

Consolidated Financial Statements

**Hamilton-Wentworth Catholic District
School Board**

Year ended August 31, 2020



Independent auditor's report

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

Our opinion

In our opinion, the accompanying consolidated financial statements of Hamilton-Wentworth Catholic District School Board (the Board) as at August 31, 2020 and for the year then ended are prepared, in all material respects, 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, 2020;
- 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 the consolidated financial statements, which include a summary of significant accounting policies.

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.

PricewaterhouseCoopers LLP
465 Richmond Street, Suite 400, London, Ontario, Canada N6A 5P4
T: +1 519 640 8000, F: +1 519 640 8015

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Emphasis of matter – basis of accounting

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

Other matter

The budget financial information of the Board as shown in the consolidated financial statements is unaudited.

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 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.
- 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 23, 2020

Hamilton-Wentworth Catholic District School Board

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at August 31

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	28,583,247	36,001,439
Accounts receivable <i>[note 2]</i>	29,528,963	12,311,143
Accounts receivable – Government of Ontario <i>[note 3]</i>	137,517,171	137,858,539
TOTAL FINANCIAL ASSETS	195,629,381	186,171,121
LIABILITIES		
Temporary borrowing <i>[note 9]</i>	-	8,836,014
Accounts payable and accrued liabilities <i>[note 4]</i>	40,002,790	23,188,647
Deferred revenue <i>[note 5]</i>	16,312,133	16,867,340
Deferred capital contributions <i>[note 6]</i>	332,017,214	326,914,693
Retirement and other employee future benefits <i>[note 7]</i>	10,823,109	8,665,322
Net long-term debt <i>[note 8]</i>	114,018,717	121,165,445
TOTAL LIABILITIES	513,173,963	505,637,461
NET DEBT	(317,544,582)	(319,466,340)
NON-FINANCIAL ASSETS		
Inventory Supplies	308,377	
Prepaid expenses	219,662	142,937
Tangible capital assets <i>[note 14]</i>	402,001,593	397,567,983
TOTAL NON-FINANCIAL ASSETS	402,529,632	397,710,920
ACCUMULATED SURPLUS <i>[note 15]</i>	84,985,050	78,244,580

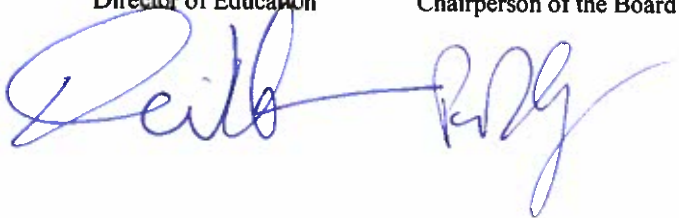
Commitments and Contingencies *[note 18]*

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

	<u>2020</u>		<u>2019</u>
	<u>Budget</u> <i>(unaudited)</i>	<u>Actual</u>	<u>Actual</u>
	\$	\$	\$
REVENUES			
Provincial grants-grants for student needs ^[note 12]	334,055,110	335,754,227	338,237,475
Provincial grants – other	3,686,850	5,826,382	7,242,285
School generated funds	10,290,000	6,485,652	10,469,117
Federal grants and fees	1,642,617	1,643,496	1,711,670
Investment income	125,000	174,444	344,284
Other fees and revenues	2,420,552	5,900,076	6,807,706
Amortization of deferred capital contributions	16,139,386	17,124,598	16,333,122
TOTAL REVENUES	368,359,515	372,908,875	381,145,659
EXPENSES [note 13]			
Instruction	284,472,917	286,244,647	290,661,989
Administration	9,867,398	9,980,427	9,857,045
Transportation	8,111,251	7,641,289	7,664,371
Pupil accommodation	54,463,061	54,469,242	56,042,657
School generated funds	10,095,000	6,450,861	10,269,676
Other	1,051,243	1,381,939	1,695,775
TOTAL EXPENSES	368,060,870	366,168,405	376,191,513
ANNUAL SURPLUS	298,645	6,740,470	4,954,146
Accumulated surplus, beginning of year	72,844,764	78,244,580	73,290,434
ACCUMULATED SURPLUS, END OF YEAR	73,143,409	84,985,050	78,244,580

See accompanying notes

Hamilton-Wentworth Catholic District School Board

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended August 31

	2020	2019
	\$	\$
OPERATING TRANSACTIONS		
Annual surplus	6,740,470	4,954,146
Sources and (uses):		
Non-cash items including		
Amortization, write downs, and gain/loss on disposal	18,182,600	17,054,437
Deferred capital contributions amortization <i>[note 6]</i>	(17,124,598)	(16,333,122)
Deferred capital contributions write-off recovery	(381,062)	-
Decrease (increase) in long term investments	-	5,142,696
(increase) in accounts receivable	(17,217,820)	(233,654)
Increase in accounts receivable – Government of Ontario	(3,901,550)	(16,386,683)
Decrease in accounts payable and accrued liabilities	16,814,143	4,202,822
Increase (decrease) in deferred revenue	317,197	(347,959)
Increase in retirement and employee future benefits payable	2,157,787	1,011,667
(Increase) Decrease in inventory supplies	(308,377)	-
(Increase) Decrease in prepaid expenses	(76,725)	47,575
Gain on sale of assets held for sale	-	(1,519,292)
Cash provided by (applied to) operating transactions	5,202,065	(2,407,367)
CAPITAL TRANSACTIONS		
Proceeds on sale of assets held for sale	-	2,049,384
Cash used to acquire tangible capital assets	(22,616,210)	(14,778,780)
Cash applied to capital transactions	(22,616,210)	(12,729,395)
FINANCING TRANSACTIONS		
Additions to deferred capital contributions	22,608,181	14,585,289
Decrease in temporary borrowing	(8,836,014)	(3,104,769)
Decrease in debt repaid	(7,146,728)	(6,821,245)
(Decrease) in deferred revenue – capital	(872,404)	(1,235,046)
Decrease in accounts receivable – Government of Ontario	4,242,918	7,921,933
Cash provided by financing transactions	9,995,953	11,346,162
CHANGE IN CASH AND CASH EQUIVALENTS	(7,418,192)	(3,790,600)
Opening cash and cash equivalents	36,001,439	39,792,039
CLOSING CASH AND CASH EQUIVALENTS	28,583,247	36,001,439

See accompanying notes

Hamilton-Wentworth Catholic District School Board

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

Year ended August 31

	<u>2020</u>		<u>2019</u>
	<u>Budget</u> <i>(unaudited)</i> \$	<u>Actual</u> \$	<u>Actual</u> \$
ANNUAL (DEFICIT) SURPLUS	298,645	6,740,470	4,954,146
TANGIBLE CAPITAL ASSET ACTIVITY			
Acquisition of tangible capital assets	(23,261,914)	(22,616,210)	(14,778,780)
Amortization of tangible capital assets	16,820,275	17,801,538	17,010,062
Proceeds on sale of tangible capital assets	-	-	-
Write down of tangible capital assets	-	381,062	44,375
Transfer to assets held for sale	-	-	-
TOTAL TANGIBLE CAPITAL ASSET ACTIVITY	(6,441,639)	(4,433,610)	(2,275,657)
OTHER NON-FINANCIAL ASSET ACTIVITY			
Acquisition of supplies inventory (Increase)	-	(308,377)	-
Use of prepaid expenses (Increase)/Decrease	-	(76,725)	47,575
TOTAL OTHER NON-FINANCIAL ASSET ACTIVITY -	-	(385,102)	47,575
CHANGE IN NET DEBT	(6,142,994)	1,921,758	(7,277,378)
Net debt at beginning of year	(319,466,340)	(319,466,340)	(326,743,718)
NET DEBT AT END OF YEAR	(325,609,334)	(317,544,582)	(319,466,340)

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 23, 2020

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

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, 2020

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, 2020

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, 2020

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:

Asset	Estimated Useful Life in Years
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, 2020

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, 2020

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. ACCOUNTS RECEIVABLE – MUNICIPALITIES

As a response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$14,860,623 (2019 \$0) and has been included in accounts receivable on the statement of financial position. This amount will be recovered fully by the Board in the following school year.

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 \$117,228,938 at August 31, 2020 [2019 - \$121,471,856] 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, 2020, the amount included in Accounts Receivable – Government of Ontario (related to this policy) is \$20,288,233 (2019 – \$16,386,683).

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

4. ACCOUNTS PAYABLE – GOVERNMENT OF ONTARIO

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$14,098,956 (2019 \$0). This amount will be recovered by the Province in 2021.

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, 2020 is comprised of the following:

	Balance at August 31, 2019	Externally restricted revenue and investment income	Revenue recognized during the year	Transfers to Deferred Capital Contributions	Balance at August 31, 2020
	\$	\$	\$	\$	\$
Education development charges	-	3,488,519	3,488,519	-	-
Proceeds of disposition-building	9,079,308	155,424	-	-	9,234,732
Special Education	2,343,517	1,072,068	1,114,188	-	2,301,397
Green Schools Pilot	11,080	-	-	-	11,080
Other-Ministry of Education	4,624,626	60,030,659	56,920,554	3,205,454	4,529,277
School Renewal	791,309	4,612,120	2,235,777	2,949,505	218,147
School Generated Funds	17,500	53,593	-	53,593	17,500
Total deferred revenue	16,867,340	69,412,383	63,759,038	6,208,552	16,312,133

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

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.

	2020	2019
	\$	\$
Balance, beginning of the year	326,914,693	328,662,526
Additions to deferred capital contributions	22,608,181	14,629,664
Revenue recognized in the period	(17,124,598)	(16,333,122)
In year capital adjustment	(381,062)	(44,375)
Balance, end of the year	332,017,214	326,914,693

7. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and other employee future benefit liabilities are as follows:

	2020		2019
	Retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$
Accrued employee future benefit obligation at August 31	4,881,368	6,717,962	11,599,330
Unamortized actuarial (loss) at August 31	(776,221)	-	(776,221)
Employee future benefits liability	4,105,147	6,717,962	10,823,109

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

Retirement and other employee future benefit expenses are as follows:

	2020			2019
	Retirement benefits \$	Other employee future benefits \$	Total employee future benefits \$	Total employee future benefits \$
Current year benefit cost	-	3,949,699	3,949,699	2,417,635
Interest on accrued benefit obligation	94,198	107,053	201,251	235,088
Benefit Payments	(178,083)	(1,873,649)	(2,051,732)	(1,734,283)
Change due to plan curtailment	-	-	-	-
Recognition of unamortized actuarial (gain) losses on plan amendments /curtailments	100,954	(42,385)	58,569	93,227
Employee future benefits change ¹	17,069	2,140,718	2,157,787	1,011,667

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2020 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2020 and based on updated average daily salary and banked sick days as at August 31, 2020. 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:

	2020 %	2019 %
Inflation	1.5	1.5
Wage and salary escalation	-	-
Dental insurance cost escalation (decreasing 0.25% per annum until 3% is reached)	3.25	3.50
Health insurance cost escalation (decreasing 0.25% per annum until 4% is reached)	7.25	7.75
Discount on accrued benefit obligations	1.40	2.00

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.

¹ 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, 2020

[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, 2020, the Board contributed \$5,598,702 [2019 - \$5,418,136] 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

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 [2019- \$556,794] as at August 31, 2020. 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

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

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 \$209,584 (2019 - \$279,982).

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, 2020 (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, 2020.

8. NET LONG-TERM DEBT

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

	2020	2019
	\$	\$
Debentures bearing interest at 7.20%, maturing June 9, 2025	3,928,288	4,560,560
Debentures bearing interest at 6.55%, maturing October 26, 2026	1,677,084	1,878,263
Debentures bearing interest at 5.90%, maturing October 11, 2027	10,314,761	11,380,618
Debentures bearing interest at 5.80%, maturing November 7, 2028	5,776,933	6,289,943
Debentures bearing interest at 5.483%, maturing November 26, 2029	4,607,131	4,968,258
Debentures bearing interest at 4.789%, maturing August 8, 2030	5,163,413	5,557,770
Debentures bearing interest at 4.56% maturing November 15, 2031	4,766,100	5,075,318
Debentures bearing interest at 4.90% maturing March 3, 2033	2,020,877	2,132,195
Debentures bearing interest at 5.062% maturing March 13, 2034	1,244,780	1,305,736
Debentures bearing interest at 5.232% maturing April 13, 2035	1,998,049	2,084,774
Debentures bearing interest at 3.942% maturing September 19, 2025	3,640,567	4,240,927
Debentures bearing interest at 4.833%		

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

maturing March 11, 2036	1,028,829	1,071,336
Debentures bearing interest at 3.97% maturing November 15, 2036	8,293,283	8,643,469
Debentures bearing interest at 2.425% maturing November 15, 2021	166,309	273,887
Debentures bearing interest at 3.97 % maturing November 15, 2036	1,131,605	1,179,388
Debentures bearing interest at 2.738% maturing November 15, 2021	65,178	107,176
Debentures bearing interest at 3.564% maturing March 9, 2035	8,187,619	8,538,008
Debentures bearing interest at 3.799% maturing March 19, 2038	21,617,153	22,451,507
Debentures bearing interest at 4.003% maturing March 11, 2039	807,793	836,118
Debenture bearing interest at 2.993% maturing March 9, 2040	27,582,959	28,590,190
Balance as at August 31	114,018,711	121,165,441

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

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.

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

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

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.

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

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

\$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 \$150,859,508 outstanding at August 31, 2020 are due as follows:

	Principal \$	Interest \$	Total \$
2019/2020	7,488,983	4,776,535	12,265,518
2020/2021	7,769,821	4,432,347	12,202,168
2021/2022	8,066,336	4,057,199	12,123,535
2022/2023	8,460,582	3,663,442	12,124,024
2023/2024	8,875,524	3,231,775	12,107,299
Thereafter	73,357,471	16,679,493	90,036,964
Net long-term debt	114,018,717	41,959,581	150,859,508

9. TEMPORARY BORROWING

As at August 31, 2020, the amount drawn under the bankers' acceptance facility was \$0 (2019 – \$8,836,014) at a rate of 2.70% (2019 – 2.70%)

10. DEBT CHARGES AND CAPITAL LOANS AND LEASES INTEREST

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

	2020 \$	2019 \$
Principal payments on long-term liabilities	7,146,728	6,821,245
Interest payments on long-term liabilities and temporary borrowings	5,118,790	5,444,274
	12,265,518	12,265,518

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

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, 2020, \$367,758 [2019 - \$367,758] 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:

	2020	2019
	\$	\$
Provincial Grants – Grants for Student Needs	278,274,694	281,449,730
Local Taxation	57,479,533	56,787,745
	335,754,227	338,237,475

13. EXPENSES BY OBJECT

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

	2020		2019
	Budget	Actual	Actual
	(unaudited)		
	\$	\$	\$
EXPENSES			
Salary and wages	253,868,294	254,767,575	256,897,080
Employee benefits	43,185,189	46,267,846	45,271,528
Staff development	1,108,640	397,490	691,029
Supplies and services	41,312,890	25,149,717	32,035,825
Interest	5,020,053	5,019,308	5,353,909
Rental expenses	374,362	549,991	833,781
Fees and contract services	4,877,775	15,782,375	15,650,668
Other	1,493,393	432,565	2,403,256
Amortization of tangible capital assets	16,820,274	17,801,538	17,054,437
	368,060,870	366,168,405	376,191,513

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

14. TANGIBLE CAPITAL ASSETS

Cost

	Balance at August 31, 2019	Additions and Transfers	Disposals	Balance at August 31, 2020
	\$	\$	\$	\$
Land	58,712,341	8,029	-	58,720,370
Land improvements	16,161,532	1,297,233	-	17,458,765
Buildings	480,129,964	9,683,529	(1,319,009)	488,494,484
Portable structures	11,914,015	259,329	-	12,173,344
Construction in progress	418,160	9,065,721	-	9,483,881
First time equipping	10,493,433	38,866	-	10,532,299
Furniture and equipment	2,891,691	216,433	-	3,108,124
Computer hardware	5,192,509	1,902,908	(829,200)	6,266,217
Computer software	619,837	-	(11,189)	608,648
Capital leases	307,355	-	-	307,355
Leasehold improvements	7,782,118	144,162	-	7,926,280
	594,622,955	22,616,210	(2,159,398)	615,079,767

Accumulated amortization

	Balance at August 31, 2019	Amortization	Disposals Write Offs and Adjustments	Balance at August 31, 2020
	\$	\$	\$	\$
Land improvements	4,907,983	1,105,303	-	6,013,286
Buildings	166,378,143	14,205,986	(937,947)	179,646,182
Portable structures	9,654,607	348,272	-	10,002,879
Construction in progress	-	-	-	-
First time equipping	8,569,194	418,817	-	8,988,011
Furniture and equipment	1,837,538	238,743	-	2,076,281
Computer hardware	2,074,806	1,145,872	(829,200)	2,391,478
Computer software	210,977	122,848	(11,189)	322,636
Capital leases	186,693	15,368	-	202,061
Leasehold improvements	3,235,031	200,329	-	3,435,360
	197,054,972	17,801,538	(1,778,336)	213,078,174

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

Net book value

	Balance at August 31, 2020	Balance at August 31, 2019
	\$	\$
Land	58,720,370	58,712,341
Land improvements	11,445,479	11,253,549
Buildings	308,848,302	313,751,821
Portable structures	2,170,465	2,259,408
Construction in progress	9,483,881	418,160
First time equipping	1,544,288	1,924,239
Furniture and equipment	1,031,843	1,054,153
Computer hardware	3,874,739	3,117,703
Computer software	286,012	408,860
Capital leases	105,294	120,662
Leasehold improvements	4,490,920	4,547,087
	402,001,593	397,567,983

[i] Assets under construction

Assets under construction having a value of \$9,483,881 (2019 - \$418,160) 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 \$381,062 (2019 - \$44,375).

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Unappropriated	11,758,144	9,815,209
Amounts internally restricted for future use of the Board:		
Retirement gratuities	-	1,056,882
WSIB	2,113,676	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	4,962,906	3,859,400
Sinking fund interest	136,389	147,301
Committed capital projects	8,187,450	8,618,270
Permanent improvements	1,412,206	1,412,206
Amounts to be recovered		
Employee future benefits liability	(2,235,116)	(2,235,116)
Interest accrual	(1,412,338)	(1,516,761)
Other		
School generated funds	2,763,231	2,728,440
Revenues recognized for land	52,734,055	49,237,508
	<u>84,985,050</u>	<u>78,244,580</u>

16. TRUST FUND

The Board has an interest in a trust, the income of which is to be used for scholarships. At August 31, 2020, funds held in trust by the Board were \$223,763 [2019 - \$223,900]. 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, 2020

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	427,111
2021	372,877
2022	347,305
2023	346,420
Thereafter	-

[ii] Contractual obligations

The Board enters into contracts for the construction of education facilities. As at August 31, 2020, contractual obligations relating to contracts in progress are approximately \$7,108,695 [2019 - \$468,600].

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 2020/2021 are \$793,437.31.

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

Hamilton-Wentworth Catholic District School Board

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020

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.

22. COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of the COVID-19 outbreak, in March 2020, all school boards were closed in the Hamilton-Wentworth Region and schools remained closed until September 2020. As the impacts of COVID-19 continue, there could be further impacts on HWCDSB, its students, and funding sources. Management is actively monitoring the effect on the HWCDSB's financial condition, liquidity, operations, suppliers, and workforce. Given the daily changes in the COVID-19 outbreak and the global responses to curb its spread, HWCDSB is not able to fully estimate the future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.