665,322	7,653,655
Net long-term debt [note 8]	121,165,445	127,986,690
<b>TOTAL LIABILITIES</b>	<b>505,637,461</b>	<b>513,679,824</b>
<b>NET DEBT</b>	<b>(319,466,340)</b>	<b>(326,743,718)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	142,937	190,512
Tangible capital assets [note 14]	397,567,983	399,843,640
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>397,710,920</b>	<b>400,034,152</b>
<b>ACCUMULATED SURPLUS [note 15]</b>	<b>78,244,580</b>	<b>73,290,424</b>

Commitments and Contingencies [note 18]

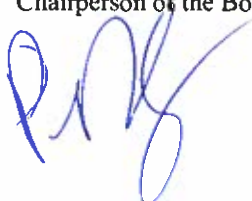
See accompanying notes

On behalf of the Board:

Director of Education



Chairperson of the Board



**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENT OF OPERATIONS**

Year ended August 31

	<b>2019</b>		<b>2018</b>
	<b>Budget</b> <i>(unaudited)</i>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
<b>REVENUES</b>			
Provincial grants-grants for student needs <sup>[note 12]</sup>	336,390,876	338,237,475	327,073,013
Provincial grants – other	6,699,794	7,242,285	8,869,350
School generated funds	9,725,000	10,469,117	10,621,927
Federal grants and fees	1,642,617	1,711,670	1,578,294
Investment income	150,000	344,284	302,052
Other fees and revenues	2,618,678	6,807,706	4,851,072
Amortization of deferred capital contributions	16,357,573	16,333,122	15,533,007
<b>TOTAL REVENUES</b>	<b>373,584,538</b>	<b>381,145,659</b>	<b>368,828,715</b>
<b>EXPENSES [note 13]</b>			
Instruction	290,309,957	290,661,989	278,472,886
Administration	10,314,192	9,857,045	9,703,971
Transportation	7,876,688	7,664,371	7,480,995
Pupil accommodation	54,628,991	56,042,657	54,720,362
School generated funds	9,528,000	10,269,676	10,459,631
Other	1,051,243	1,695,775	3,449,192
<b>TOTAL EXPENSES</b>	<b>373,709,071</b>	<b>376,191,513</b>	<b>364,287,037</b>
<b>ANNUAL (DEFICIT) SURPLUS</b>	<b>(124,533)</b>	<b>4,954,146</b>	<b>4,541,678</b>
Accumulated surplus, beginning of year	62,976,717	73,291,434	68,748,756
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>62,852,184</b>	<b>78,244,580</b>	<b>73,290,434</b>

See accompanying notes

## Hamilton-Wentworth Catholic District School Board

### CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended August 31

	2019	2018
	\$	\$
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	4,954,146	4,541,678
Sources and (uses):		
Non-cash items including		
Amortization, write downs, and gain/loss on disposal	17,054,437	16,325,151
Deferred capital contributions amortization (note 5)	(16,333,122)	(15,533,007)
Decrease (increase) in long term investments	5,142,696	(83,476)
Decrease (increase) in accounts receivable	(233,654)	1,182,119
Increase in accounts receivable – Government of Ontario	(16,386,683)	-
Decrease in accounts payable and accrued liabilities	4,202,822	1,540,567
Increase (decrease) in deferred revenue	(347,959)	1,219,769
Increase (decrease) in retirement and employee future benefits payable	1,011,667	(926,510)
Decrease (Increase) in prepaid expenses	47,575	167,332
Gain on sale of assets held for sale	(1,519,292)	-
Cash provided by (applied to) operating transactions	(2,407,367)	7,930,110
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of assets held for sale	2,049,385	26,580
Cash used to acquire tangible capital assets	(14,778,780)	(29,475,712)
Cash applied to capital transactions	(12,729,395)	(29,449,132)
<b>FINANCING TRANSACTIONS</b>		
Additions to deferred capital contributions	14,585,289	23,841,043
Decrease in temporary borrowing	(3,104,769)	(1,034,923)
Decrease in debt repaid	(6,821,245)	(9,148,786)
Increase (decrease) in deferred revenue – capital	(1,235,046)	172,030
Decrease in accounts receivable – Government of Ontario	7,921,933	15,482,604
Cash provided by financing transactions	11,346,162	29,311,968
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,790,600)</b>	<b>8,296,459</b>
Opening cash and cash equivalents	39,792,039	31,495,580
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>36,001,439</b>	<b>39,792,039</b>

*See accompanying notes*

**Hamilton-Wentworth Catholic District School Board**

**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**

Year ended August 31

	<u>2019</u>		<u>2018</u>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<i>(unaudited)</i>		
	\$	\$	\$
<b>ANNUAL (DEFICIT) SURPLUS</b>	<b>(124,533)</b>	<b>4,954,146</b>	4,541,678
<b>TANGIBLE CAPITAL ASSET ACTIVITY</b>			
Acquisition of tangible capital assets	<b>(36,616,814)</b>	<b>(14,778,780)</b>	(29,475,712)
Amortization of tangible capital assets	<b>17,018,352</b>	<b>17,010,062</b>	16,325,151
Proceeds on sale of tangible capital assets	-	-	-
Write down of tangible capital assets	-	<b>44,375</b>	-
Transfer to assets held for sale	-	-	530,093
<b>TOTAL TANGIBLE CAPITAL ASSET ACTIVITY</b>	<b>(19,598,462)</b>	<b>(2,275,657)</b>	(12,620,468)
<b>OTHER NON-FINANCIAL ASSET ACTIVITY</b>			
Use of prepaid expenses (net)	-	<b>47,575</b>	167,332
<b>TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY</b>	-	<b>47,575</b>	167,332
<b>CHANGE IN NET DEBT</b>	<b>(19,722,995)</b>	<b>(7,277,378)</b>	(7,911,458)
Net debt at beginning of year	<b>(326,743,718)</b>	<b>(326,743,718)</b>	(318,832,260)
<b>NET DEBT AT END OF YEAR</b>	<b>(346,466,713)</b>	<b>(319,466,340)</b>	(326,743,718)



# MANAGEMENT REPORT

## Management's Responsibility for the Consolidated Financial Statements

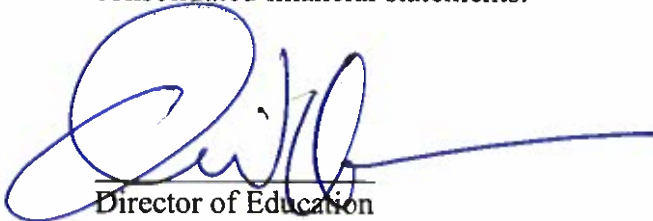
The accompanying consolidated financial statements of the Hamilton-Wentworth Catholic District School Board are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario 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 their approval of the consolidated financial statements.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, independent external auditors appointed by the Board. 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



Associate Director of Corporate Services

November 25, 2019

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Hamilton-Wentworth Catholic District School Board [the "Board"] are prepared by management in accordance with the basis of accounting described below.

##### **[a] Basis of accounting**

These 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 Consolidated Statements 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 requires that

- government transfers, 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 Statements of Operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

#### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **[b] 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.

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.

Consolidated entities:

- Hamilton-Wentworth Catholic District School Board
- School Generated Funds

Proportionately consolidated entities:

- Hamilton-Wentworth Student Transportation Services

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

##### **[c] 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.

##### **[d] Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have an original maturity term of 90 days or less.

##### **[e] Investments**

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

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

##### **[f] 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.

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

#### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **[g] 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, shall be 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
- Property taxation revenues which were historically used to fund capital assets

##### **[h] Retirement and other employee future benefits**

As part of ratified-labour collective agreements for unionized employees that bargain centrally and ratified central discussion with the principals and vice-principal associations, Employee Life and Health Trusts (ELHTs) were established for all employee groups in 2016-18. Benefits for employee groups that have transitioned to the ELHT are similar to a defined contributions plan and the Board is no longer responsible for the continuation of group benefits for employees on LTD. Since all employee groups have transitioned to the ELHT as at August 31, 2018, the liability for continuation of group benefits for employees on LTD has been eliminated. ELHTs for the following employee groups were established in 2017-18: CUPE, LIUNA, PASS and non-unionized employees including principals and vice-principals. The ELHT's provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to a school board's participate date in 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. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), additional ministry funding in the form of a Crown contribution as well as Stabilization Adjustment.

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, workers' compensation and long-term disability benefits. 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 benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are 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. 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 retirement gratuities and life

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2019

#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, long-term disability and life insurance and health care benefits for those on disability leave, 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 plan benefits, such as the Ontario Municipal Employees Retirement System ["OMERS"] pensions, are the employer's contributions due to the plan in the period; and
- [iii] The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

#### [i] 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:

<b>Asset</b>	<b>Estimated Useful Life in Years</b>
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
Other buildings	20
First-time equipping of schools	10
Furniture	10
Equipment	5-15
Computer hardware	5
Computer software	5
Vehicles	5-10
Leasehold improvements	Over the lease term

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

#### **1. SIGNIFICANT ACCOUNTING POLICIES (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 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 Statements of Financial Position.

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

#### **[j] 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, 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.

#### **[k] 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.

#### **[l] Long-term debt**

Long-term debt is recorded net of related sinking fund asset balances.

#### **[m] Budget figures**

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. 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.

#### **[n] Use of estimates**

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1[a] requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

accrued liabilities and in performing actuarial valuations of employee future benefits liabilities.

#### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Actual results could differ from those estimates.

##### **[o] 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 Legislative Grants.

#### **2. INVESTMENTS**

Long-term investments comprised of GIC \$0 (2018 - \$5,142,696) that are recorded at cost. These investments are assessed regularly for impairment and are written down if a permanent impairment exists.

#### **3. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO**

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes 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 \$121,471,856 at August 31, 2019 [2018 - \$129,393,789] as with respect to this capital grant.

On September 1, 2019, the Ministry of Education implemented a cash management strategy to help reduce the Province's borrowing costs. Under the new policy, a school board's monthly cash flows are adjusted to reflect their immediate cash needs; this need is determined through a methodology that adjusts cash flows based on the adjusted accumulated surplus and deferred revenues reported by the Board in the prior year.

A school board's funding entitlement remains the same under the GSN regulation; however, boards are required to report a receivable from the Province for the difference between their funding entitlement and actual cash flow received. For the period ending August 31, 2019, the amount included in Accounts Receivable – Government of Ontario (related to this policy) is \$16,386,683 (2018 – nil).

#### **4. ASSETS HELD FOR SALE**

As of August 31, 2019, \$0 (2018- \$530,093) related to buildings were recorded as assets held for sale. During the year, St. Helen's school property was sold. Net proceeds of \$2,049,384 were received on the sale of this property, which had a carrying value of \$530,093, resulting in a gain of

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2019

\$1,519,291. This is being deferred for future capital asset purchases according to Ontario Regulation 193/10.

#### 5. 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 Statements of Financial Position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2019 is comprised of the following:

	Balance at August 31, 2018	Externally restricted revenue and investment income	Revenue recognized during the year	Transfers to Deferred Capital Contributions	Balance at August 31, 2019
	\$	\$	\$	\$	\$
Education development charges	-	3,174,234	3,174,234	-	-
Proceeds of disposition-building	9,895,588	2,250,965	-	3,067,245	<b>9,079,308</b>
Special Education	2,163,679	41,316,951	41,137,113	-	<b>2,343,517</b>
Assets Held for Sale	530,093	(530,093)	-	-	
Green Schools Pilot	11,080				<b>11,080</b>
Other-Ministry of Education	5,076,861	22,502,163	19,940,556	3,013,842	<b>4,624,626</b>
School Renewal	755,544	4,536,509	3,062,701	1,438,043	<b>791,309</b>
School Condition Improvement		-	-	-	-
Other Third Party	-	-	-	-	-
School Generated Funds	17,500	114,035	-	114,035	<b>17,500</b>
<b>Total deferred revenue</b>	<b>18,450,345</b>	<b>73,364,764</b>	<b>67,314,604</b>	<b>7,633,165</b>	<b>16,867,340</b>

#### 6. 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.



**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

	2019 \$	2018 \$
Balance, beginning of the year	328,662,526	320,354,491
Additions to deferred capital contributions	14,629,664	24,913,984
Revenue recognized in the period	(16,333,122)	(15,533,007)
In year capital adjustment	(44,375)	(542,849)
Transfers to deferred revenue	-	(530,093)
<b>Balance, end of the year</b>	<b>326,914,693</b>	<b>328,662,526</b>

**7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS**

Retirement and other employee future benefit liabilities are as follows:

	2019			2018
	Retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$	Total employee future benefits \$
Accrued employee future benefit obligation at August 31	\$4,798,955	\$4,577,243	\$9,376,198	7,952,983
Unamortized actuarial gain (loss) at August 31	(710,876)	-	(710,876)	(299,328)
<b>Employee future benefits liability</b>	<b>\$4,088,079</b>	<b>\$4,577,243</b>	<b>\$8,665,322</b>	<b>7,653,655</b>

Retirement and other employee future benefit expenses are as follows:

	2019			2018
	Retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$	Total employee future benefits \$
Current year benefit cost	-	\$2,417,635	\$2,417,635	(117,439)
Interest on accrued benefit obligation	\$128,499	106,589	235,088	211,090
Benefit Payments	(432,349)	(1,301,934)	(1,734,283)	(1,142,831)
Change due to plan curtailment	-	-	-	-
Recognition of unamortized actuarial (gain) losses on plan amendments /curtailments	44,113	49,114	93,227	122,670
<b>Employee future benefits change <sup>1</sup></b>	<b>(259,737)</b>	<b>1,271,404</b>	<b>1,011,667</b>	<b>(926,510)</b>

<sup>1</sup> Excluding pension contributions to OMERS, a multi-employer pension plan, described above.

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2019

#### Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2019 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2019 and based on updated average daily salary and banked sick days as at August 31, 2019. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2019 %	2018 %
Inflation	1.5	1.5
Wage and salary escalation	-	-
Dental insurance cost escalation (decreasing 0.25% per annum until 3% is reached)	3.50	3.75
Health insurance cost escalation (decreasing 0.25% per annum until 4% is reached)	7.50	7.75
Discount on accrued benefit obligations	2.00	2.90

#### Retirement benefits

##### [i] Ontario Teachers' Pension Plan (OMERS)

Teachers and related employee groups are eligible to be members of the 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.

##### [ii] Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2019, the Board contributed \$5,418,136 [2018 - \$5,247,496] 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.

##### [iii] 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.

##### [iv] Retirement life insurance and health care benefits

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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The Board continues to provide life insurance and dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age.

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.

Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions.

#### **Other employee future benefits**

[i] Workplace Safety and Insurance Board ["WSIB"] obligations

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act [the "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. Plan changes made in 2012 requires school boards to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and

Insurance Board, where the previously negotiated collective agreement included such provision.

A reserve for WSIB has been established by the Board with a balance of \$556,794 [2018-\$556,794] as at August 31, 2019. The Board has also contracted with an insurer for coverage of claims paid in excess of \$500,000 per employee accident.

[ii] Long-term disability life insurance and health care benefits

The Board provides life insurance and dental and health care benefits to employees on long-term disability leave. The Board is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. The Board provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leaves are fully insured and not included in this plan.

[iii] 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 costs expensed in the financial statements are \$279,982 (2018 - \$257,182).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2019 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2019.

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2019

#### 8. NET LONG-TERM DEBT

Debenture debt, capital loans and leases reported on the Consolidated Statements of Financial Position consists of the following:

	2019	2018
	\$	\$
Debentures bearing interest at 7.20%, maturing June 9, 2025	4,560,560	5,149,655
Debentures bearing interest at 6.55%, maturing October 26, 2026	1,878,263	2,066,884
Debentures bearing interest at 5.90%, maturing October 11, 2027	11,380,618	12,386,267
Debentures bearing interest at 5.80%, maturing November 7, 2028	6,289,943	6,774,445
Debentures bearing interest at 5.483%, maturing November 26, 2029	4,968,258	5,310,370
Debentures bearing interest at 4.789%, maturing August 8, 2030	5,557,770	5,933,898
Debentures bearing interest at 4.56% maturing November 15, 2031	5,075,318	5,370,903
Debentures bearing interest at 4.90% maturing March 3, 2033	2,132,195	2,238,254
Debentures bearing interest at 5.062% maturing March 13, 2034	1,305,736	1,363,719
Debentures bearing interest at 5.232% maturing April 13, 2035	2,084,774	2,167,133
Debentures bearing interest at 3.942% maturing September 19, 2025	4,240,927	4,818,303
Debentures bearing interest at 4.833% maturing March 11, 2036	1,071,336	1,111,860
Debentures bearing interest at 3.97% maturing November 15, 2036	8,643,469	8,980,156
Debentures bearing interest at 2.425% maturing November 15, 2021	273,887	378,904
Debentures bearing interest at 3.97 % maturing November 15, 2036	1,179,388	1,225,328
Debentures bearing interest at 2.738% maturing November 15, 2021	107,176	148,048
Debentures bearing interest at 3.564% maturing March 9, 2035	8,538,008	8,876,234
Debentures bearing interest at 3.799% maturing March 19, 2038	22,451,507	23,255,046
Debentures bearing interest at 4.003% maturing March 11, 2039	836,118	863,343
Debenture bearing interest at 2.993% maturing March 9, 2040	28,590,194	29,567,940
Balance as at August 31	<b>121,165,445</b>	<b>127,986,690</b>

On June 9, 2000, the Board participated in the issuance of 7.20% debentures by the Ontario

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

School Boards Financing Corporation [the "OSBFC"] maturing June 9, 2025. The principal amount of \$10,937,000 will be repaid in blended payments of interest and principal of \$474,727 twice a year.

On October 19, 2001, the Board participated in the issuance of 6.55% fully amortizing debentures by the OSBFC, maturing October 19, 2026. The principal amount of \$3,921,946 will be repaid in blended payments of interest and principal of \$160,482 twice a year.

Also on October 11, 2002, the Board participated in the issuance of 5.90% fully amortizing debentures by the OSBFC, maturing October 11, 2027. The principal amount of \$22,362,870 will be repaid in blended payments of interest and principal of \$860,910 twice a year.

Also on November 7, 2003, the Board participated in the issuance of 5.80% fully amortizing debentures by the OSBFC, maturing November 7, 2028. The principal amount of \$11,414,600 will be repaid in blended payments of interest and principal of \$435,247 twice a year.

On November 26, 2004, the Board participated in the issuance of 5.483% fully amortizing debentures by the OSBFC, maturing on November 26, 2029. The principal amount of \$8,500,000 will be repaid in blended payments of interest and principal of \$314,327 twice a year.

On August 8, 2005, the Board participated in the issuance of 4.789% fully amortizing debentures by the OSBFC, maturing August 8, 2030. The principal amount of \$9,500,000 will be repaid in blended payments of interest and principal of \$327,926 twice a year.

On November 15, 2006, the Board participated in the issuance of 4.56% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2031. The principal amount of \$7,963,970 will be repaid in blended payments of interest and principal of \$268,583 twice a year.

In March 2008, the Board participated in the issuance of 4.90% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 3, 2033. The principal amount of \$3,058,800 will be repaid in blended payments of interest and principal of \$107,225 twice a year.

In March 2009, the Board participated in the issuance of 5.062% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 13, 2034. The principal amount of \$1,773,547 will be repaid in blended payments of interest and principal of \$63,145 twice a year.

In April 2010, the Board participated in the issuance of 5.232% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on April 13, 2035. The principal amount of \$2,693,005 will be repaid in blended payments of interest and principal of \$97,340 twice a year.

On September 20, 2010, the Board participated in the issuance of 3.942% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on September 19, 2025. The principal payment amount of \$8,499,511 will be repaid in blended payments of interest and principal of \$380,839 twice a year.

On March 11, 2011, the Board participated in the issuance of 4.833% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 11, 2036. The principal payment amount of \$1,347,274 will be repaid in blended payments of interest and principal of \$46,888 twice a year.

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2019

On November 25, 2011, the Board participated in the issuance of 3.97% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2036. The principal amount of \$10,744,573 will be repaid in blended payments of interest and principal of \$344,945 twice a year.

On October 14, 2011, the Board participated in the issuance of 2.425% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2021. The principal amount of \$1,003,139 will be repaid in blended payments of interest and principal of \$56,786 twice a year.

On November 25, 2011, the Board participated in the issuance of 3.97% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2036. The principal amount of \$1,466,079 will be repaid in blended payments of interest and principal of \$47,067 twice a year.

On November 25, 2011, the Board participated in the issuance of 2.738% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on November 15, 2021. The principal amount of \$371,252 will be repaid in blended payments of interest and principal of \$22,323 twice a year.

On March 9, 2012, the Board participated in the issuance of 3.564% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 9, 2037. The principal amount of \$10,672,839 will be repaid in blended payments of interest and principal of \$325,794 twice a year.

On March 20, 2013, the Board participated in the issuance of 3.799% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 19, 2038. The principal amount of \$26,848,889 will be repaid in blended payments of interest and principal of \$839,719 twice a year.

On March 12, 2014, the Board participated in the issuance of 4.003% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 11, 2039. The principal amount of \$962,066 will be repaid in blended payments of interest and principal of \$30,757 twice a year.

On March 11, 2015, the Board participated in the issuance of 2.993% fully amortizing debentures by the OFA (Ontario Financing Authority), maturing on March 9, 2040. The principal amount of \$32,332,789 will be repaid in blended payments of interest and principal of \$927,727 twice a year.

Principal and interest payments relating to net debenture debt, capital loans and leases of \$163,125,022 outstanding at August 31, 2019 are due as follows:

	Principal \$	Interest \$	Total \$
2019/2020	7,146,729	5,118,790	12,265,519
2020/2021	7,488,983	4,776,535	12,265,518
2021/2022	7,769,821	4,432,347	12,202,168
2022/2023	8,066,336	4,057,199	12,123,535
2023/2024	8,460,582	3,663,442	12,124,024
Thereafter	82,232,994	19,911,268	102,144,258
Net long-term debt	121,165,445	41,959,581	163,125,022

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2019

#### 9. TEMPORARY BORROWING

The Board has a banker's acceptance facility available to the maximum of \$11,940,783 for the purpose of bridge financing site purchases.

As at August 31, 2019, the amount drawn under the bankers' acceptance facility was \$8,836,014 (2018 – \$11,940,783) at a rate of 2.70% (2018 – 2.70%)

#### 10. DEBT CHARGES AND CAPITAL LOANS AND LEASES INTEREST

The expense for debt charges, capital loans and leases interest includes principal, and interest payments are as follows:

	2019	2018
	\$	\$
Principal payments on long-term liabilities	6,821,245	9,148,786
Interest payments on long-term liabilities and temporary borrowings	5,444,274	5,681,045
	<b>12,265,518</b>	<b>14,829,831</b>

#### 11. SHORT-TERM CREDIT FACILITY

The Board has an authorized demand operating line of credit totaling \$25,000,000, of which \$5,000,000 is authorized solely for letters of credit. At August 31, 2019, \$367,758 [2018 - \$467,759] of this line was utilized by letters of credit. The lines of credit bear interest at a fixed rate of 1.0%.

#### 12. PROVINCIAL GRANTS – GRANTS FOR STUDENT NEEDS

As a result of the adoption of PS 3510, property tax revenue will be included in provincial grants. The breakdown between provincial grants for student needs and local tax revenue is as follows:

	2019	2018
	\$	\$
Provincial Grants – Grants for Student Needs	281,449,730	271,731,873
Local Taxation	56,787,745	55,341,140
	<b>338,237,475</b>	<b>327,073,013</b>

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2019

#### 13. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the Consolidated Statements of Operations by object:

	<b>2019</b>		<u>2018</u>
	<b>Budget</b> <i>(unaudited)</i>	<b>Actual</b>	Actual
	\$	\$	\$
<b>EXPENSES</b>			
Salary and wages	257,717,453	<b>256,897,080</b>	250,514,917
Employee benefits	43,543,222	<b>45,271,528</b>	38,986,154
Staff development	1,600,214	<b>691,029</b>	1,040,059
Supplies and services	41,836,244	<b>32,035,825</b>	39,075,006
Interest	5,350,383	<b>5,353,909</b>	5,681,405
Rental expenses	347,697	<b>833,781</b>	476,871
Fees and contract services	4,803,763	<b>15,650,668</b>	7,920,809
Other	1,491,743	<b>2,403,256</b>	4,266,665
Amortization of tangible capital assets	17,018,352	<b>17,054,437</b>	16,325,151
	<b>373,709,071</b>	<b>376,191,513</b>	364,287,037

#### 14. TANGIBLE CAPITAL ASSETS

##### Cost

	Balance at August 31, 2018	Additions and Transfers	Disposals	Balance at August 31, 2019
	\$	\$	\$	\$
Land	58,563,225	149,116	-	<b>58,712,341</b>
Land improvements	15,161,136	1,000,396	-	<b>16,161,532</b>
Buildings	468,735,861	11,394,103	-	<b>480,129,964</b>
Portable structures	11,914,015	-	-	<b>11,914,015</b>
Construction in progress	782,370	(319,835)	(44,375)	<b>418,160</b>
First time equipping	10,465,605	27,828	-	<b>10,493,433</b>
Furniture and equipment	2,471,089	420,602	-	<b>2,891,691</b>
Computer hardware	4,507,839	1,738,647	(1,053,977)	<b>5,192,509</b>
Computer software	444,752	175,085	-	<b>619,837</b>
Capital leases	307,355	-	-	<b>307,355</b>
Leasehold improvements	7,589,280	192,838	-	<b>7,782,118</b>
	<b>580,942,527</b>	<b>14,778,780</b>	<b>(1,098,352)</b>	<b>594,622,955</b>



**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

**14. TANGIBLE CAPITAL ASSETS**

**Accumulated amortization**

	Balance at August 31, 2018 \$	Amortization \$	Disposals Write Offs and Adjustments \$	Balance at August 31, 2019 \$
Land improvements	3,877,136	1,030,847	-	<b>4,907,983</b>
Buildings	152,740,583	13,637,560	-	<b>166,378,143</b>
Portable structures	9,239,712	414,895	-	<b>9,654,607</b>
Construction in progress	-	-	-	-
First time equipping	8,136,795	432,399	-	<b>8,569,194</b>
Furniture and equipment	1,627,496	210,042	-	<b>1,837,538</b>
Computer hardware	2,128,748	970,035	(1,053,977)	<b>2,074,806</b>
Computer software	104,519	106,458	-	<b>210,977</b>
Capital leases	171,325	15,368	-	<b>186,693</b>
Leasehold improvements	3,042,573	192,458	-	<b>3,235,031</b>
	<b>181,098,887</b>	<b>17,010,062</b>	<b>(1,053,977)</b>	<b>197,054,972</b>

**Net book value**

	Balance at August 31, 2019 \$	Balance at August 31, 2018 \$
Land	<b>58,712,341</b>	58,563,225
Land improvements	<b>11,253,549</b>	11,284,000
Buildings	<b>313,751,821</b>	315,995,278
Portable structures	<b>2,259,408</b>	2,674,303
Construction in progress	<b>418,160</b>	782,370
First time equipping	<b>1,924,239</b>	2,328,810
Furniture and equipment	<b>1,054,153</b>	843,593
Computer hardware	<b>3,117,703</b>	2,349,091
Computer software	<b>408,860</b>	340,233
Capital leases	<b>120,662</b>	136,030
Leasehold improvements	<b>4,547,087</b>	4,546,707
	<b>397,567,983</b>	399,843,640

[i] Assets under construction

Assets under construction having a value of \$418,160 (2018 - \$782,370) have not been amortized. Amortization of these assets will commence when the asset is put into service.

[ii] Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$44,375 (2018 - \$0).

## Hamilton-Wentworth Catholic District School Board

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2019

#### 15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Unappropriated	9,815,209	7,479,629
Amounts internally restricted for future use of the Board:		
Retirement gratuities	1,056,882	1,056,882
WSIB	556,794	556,794
Snow cleaning	752,067	752,067
Operating commitments	2,561,360	2,561,360
Employee future benefits plan changes	300,000	300,000
Unsupported debenture 2005-A1	951,020	951,020
Other operating needs	3,859,400	3,859,400
Sinking fund interest	147,301	158,213
Committed capital projects	8,618,270	9,049,076
Permanent improvements	1,412,206	1,412,206
Amounts to be recovered		
Employee future benefits liability	(2,235,116)	(2,235,116)
Interest accrual	(1,516,761)	(1,609,423)
Other		
School generated funds	2,728,440	2,528,999
Revenues recognized for land	49,237,508	46,469,327
	<b>78,244,580</b>	<b>73,290,434</b>

#### 16. TRUST FUND

The Board has an interest in a trust, the income of which is to be used for scholarships. At August 31, 2019, funds held in trust by the Board were \$223,900 [2018 - \$225,061]. This amount is not reflected in the consolidated financial statements.

#### 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 \$24,000,000 per occurrence.

The ultimate premiums over a five-year period are based on the reciprocals 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.

**Hamilton-Wentworth Catholic District School Board**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

**18. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES**

**Commitments**

[i] Operating lease commitments

The Board leases office and automotive equipment under long-term operating leases with various terms and expiration dates. The Board also has leases in place for classroom space and portable classrooms.

The future minimum annual payments required under the leases, excluding any renewals, over the next four years are as follows:

	\$
2020	459,589
2021	459,589
2022	405,354
2023	379,783
Thereafter	-

## **Hamilton-Wentworth Catholic District School Board**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2019

[ii] Contractual obligations

The Board enters into contracts for the construction of education facilities. As at August 31, 2019, contractual obligations relating to contracts in progress are approximately \$468,600 [2018 - \$557,538].

#### **Contingencies**

The Board is involved from time to time in litigation, which arises in the normal course of operations. In respect of any outstanding claims, the Board believes that insurance coverage is adequate and that it has valid defences.

#### **19. CONTRACTUAL RIGHTS AND CONTINGENT ASSETS**

Estimated amounts from contracts which will be received or receivable in 2019/2020 is \$744,012.

#### **20. PARTNERSHIP IN HAMILTON-WENTWORTH STUDENT TRANSPORTATION SERVICES, A TRANSPORTATION CONSORTIUM**

On May 31, 2009, the Board entered into an agreement with the Hamilton-Wentworth District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the Hamilton-Wentworth Student Transportation Services are shared and no partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements to reflect the Board's portion of costs incurred. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

The Hamilton-Wentworth District School Board does not control any assets of Hamilton-Wentworth Student Transportation Services. The Board has recorded its shares of revenue and expenses in the Consolidated Statements of Operations.

#### **21. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING**

On June 1, 2003, the Board received \$1,051,243 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who 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 NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.